TEUTON RESOURCES CORP.

Interim Condensed Financial Statements

Six Months Ended June 30, 2015

(Expressed in Canadian dollars)

(unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, “Continuous Disclosure Obligations”, 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 Company’s external auditors, Manning Elliott LLP, have not performed a review of these interim financial statements.

TEUTON RESOURCES CORP.
Interim condensed statements of financial position
(Expressed in Canadian dollars)

	June 30, 2015 $ (unaudited)	December 31, 2014 $
Assets		
Current assets		
Cash	20,502	60,604
Marketable securities (Note 3)	41,649	36,683
Amounts receivable	72,372	86,626
Prepaid expenses and deposits	5,292	5,805
Asset held for sale (Note 6)	–	27,544
Total current assets	139,815	217,262
Non-current assets		
Long-term receivable (Note 4)	77,386	77,386
Due from related parties (Note 10)	359,935	358,001
Reclamation bonds (Note 7(f))	112,800	112,800
Property and equipment (Note 5)	306,968	371,506
Exploration and evaluation assets (Note 7)	3,439,720	3,383,544
Total non-current assets	4,296,809	4,303,237
Total assets	4,436,624	4,520,499
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	1,594,831	1,954,464
Legal claim provision (Note 9)	236,753	165,000
Due to related party (Note 10)	–	1,274
Total liabilities	1,831,584	2,120,738
Shareholders' equity		
Share capital	15,719,593	15,210,545
Share subscriptions received (Note 11)	28,410	–
Share-based payment reserve	1,338,767	1,296,474
Accumulated other comprehensive income	14,147	9,181
Deficit	(14,495,877)	(14,116,439)
Total shareholders' equity	2,605,040	2,399,761
Total liabilities and shareholders' equity	4,436,624	4,520,499

Nature of operations and going concern (Note 1)
Commitment (Note 7)
Legal proceedings (Note 14)
Subsequent events (Note 15)

Approved and authorized for issuance on behalf of the Board on August 28, 2015:

/s/ "Dino Cremonese" — Dino Cremonese, Director

/s/ "Edward Kruchowski" — Edward Kruchkowski, Director

(The accompanying notes are an integral part of these financial statements)

TEUTON RESOURCES CORP.
Interim condensed statements of operations and comprehensive loss
(Expressed in Canadian dollars)
(unaudited)

	Three months ended June 30, 2015 $	Three months ended June 30, 2014 $	Six months ended June 30, 2015 $	Six months ended June 30, 2014 $
Expenses				
Advertising and promotion	2,752	8,548	5,322	9,467
Consulting	–	3,000	–	3,000
Depreciation	1,244	2,516	3,097	5,031
Expense recoveries (Note 10)	–	(3,000)	–	(6,000)
Office, rent and telephone (Note 10)	14,014	27,284	32,035	51,729
Professional fees (Note 10)	10,137	102,172	68,745	130,833
Salaries (Note 10)	20,907	53,681	53,109	96,689
Share-based compensation	(17,409)	–	26,221	–
Transfer agent and regulatory fees	11,234	3,054	19,151	9,625
Travel and meals	–	1,809	5,237	3,327
Total expenses	42,879	199,064	212,917	303,701
Loss before other income (expense)	(42,879)	(199,064)	(212,917)	(303,701)
Other income (expense)				
Gain on sale of property and equipment	–	–	12,456	–
Impairment of property and equipment	–	–	(48,792)	–
Interest income	586	523	586	1,898
Legal settlement	(116,164)	–	(130,771)	–
Total other income (expense)	(115,578)	523	(166,521)	1,898
Net loss for the period	(158,457)	(198,541)	(379,438)	(301,803)
Other comprehensive income (loss)				
Unrealized gain (loss) on marketable securities	(3,330)	4,220	4,966	9,560
Comprehensive loss for the period	(161,787)	(194,321)	(374,472)	(292,243)
Net loss per common share, basic and diluted	(0.01)	–	(0.02)	(0.01)
Weighted average number of common shares outstanding	20,931,958	58,249,411	17,489,544	58,249,411

(The accompanying notes are an integral part of these financial statements)

TEUTON RESOURCES CORP.
Interim condensed statements of changes in equity
(Expressed in Canadian dollars)
(unaudited)

	Share capital		Share subscriptions received	Share-based payment reserve	Accumulated other comprehensive income	Deficit	Total
	Number of shares	Amount $	$	$	$	$	$
Balance, December 31, 2014	14,008,882	15,210,545	–	1,296,474	9,181	(14,116,439)	2,399,761
Units issued pursuant to private placement	9,000,000	540,000	–	–	–	–	540,000
Share issuance costs	–	(30,952)	–	16,072	–	–	(14,880)
Share subscriptions received	–	–	28,410	–	–	–	28,410
Unrealized gain on marketable securities	–	–	–	–	4,966	–	4,966
Share-based compensation	–	–	–	26,221	–	–	26,221
Net loss for the period	–	–	–	–	–	(379,438)	(379,438)
Balance, June 30, 2015	23,008,882	15,719,593	28,410	1,338,767	14,147	(14,495,877)	2,605,040

	Share capital		Share subscriptions received	Share-based payment reserve	Accumulated other comprehensive income (loss)	Deficit	Total
	Number of shares	Amount $	$	$	$	$	$
Balance, December 31, 2013	11,649,882	14,597,845	–	1,108,817	(8,215)	(11,572,653)	4,125,794
Unrealized gain on marketable securities	–	–	–	–	9,560	–	9,560
Net loss for the period	–	–	–	–	–	(301,803)	(301,803)
Balance, June 30, 2014	11,649,882	14,597,845	–	1,108,817	1,345	(11,874,456)	3,833,551

(The accompanying notes are an integral part of these financial statements)

TEUTON RESOURCES CORP.
Interim condensed statements of cash flows
(Expressed in Canadian dollars)
(unaudited)

	Six months ended June 30, 2015 $	Six months ended June, 2014 $
Operating activities		
Net loss for the period	(379,438)	(301,803)
Items not involving cash:		
Depreciation	3,097	5,031
Gain on sale of asset held for sale	(12,456)	–
Impairment of property and equipment	48,792	–
Share-based compensation	26,221	–
Changes in non-cash operating working capital:		
Amounts receivable	14,254	134,473
Prepaid expenses and deposits	513	3,257
Accounts payable and accrued liabilities	(359,633)	12,761
Legal claim provision	71,753	–
Due to/from related parties, net	(3,208)	41,898
Net cash used in operating activities	(590,105)	(104,383)
Investing activities		
Mineral property expenditures	(42,885)	(36,375)
Mineral property option payments received/cost recoveries	–	137,309
Proceeds from sale of assets held for sale	40,000	–
Purchase of property and equipment	(642)	–
Reclamation bonds	–	(2,000)
Net cash provided by (used in) investing activities	(3,527)	98,934
Financing activities		
Proceeds from share subscriptions received	568,410	–
Share issuance costs	(14,880)	–
Net cash provided by investing activities	553,530	–
Decrease in cash	(40,102)	(5,449)
Cash, beginning of period	60,604	104,815
Cash, end of period	20,502	99,366
Non-cash investing and financing activities:		
Depreciation of property and equipment included in exploration and evaluation assets	13,291	16,248
Supplemental disclosures:		
Interest paid	–	–
Income taxes paid	–	–

(The accompanying notes are an integral part of these financial statements)

1. Nature of Operations and Going Concern

Teuton Resources Corp. (the "Company") is an exploration stage company and is in the business of acquiring, exploring and dealing in mineral properties in the province of British Columbia, Canada. There has been no determination whether properties held contain economically recoverable ore reserves. The Company jointly conducts business and exploration activities with another publicly listed company, Silver Grail Resources Ltd. ("Silver Grail"). Silver Grail shares office premises and consultants and has common directors. The Company's head office and principal place of business is 202 – 2187 Oak Bay Avenue, Victoria, BC, Canada.

In the ordinary course of business, the Company sells or options property interests to third parties, accepting as consideration cash and/or securities of the acquiring party. The Company attempts to realize upon the value of securities as opportunities present themselves. The recoverability of valuations assigned to mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the properties, the ability to obtain necessary financing to complete development, and future profitable production or proceeds from disposition.

These financial statements have been prepared on the 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. As at June 30, 2015, the Company has no source of recurring revenue, generates negative cash flows from operating activities, has a working capital deficit of $1,691,769, and has an accumulated deficit of $14,495,877. These factors raise significant doubt about the Company's ability to continue as a going concern. The continued operations of the Company and repayment of the litigation costs from the legal claims are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Basis of Preparation

These unaudited interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards applicable to interim financial information, as outlined in International Accounting Standard ("IAS") 34, "Interim Financial Reporting" and using the accounting policies consistent with those in the audited financial statements as at and for the year ended December 31, 2014.

These unaudited interim condensed financial statements do not include all disclosures normally provided in annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended December 31, 2014. Interim results are not necessarily indicative of the results expected for the fiscal year.

(Expressed in Canadian dollars)

2. Significant Accounting Policies

(b) Recent Accounting Pronouncements

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended June 30, 2015, and have not been applied in preparing these financial statements.

New standard IFRS 9, "Financial Instruments"

Amendments to IFRS 11, "Joint Arrangements"

Amendments to IAS 1, "Presentation of Financial Statements"

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the 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 financial statements.

(c) Reclassifications

Certain of the prior period figures have been reclassified to conform to the current period's presentation.

3. Marketable Securities

	December 31, 2014 Fair value $	Additions $	Disposals $	Impairment $	Unrealized gain $	June 30, 2015 Fair value $
Marketable securities	36,683	–	–	–	4,966	41,649

The Company holds equity securities in publicly traded companies. During the period ended June 30, 2015, the Company recorded an unrealized gain in the amount of $4,966 (2014 – $9,560) which is included in accumulated other comprehensive income.

4. Long-term Receivable

Long-term receivable consists of an amount owing from Makena Resources Inc. ("Makena"), which is non-interest bearing due on demand, and is secured by Makena's interest in certain mineral claims described in Note 7(a)(iii).

(Expressed in Canadian dollars)

5. Property and Equipment

	Land $	Building $	Computer equipment $	Field and drilling equipment $	Furniture and equipment $	Vehicle $	Total $
Cost:							
Balance, December 31, 2014	171,205	59,096	32,697	385,092	58,392	39,235	745,717
Additions	–	–	642	–	–	–	642
Impairment	–	(59,096)	–	–	–	–	(59,096)
Balance, June 30, 2015	171,205	–	33,339	385,092	58,392	39,235	687,263
Accumulated depreciation:							
Balance, December 31, 2014	–	9,695	28,151	252,182	53,210	30,973	374,211
Additions	–	609	729	13,291	518	1,241	16,388
Impairment	–	(10,304)	–	–	–	–	(10,304)
Balance, June 30, 2015	–	–	28,880	265,473	53,728	32,214	380,295
Carrying amounts:							
As at December 31, 2014	171,205	49,401	4,546	132,910	5,182	8,262	371,506
As at June 30, 2015	171,205	–	4,459	119,619	4,664	7,021	306,968

6. Asset Held for Sale

	Land $	Building $	Total $
Cost:	10,000	50,918	60,918
Accumulated depreciation	–	(33,374)	(33,374)
Balance, December 31, 2014	10,000	17,544	27,544
Proceeds			(40,000)
Gain on disposal of asset held for sale			12,456
Balance, June 30, 2015			–

(Expressed in Canadian dollars)

7. Exploration and Evaluation Assets

Exploration and evaluation assets consist of:

	Six months ended June 30, 2015 $	Year ended December 31, 2014 $
Balance, beginning of period	3,383,544	3,110,969
Depreciation	13,291	32,821
Assays	–	29,875
Drilling	–	138,378
Engineering (Note 10)	16,000	72,000
Equipment rental, safety personnel and supplies	3,391	42,965
Geological and geophysical (Note 10)	11,429	40,550
Helicopters	–	98,887
Prospecting, staking and filing fees	10,500	11,099
Travel, accommodation and meals	–	18,221
	54,611	484,796
Claims acquired	1,565	26,236
BC mineral exploration tax credits	–	(68,385)
Property option and cost recoveries received	–	(35,000)
Sale of ore samples	–	(135,072)
	56,176	272,575
Balance, end of period	3,439,720	3,383,544

(a) Skeena Mining Division, British Columbia

The Company owns a 100% interest in 156 claims in the Skeena Mining Division representing 92,982 hectares and a 50% interest in a further 104 claims in the Skeena Mining Division representing 10,660 hectares. Silver Grail owns the remaining 50% interest in the 104 claims.

(i) Treaty Creek Property

On April 4, 2007, the Company entered into an option agreement with American Creek Resources Ltd. ("American Creek") whereby American Creek has the right to earn a 51% interest in the Company's Treaty Creek Property located in the Skeena Mining Division in British Columbia. The Treaty Creek property is 100% owned by the Company and consists of 44 claims.

To earn this interest American Creek is to issue a total of 100,000 of its shares, and incur exploration expenditures on the Treaty Creek property aggregating $5,000,000 as follows:

Shares in the common stock of American Creek to be issued to the Company:

- 25,000 shares to be issued within 10 days of receiving regulatory approval (received);
- a further 25,000 shares to be issued on or before March 31, 2008 (received); and,
- a further 50,000 shares to be issued on or before March 31, 2009 (received).

7. Exploration and Evaluation Assets (continued)

(a) Skeena Mining Division, British Columbia (continued)

(i) Treaty Creek Property (continued)

Exploration expenditures to be incurred by American Creek:
- $1,000,000 on or before March 31, 2008 (incurred);
- $2,500,000 in aggregate on or before March 31, 2009 (incurred, see Note 14); and
- $5,000,000 in aggregate on or before March 31, 2010 (incurred, see Note 14).

American Creek have the right to acquire, an additional 9% interest in the Treaty Creek property by completing a feasibility study on the Treaty Creek property. The parties would then proceed on a joint venture basis. Refer to Note 17.

St. Andrew Goldfields Ltd. has a 2% net smelter return royalty ("NSR") on 24 of the 29 mineral claims included in the Treaty Creek property. A buy-back of 1% of the NSR for $1,000,000 is exercisable at any time until six months has passed from the commencement of commercial production.

(ii) Bonsai Property

On November 9, 2009 the Company entered into an option agreement with Copper Creek Ventures Ltd. ("Copper Creek") whereby Copper Creek has the right to earn a 60% interest in the Bonsai property over five years by spending a total of $3,000,000 on the property, paying a total of $125,000 and issuing 500,000 shares to the Company as follows:

Cash consideration to be paid:
- $25,000 to be paid upon approval by the TSX Venture Exchange;
- a further $25,000 to be paid on or before October 22, 2010 (received);
- a further $25,000 to be paid on or before October 22, 2011 (received);
- a further $25,000 to be paid on or before October 22, 2012 (extended); and
- a further $25,000 to be paid on or before October 22, 2013 (extended).

Share consideration to be paid:
- 100,000 shares to be issued within 10 days of receiving regulatory approval (received);
- a further 100,000 shares to be issued on or before October 22, 2010 (received);
- a further 100,000 shares to be issued on or before October 22, 2011 (received);
- a further 100,000 shares to be issued on or before October 22, 2012 (extended); and
- a further 100,000 shares to be issued on or before October 22, 2013 (extended).

Exploration expenditures to be incurred:
- $200,000 before December 31, 2010 (incurred);
- $500,000 in aggregate before December 31, 2011 (extended);
- $900,000 in aggregate before December 31, 2012 (extended);
- $1,500,000 in aggregate before December 31, 2013 (extended); and
- $3,000,000 in aggregate before December 31, 2014.

Copper Creek may earn an additional 10% interest in the property by spending another $2,000,000.

On August 15, 2014, the Company received a notice of termination of the option agreement from Copper Creek.

7. Exploration and Evaluation Assets (continued)

(a) Skeena Mining Division, British Columbia (continued)

(iii) Clone Property

On November 28, 2005, the Company and Silver Grail entered into an option agreement with Makena Resources Inc. ("Makena") whereby Makena has the right to earn a 50% interest in Silver Grail's and the Company's jointly owned Clone property, then comprised of 9 claims. An additional 10 claims were added to the property by staking in 2006.

Under the terms of the option agreement, Makena earned 50% interest in the properties by paying a total of $120,000 cash consideration and incurring exploration expenditures on the Clone property aggregating $1,800,000.

(iv) Del Norte Property

On September 28, 2005, the Company optioned the Del Norte Property and adjoining Midas Property to Sabina Resources Limited ("Sabina"), which later changed its name to Sabina Silver Corporation. The Del Norte property consists of 23 claims representing 8,586 hectares. The Midas property is jointly owned with Silver Grail and consists of 7 claims.

Under the terms of the option agreement, Sabina earned 50% interest in the properties by paying a total of $240,000 and incurring exploration expenditures on the Del Norte property aggregating $2,500,000.

Sabina have the right to acquire, on 60 days notice to the Company, an additional 15% interest in the properties by completing a feasibility study in relation to the properties. The parties would then proceed on a joint venture basis.

Silver Grail, which currently owns the Midas Property jointly with the Company, retains certain participation rights.

On July 16, 2014, the Company issued 100,000 shares to Sabina pursuant to the purchase and sale agreement with Sabina to acquire Sabina's 50% interest in the property. Refer to Note 12(a).

(v) Leduc Silver Property

On August 18, 2010, the Company entered into an option agreement with Castle Resources Inc. ("Castle") whereby Castle has the right to earn a 100% interest in the Company's Leduc Silver property located in the Skeena Mining Division. The Leduc Silver property is 100% owned by the Company and consists of 13 claims.

Castle can acquire a 100% interest in the claims in exchange for the Company retaining a 1.5% NSR on these claims and on Castle's 4 claims to the north of these claims. The NSR is subject to an annual advance royalty payment of $25,000 and $25,000 payable in shares of Castle calculated as the average price over the previous 10 trading days prior to the annual December 31 payment date.

(vi) Konkin Silver Property

On April 20, 2004, the Company and Silver Grail purchased a 100% interest in 2 claims representing eight units situated within the boundaries of the Konkin Silver property. In fiscal 2004, the Company issued 50,000 of its shares at a fair value of $13,750 and paid $10,000 to the vendor for its 50% share of the claims. The vendor retains a 2% net smelter royalty, one-half of which can be purchased for $1,000,000 until eighteen months following the commencement of commercial production.

7. Exploration and Evaluation Assets (continued)

(a) Skeena Mining Division, British Columbia (continued)

(vii) Tenure #508269

The Company owns a 50% interest in 1 claim representing 612 hectares situated in the Skeena Mining Division known as Tenure #508269. The remaining 50% interest is owned by Silver Grail.

On December 1, 2006, the Company and Silver Grail entered into an option agreement with Decade Resources Ltd. ("Decade") whereby Decade has the right to earn 100% interest in the property by issuing a total of 300,000 of its shares, paying a total of $100,000 cash, and incurring exploration expenditures on the Property aggregating $1,500,000 as follows:

Shares in the common stock of Decade to be issued equally to the Company and Silver Grail:

- 100,000 shares to be issued on the execution of the agreement (received); and
- a further 200,000 shares to be issued on or before November 17, 2010 (received).

Cash consideration to be paid equally to the Company and Silver Grail:

- $10,000 to be paid on execution of the agreement (received);
- a further $15,000 to be paid on or before November 17, 2007 (received);
- a further $20,000 to be paid on or before November 17, 2008 (extended to November 17, 2009) (received);
- a further $25,000 to be paid on or before November 17, 2009 (received); and
- a further $30,000 to be paid on or before November 17, 2010 (received).

Exploration expenditures to be incurred by Decade:

- $100,000 before December 31, 2007 (incurred);
- $300,000 in aggregate before December 31, 2008 (extended to December 31, 2015);
- $600,000 in aggregate before December 31, 2009 (extended to December 31, 2015);
- $1,000,000 in aggregate before December 31, 2010 (extended to December 31, 2015); and
- $1,500,000 in aggregate before December 31, 2011 (extended to December 31, 2015).

(viii) Stamp Claims

On March 16, 2010, the Company entered into an option agreement with Decade whereby Decade can earn a 50% interest in the Stamp claims, located in the Stewart region of northwestern British Columbia, by paying the Company a total of $110,000 and incurring $1,500,000 in mineral exploration expenditures over four years as follows:

Cash consideration to be paid to the Company:

- $20,000 to be paid on execution of the agreement (received);
- a further $25,000 to be paid on or before March 16, 2011 (received)
- a further $30,000 to be paid on or before March 16, 2012 (received $10,000);
- a further $35,000 to be paid on or before March 16, 2013 (extended to March 16, 2016).

7. Exploration and Evaluation Assets (continued)

(a) Skeena Mining Division, British Columbia (continued)

(viii) Stamp Claims (continued)

Exploration expenditures to be incurred by Decade:
- $200,000 before March 16, 2011 (extended to March 16, 2016);
- $500,000 in aggregate before March 16, 2012 (extended to March 16, 2016);
- $900,000 in aggregate before March 16, 2013 (extended to March 16, 2017); and
- $1,500,000 in aggregate before March 16, 2015 (extended to March 16, 2018).

Subject to Decade duly exercising the first option above, Decade will be granted another option to earn an additional 20% interest in the property by performing and paying for such additional exploration work, engineering studies, and reports as may be necessary in order to deliver a feasibility study to the Company. Decade has 60 days from the date it exercises the first option to elect to earn the additional interest pursuant to the terms of the second option.

(ix) Four J's Claims

On August 9, 2010, the Company entered into an option agreement with Rotation Minerals Ltd. ("Rotation") whereby Rotation can earn an undivided 70% interest in the Four J's claims, by paying the Company a total of $180,000 and incurring $1,800,000 in mineral exploration expenditures as follows:

Cash consideration to be paid to the Company:
- $20,000 to be paid within 5 business days on execution of the agreement (received);
- a further $25,000 to be paid on or before August 9, 2011 (received);
- a further $30,000 to be paid on or before August 9, 2012 (received);
- a further $45,000 to be paid on or before August 9, 2013 (extended to September 30, 2015); and
- a further $60,000 to be paid on or before August 9, 2014 (extended to September 30, 2015).

Exploration expenditures to be incurred by Rotation:
- $250,000 before September 30, 2011 (extended to September 30, 2015);
- $600,000 in aggregate before September 30, 2012 (extended to September 30, 2015);
- $1,100,000 in aggregate before September 30, 2013 (extended to September 30, 2015); and
- $1,800,000 in aggregate before September 30, 2015.

Subject to Rotation duly exercising the first option above, Rotation will be granted another option to earn an additional 20% interest in the property by performing and paying for such additional exploration work, engineering studies, and reports as may be necessary in order to deliver a feasibility study to the Company. Rotation has 60 days from the date it exercises the first option to elect to earn the additional interest pursuant to the terms of the second option.

(x) IC2 Claim

On August 5, 2010, the Company paid $5,000 and issued 40,000 shares to acquire an undivided 100% interest in this mineral claim. The claim is subject to a 1.5% NSR capped at $500,000.

7. Exploration and Evaluation Assets (continued)

(a) Skeena Mining Division, British Columbia (continued)

(xi) Lord Nelson Claims

On October 26, 2010, the Company entered into an agreement to option out its Lord Nelson claims to Geofine Exploration Consultants Ltd. (“GFX”). On December 30, 2010, GFX entered into a assumption agreement with Frontline Gold Corporation (“FGC”), whereby GFX assign unto FGC all of GFX’s right, obligation, interest and liabilities as Optionee under the option agreement with Teuton. In order to earn an undivided 100% interest in the property, FGC must pay $210,000 or $185,000 and a common share issuance with a fair value of $25,000 and incur $1,200,000 in exploration expenditures over the five year term of the option as follows:

Cash consideration to be paid to the Company:

- $15,000 to be paid on execution of the agreement (received);
- a further $25,000 to be paid (or the issuance of shares with a fair value of $25,000) on or before November 1, 2011 (received);
- a further $35,000 to be paid on or before November 1, 2012 ($30,000 received with the remainder extended to November 1, 2015);
- a further $40,000 to be paid on or before November 1, 2013 ($20,000 received with the remainder extended to November 1, 2015);
- a further $45,000 to be paid on or before November 1, 2014 (extended to November 1, 2015); and.
- a further $50,000 to be paid on or before November 1, 2015.

Exploration expenditures to be incurred by FGC:

- $100,000 before November 1, 2011 (incurred);
- an additional $200,000 before November 1, 2012 (extended to November 1, 2015);
- an additional $200,000 before November 1, 2013 (extended to November 1, 2015);
- an additional $300,000 before November 1, 2014 (extended to November 1, 2015); and
- an additional $400,000 before November 1, 2015.

The Company retains an NSR of 2%. An advance royalty of $50,000 a year, indexed to inflation, is payable to the Company beginning in 2016. The NSR can be bought down to 1% for $1,000,000.

(xii) Bay Silver Claims

On February 21, 2011, the Company and Silver Grail entered into an option agreement with Decade whereby Decade has the right to earn a 100% interest in Silver Grail’s and the Company’s jointly owned Bay Silver property by paying a total of $120,000 to the Company and Silver Grail over a four year term of the option as follows:

Cash consideration to be paid to the Company:

- $7,500 to be paid on execution of the agreement (received);
- a further $15,000 to be paid on or before February 21, 2012 (received);
- a further $22,500 to be paid on or before February 21, 2013 (extended to February 21, 2016);
- a further $30,000 to be paid on or before February 21, 2015 (extended to February 21, 2016); and
- a further $45,000 to be paid on or before February 21, 2015 (extended to February 21, 2016).

7. Exploration and Evaluation Assets (continued)

(a) Skeena Mining Division, British Columbia (continued)

(xii) Bay Silver Claims (continued)

The Company and Silver Grail retain a 2% NSR. An annual royalty of $25,000, indexed to inflation, is payable to the Company and Silver Grail upon completion of the option payments.

(xiii) High South Claims

On April 11, 2011, the Company issued 600,000 common shares with a fair value of $342,000 pursuant to an agreement to purchase 12 mineral claims situated in the High South region. These claims are subject to a 2% net smelter return.

(b) Roman Property, New Westminster Mining Division, British Columbia

The Company owns a 100% interest in 3 claims located in the New Westminster Mining Division.

(c) Red Chris Claims, Liard Mining Division, British Columbia

On November 19, 2009 (amended on August 31, 2011), the Company entered into an option agreement to earn a 100% interest in 3 mining claims in the Red Chris area of northwestern British Columbia. To earn the 100% interest, the Company paid a total of $75,000 and issued 300,000 common shares to Jervin Werbes.

The Company has staked a large number of claims south and north of the Red Chris property.

(d) Tennyson Property, British Columbia

On February 27, 2012, the Company optioned its Tennyson gold-copper property to Brigade Holdings (Canada) Ltd ("Brigade"), a private company in the Hunter Dickinson Inc. ("HDI") group on terms as set out below. The property is located north of Stewart in the Eskay Creek-Sulphurets-Premier region of northwestern British Columbia (the "Golden Triangle"). Subject to HDI listing Brigade on the TSX Venture Exchange and funding Brigade with $7,500,000, the Company will vend 100% of the Tennyson project into Brigade, in exchange for shares equating to $7,000,000 and a cash payment of $500,000. The Company will, for so long as it holds more than a 30% interest in Brigade, be entitled to appoint two directors to the board of Brigade and one director if its shareholding is less than 30% but more than 10%. The Company's shareholding in Brigade will be locked up for a period of three years. After the three year lock up period, the Company will be able to sell or flow the Brigade shares through to its shareholders.

In the event that HDI funds Brigade with less than $7,500,000, the Company and Brigade will form a joint venture where Brigade will earn an initial 50% interest by incurring $6,000,000 in exploration expenditures over a five year period from the date of receipt of the Notice of Work and making $300,000 in staged payments to the Company over a four year period.

Upon Brigade having fulfilled its expenditure commitments, Brigade will acquire the Company's 50% interest by issuing such number of shares to the Company that reflects a 50% project interest based on Brigade's market capitalization and attributable project value.

7. Exploration and Evaluation Assets (continued)

(d) Tennyson Property, British Columbia (continued)

On September 5, 2013, the Company closed the sale of its remaining interest in the Tennyson property to Brigade Holdings Ltd. for $500,000 in cash and 6,500,000 subscription receipts consisting of shares and warrants of Brigade to be issued to the Company. The estimated fair value of these subscriptions receipts was $764,344 measured on the date of issuance and recorded as a long-term investment at December 31, 2013. The investment is accounted for at cost which approximates its fair value. On September 8, 2014, Brigade returned the title in the Tennyson property to the Company in consideration for the return of the 6,500,000 subscription receipts consisting of shares and warrants of Brigade. The transaction was measured using the estimated fair value of the mineral property of $1, as it was considered more reliably measurable than the subscription receipts, resulting in a loss on disposal of long-term investment of $764,343.

(e) Yellow Chris Property, British Columbia

On May 2, 2013, the Company entered into an agreement to option out its Yellow Chris South Claims to Redhill Resources Corp. (“Redhill”), whereby the Company granted Redhill the right (the “First Option”) to earn an undivided 50% interest of its 100% interest in the property. To earn the grant of the first option, Redhill must pay the Company a total of $300,000, issue a total of 1,400,000 shares, and incur an aggregate of $4,500,000 in mineral exploration expenditures as follows:

Cash consideration to be paid to the Company:
- $75,000 to be paid within 5 days of signing of this agreement (paid);
- a further $75,000 to be paid within one year of Exchange approval;
- a further $75,000 to be paid within two years of Exchange approval; and
- a further $75,000 to be paid within three years of Exchange approval.

Shares to be issued:
- 350,000 common shares within 5 days of Exchange approval (paid);
- a further 350,000 to be issued within one year of Exchange approval;
- a further 350,000 to be issued within two years of Exchange approval; and
- a further 350,000 to be issued within three years of Exchange approval.

Exploration expenditures to be incurred:
- $450,000 before May 6, 2014;
- $1,200,000 in aggregate before May 6, 2015;
- $2,400,000 in aggregate before May 6, 2016; and
- $4,500,000 in aggregate before May 6, 2017;

Subject to Redhill duly exercising the First Option, the Company hereby irrevocably grants to Redhill the sole and exclusive right to earn an additional 10% interest (60% interest in total) (the "Second Option") by paying the Company a total of $200,000, issuing 350,000 common shares, and incurring additional exploration expenditures aggregating $2,000,000.

Redhill shall have 60 days from the date it exercises the First Option to elect to earn the additional interest pursuant to the terms of the Second Option. If Redhill fails to fulfill the obligations within two years from the date of commencement of the Second Option, or if at any time during the term of the Second Option, Redhill chooses to abandon the Second Option, or if at any time during the term of the Second Option Redhill chooses to abandon the Second Option by giving notice thereof to the Company, then Redhill and the Company will be deemed to have formed a Joint Venture with the initial interest of Redhill equal to 50% and that of the Company equal to 50%. On March 3, 2014, the agreement with Redhill was terminated.

(Expressed in Canadian dollars)

7. Exploration and Evaluation Assets (continued)

(f) Reclamation Bonds

Reclamation bonds are amounts pledged to the province of British Columbia for property reclamation. The bonds mature and roll over each year until the Company is released from its obligations.

8. Accounts Payable and Accrued Liabilities

	June 30, 2015 $	December 31, 2014 $
Trade payables	1,590,716	1,605,235
Legal settlement payable (Note 14(a))	–	321,712
Accrued expenses	4,115	27,517
	1,594,831	1,954,464

9. Legal Claim Provision

On November 30, 2014, a judgement was released regarding the claim against the Company by American Creek Resources Ltd. described in Note 14 which awarded American Creek Resources Ltd. ("American Creek") special costs to be awarded by the registrar at a future date.

A hearing in front of the Registrar was held on March 31, 2015, in order to determine the quantum of special costs to be awarded against the Company, pursuant to the order made by the judge in regard to the litigation between the Company and American Creek in respect of the Treaty Creek property. Just prior to the hearing on March 31, 2015, American Creek's solicitors had sent a Revised Bill of Costs to the Company asking for a total of $247,481. The Registrar adjourned generally the assessment originally scheduled for March 31 and April 1, 2015. The parties are at liberty to book a date to the mutual satisfaction of both parties. The Registrar ordered that the Company pay American Creek a total of $165,000 no later than June 1, 2015, as security for the costs yet to be assessed. In other proceedings, the Company has agreed to pay $47,500 by August 31, 2015 in satisfaction of costs associated with the appeal of the Treaty Creek litigation. Subsequent to June 30, 2015, the Company and American Creek came to an agreement that an additional $70,000 would be payable in special costs and due on August 31, 2015. Refer to Notes 15(a) and 15(e). The Company has recorded a provision of the $282,500 (December 31, 2014 - $165,000) representing the final amount owed.

On January 27, 2015, the courts garnished $13,747 from the Company's bank account. The amount was applied against the legal claim provision. On June 1, 2015, the Company made a payment of $32,000 to American Creek's solicitor, which was applied against the legal claims provision.

10. Related Party Transactions

(a) For the six months ended June 30, 2015, the Company incurred salary of $36,000 (2014 – $36,000) to the President of the Company. For the six months ended June 30, 2015, the Company incurred office, rent, and telephone expenses of $6,900 (2014 - $nil) to the President of the Company. For the six months ended June 30, 2015, the Company incurred professional fees of $18,400 (2014 - $nil) and engineering fees of $16,000 (2014 - $11,200) to a company controlled by the President of the Company.

(b) For the six months ended June 30, 2015, the Company incurred salary of $nil (2014 – $16,151) to a director of the Company.

(Expressed in Canadian dollars)

10. Related Party Transactions (continued)

(c) For the six months ended June 30, 2015, the Company incurred geological fees of $11,429 (2014 – $nil) to a director of the Company.

(d) For the six months ended June 30, 2015, the Company incurred share-based compensation of $11,801 (2014 – $nil) to directors of the Company.

(e) As at June 30, 2015, the amount of $252 (December 31, 2014 – $1,274 was owed to) was owed from the President of the Company, which is non-interest bearing, unsecured and due on demand.

(f) The Company carries on joint exploration activity with Silver Grail. For the six months ended June 30, 2015, the Company received $nil (2014 – $6,000) in expense recoveries from Silver Grail for shared general and administrative expenses. As at June 30, 2015, the Company owns 207,932 common shares in Silver Grail with a fair value of $6,238 (December 31, 2014 - $4,159).

(g) As at June 30, 2015, the amount of $359,683 (December 31, 2014 – $358,001) was owed from Silver Grail, which is non-interest bearing, secured by certain mineral properties owned jointly with the Company, and due on demand.

11. Share Capital

Effective February 23, 2015, the Company completed a share consolidation on the basis of 1 common share for 5 common shares. All common share and per common share amounts in these financial statements have been retroactively restated to reflect the share consolidation.

(a) On April 21, 2015, the Company issued 9,000,000 units at $0.06 per unit for proceeds of $540,000. Of this amount, 1,000,000 units for total proceeds of $60,000 were issued to the President of the Company and his immediate family and 200,000 units for total proceeds of $12,000 were issued to a director of the Company. Each unit consisted of one common share and one common share purchase warrant. Each share purchase warrant is exercisable at $0.065 per share expiring on April 21, 2018. In connection with this financing, the Company paid $14,880 in cash and issued 248,000 common share purchase warrant with an exercise price of $0.065 and expiring on April 21, 2018 as finder's fee.

(b) As at June 30, 2015, the Company has received share subscriptions of $28,410 for units to be issued at $0.06 per unit. Each unit is to consist of one common share and one share purchase warrant. Each share purchase warrant will be exercisable at $0.07 per share expiring three years from the date of issuance. Refer to Note 15(d).

12. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price $
Balance, December 31, 2014	3,600,000	0.49
Issued	9,248,000	0.065
Expired	(525,000)	0.625
Balance, June 30, 2015	12,323,000	0.16

(Expressed in Canadian dollars)

12. Share Purchase Warrants (continued)

As at June 30, 2015, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price $	Expiry date
816,000	0.625	November 13, 2015
1,800,000	0.35 / 0.50*	September 30, 2016
459,000	0.625 / 0.75**	November 18, 2016
9,248,000	0.065	April 21, 2018
12,323,000		

*exercise price increases to $0.50 in the last year.
**exercise price increases to $0.75 in the last year.

13. Stock Options

The Company has adopted a stock option plan pursuant to which options may be granted to directors, officers, employees and consultants of the Company to a maximum of 20% of the issued and outstanding common shares at the time of the grant. The exercise price of each option is equal to the market price on the date of the grant. Options granted under the plan vest as to 25% three months from the grant date and 25% every three months thereafter, such that the options are 100% vested 12 months after the grant date.

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price $
Outstanding, December 31, 2014	932,000	1.31
Cancelled / expired	(912,000)	1.30
Outstanding, June 30, 2015	20,000	1.70

Additional information regarding stock options outstanding as at June 30, 2015 is as follows:

	Outstanding and exercisable		
Range of exercise prices $	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price $
1.70	20,000	0.4	1.70

The total fair value of the stock options granted in 2014 was $180,880. Of this amount, the Company recognized $26,221 in 2015 (2014 – $nil) for the vested portion which was recorded as share-based payment reserve and charged to operations.

14. Legal Proceedings

(a) On December 2, 2010, the Company was served with a Notice of Civil Litigation by American Creek. American Creek has made a claim against the Company for numerous items of relief primarily being a declaration that American Creek has performed its obligations with respect to an option agreement entered into on April 4, 2007, and amended on September 11, 2007 (Note 8(a)(i)), a declaration of trust, a declaration of specific performance, damages, etc. The Company has filed a counterclaim seeking a declaration that American Creek is in breach of the terms of those agreements and a further declaration that American Creek has no interest in the mineral claims to which the agreements relate. The Company has also counterclaimed against American Creek for damages, interest and costs. On April 15, 2014, the Supreme Court of BC found in favour of American Creek and the counterclaim was dismissed. The Court held that American Creek is to hold an undivided 49% interest in these mineral claims in trust for the Company. The Company has appealed this decision. On July 21, 2014, the Company agreed to pay $378,000 for disbursements to American Creek. Of this amount, $300,000 was paid on September 2, 2014 as an advance payment against costs. On January 19, 2014, the Court directed that the Company's remaining share of the party-and-party costs and disbursements, after the payment of $300,000 made on September 2, 2014, is assessed at $321,712. On November 30, 2014, American Creek was awarded special costs which have been discussed in Note 9. On January 16, 2015, the Company filed a motion for a Stay of Execution on the costs payment which was denied on February 2, 2015. On January 24, 2015, American Creek began proceedings resulting in a Bailiff of the Supreme Court of BC seizing all of the mineral tenures registered to the Company at the Mineral Titles Branch in Vancouver, BC. The Company's bank account was also garnished, with any monies collected being paid into court. On March 27, 2015 the Company made the payment for the remaining $321,712 plus associated bailiff charges, and as a result, all mineral tenures registered to the Company were returned and the garnish of the Company's bank account was removed. On April 27, 2015, the Company received notice that its appeal was denied by the Court of Appeal. On June 2, 2015, the Company has agreed to pay $47,500 to American Creek by August 31, 2015 in satisfaction of costs associated with the appeal. On June 5, 2015, a Bailiff of the Supreme Court of BC seized all of the mineral tenures registered to the Company at the Mineral Titles Branch in Vancouver, BC due to the outstanding balance of $119,253 for the special costs discussed in Note 9, which was due on June 1, 2015. Refer to Notes 15(a) and 15(c).

(b) On November 27, 2012, the Company was served with an Amended Statement of Claim by American Creek. American Creek has made a claim against the Company and others involved with the Company alleging, among other matters, the posting of defamatory comments and intentionally interfering with their economic relations. The plaintiff seeks damages of more than $135,000,000. The Company believes that this lawsuit is without merit and will vigorously defend itself.

15. Subsequent Events

(a) On July 14, 2015, the Company and American Creek came to an agreement that an additional $70,000 (accrued as at June 30, 2015) would be payable in special costs and due on August 31, 2015. The amount will increase to $85,000 if unpaid by August 31, 2015.

15. Subsequent Events (continued)

(b) On July 14, 2015, the Company entered into an option agreement with Pretium Resources Inc. ("Pretium") whereby Pretium has the right to earn a 100% interest in the Company's King Tut, Tuck, and Silver Crown West properties located in the Skeena Mining Division. The King Tut, Tuck, and Silver Crown West properties are 100% owned by the Company and consists of 18 claims. To earn the 100% interest, Pretium must pay a total of $1,800,000 to the Company over four years as follows:

Cash consideration to be paid:

- $100,000 to be paid upon signing of the agreement (received subsequent to June 30, 2015);
- a further $150,000 to be paid on or before August 15, 2015, after Pretium has obtained the approval of its Board of Directors to the agreement (received subsequent to June 30, 2015);
- a further $250,000 to be paid on or before January 14, 2016;
- a further $250,000 to be paid on or before July 14, 2017;
- a further $250,000 to be paid on or before July 14, 2018;
- a further $400,000 to be paid on or before July 14, 2019; and
- a further $400,000 to be paid on or before July 14, 2020.

The Company retains an NSR of 2%.

(c) On July 20, 2015, the Company made a payment of $143,028 for the Treaty Creek litigation. Of this amount, $119,253 relates to the payment of the remaining balance for the special costs and $23,775 was applied against the outstanding balance for costs associated with the appeal of the Treaty Creek litigation which is due on August 31, 2015. As a result, all the seized mineral tenures were returned to the Company.

(d) On July 31, 2015, the Company issued 1,030,000 units at $0.06 per unit for proceeds of $61,800, of which $28,410 was received as at June 30, 2015. Each unit consisted of one common share and one common share purchase warrant. Each share purchase warrant is exercisable at $0.07 per share expiring on July 31, 2018. Refer to Note 11(b).

(e) On August 27, 2015, the Company made a payment of $117,500 to American Creek's solicitor, which was applied against the legal claims provision. Of this amount, $47,500 relates to costs associated with the appeal of the Treaty Creek litigation and $70,000 relates to special costs.