

NORTEC MINERALS CORP.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2015 and 2014
Expressed in Canadian Dollars
(Unaudited – Prepared by Management)

Notice of no auditor review	2
Condensed Interim Consolidated Statements of Financial Position	3
Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss	4
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity	5
Condensed Interim Consolidated Statements of Cash Flows	6
Notes to the Condensed Interim Consolidated Financial Statements	7 - 33

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, 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 condensed interim financial statements of **Nortec Minerals Corp.** have been prepared by and are the responsibility of the Company's management. The Company's independent auditors have not performed a review or audit of these financial statements.

Nortec Minerals Corp.
Consolidated Interim Statements of Financial Position
As at March 31
Expressed in Canadian Dollars

ASSETS	Note	2015 (unaudited)	2014 (audited)
Current			
Cash		\$ 19,139	\$ 22,051
Short-term investments	4	20,000	20,000
Receivables and deposits	5	15,227	13,499
Prepaid expenses		8,311	8,311
		62,677	63,861
Other investments	4 c)	116,010	116,010
Equipment	6	15,475	17,135
Exploration and evaluation assets	7	7,507,788	7,289,891
		\$ 7,701,950	\$ 7,486,897
LIABILITIES			
Current			
Accounts payable and accrued liabilities		\$ 834,644	\$ 550,762
SHAREHOLDERS' EQUITY			
Share Capital	8 b)	17,924,712	17,924,712
Reserves		4,205,004	4,205,004
Deficit		(20,522,670)	(20,468,572)
		1,607,046	1,661,144
Non-controlling interests	3	5,260,260	5,274,991
		6,867,306	6,936,135
		\$ 7,701,950	\$ 7,486,897
Nature of operations and going concern	1		
Subsequent Events	17		

ON BEHALF OF THE BOARD:

"Mohan R. Vulimiri"
Mohan R. Vulimiri, Director

"Peter Tegart"
Peter Tegart, Director

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

Nortec Minerals Corp.
Consolidated Interim Statements of Loss and Comprehensive Loss
For the Three months Ended March 31,
Expressed in Canadian Dollars

	Note	2015	2014
General and Administrative Expenses			
Accounting audit and legal fees		\$ 6,887	\$ 6,813
Consulting fees	11	20,590	16,148
Depreciation	6	1,660	3,594
Foreign exchange loss		(180)	(735)
Office rental & storage		3,344	5,307
Office services and expenses		683	4,643
Property research		4,500	-
Telecommunications		616	807
Transfer agent and filing fees		7,163	5,589
Travel and accommodation		80	53
Wages and salaries		23,405	32,766
		(68,829)	(74,985)
Interest income		-	493
Net loss for the year		(68,829)	(74,492)
Net loss attributable to:			
Shareholders of the Company		(54,098)	(62,337)
Non-controlling interest		(14,731)	(12,155)
Loss for the year		\$ (68,829)	\$ (74,492)
Loss per share – Basic and diluted		\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding		23,356,765	14,014,064
Loss and comprehensive loss for the year		(68,829)	(74,492)
Comprehensive loss for the year attributable to:			
Shareholders of the Company		(54,098)	(1,874,255)
Non-controlling interest		(14,731)	(66,181)
		\$ (68,829)	\$ (1,940,436)

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

Nortec Minerals Corp.
Consolidated Interim Statements of Changes in Shareholders' Equity
For the Three months Ended March 31, 2015 and 2014
Expressed in Canadian Dollars

	Common Shares		Share Capital		Contributed Surplus		Investment Evaluation Reserves		Deficit		Non-controlling Interests		Total Shareholder's Equity
Balance, December 31, 2012	23,356,765	\$	17,924,712	\$	4,307,994	\$		\$	(16,627,985)	\$	3,020,829	\$	8,625,550
Non-controlling interests adjustments – Note 3	-		-		-				855,289		54,480		909,769
Loss for the year – Note 3	-		-		-				(605,289)		(60,254)		(666,083)
Balance, December 31, 2013	23,356,765	\$	17,924,712	\$	4,307,994	\$		\$	(16,378,525)	\$	3,015,055	\$	8,869,236
Unrealized loss in available for sale investments	-		-		-		(102,990)		-		-		(102,990)
Non-controlling interest adjustments	-		-		-		-		(2,318,782)		2,326,117		7,335
Loss for the year	-		-		-		-		(1,771,265)		(66,181)		(1,837,446)
Balance, December 31, 2014	23,356,765	\$	17,924,712	\$	4,307,994	\$	(102,990)	\$	(20,468,572)	\$	5,274,991	\$	6,936,135
Loss for the period			-						(54,098)		(14,731)		(68,829)
Balance, March 31, 2015	23,356,765	\$	17,924,712	\$	4,307,994	\$	(102,990)	\$	(20,522,670)	\$	5,260,260	\$	6,882,306

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

Nortec Minerals Corp.
Condensed Interim Consolidated Statements of Cash Flows
For the Three months Ended March 31,
Expressed in Canadian Dollars

	Note	2015	2014
Cash provided by (used in)			
Operating Activities			
Net loss for the year		\$ (68,829)	\$ (1,837,446)
Items not affecting cash:			
Depreciation		1,660	6,171
Gain on settlement of debt		-	(17,500)
Write-off of exploration and evaluation assets		-	1,352,280
Unrealized foreign exchange loss		-	(18,980)
Unrealized loss of marketable securities		-	35,000
Changes in non-cash working capital:			
Receivables and deposits		(1,728)	37,603
Prepaid expenses		-	3,327
Accounts payable and accrued liabilities		283,882	229,662
Net cash used in operating activities		214,985	(209,883)
Investing Activities			
Exploration and evaluation assets		(217,897)	(274,885)
Interest income		-	11,555
Redemption of short-term investments		-	245,000
Net cash used in investing activities		(217,897)	(18,330)
Financing Activities			
Proceeds from shares		-	-
Net cash provided by financing activities		-	-
Change in Cash		(2,912)	(228,213)
Cash, beginning of year		22,051	250,264
Cash, end of year		\$ 19,139	\$ 22,051

Supplementary cash flow information

14

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

1. Nature of operations and going concern

Nortec Minerals Corp. (the “Company”) was incorporated on June 1, 1999 in the province of British Columbia and is engaged in the acquisition and exploration of mineral properties (“exploration and evaluation assets”). The Company’s corporate head office is located at Suite 2000 – 1066 W. Hastings, Vancouver, B.C.V6E 3X4. The Company is listed on the TSX Venture Exchange (“TSX-V”), having the symbol; NVT.V.

The Company is in the process of exploring and evaluating its mineral properties. The recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, successful permitting, the ability of the Company to obtain necessary financing to complete exploration and development, and upon future profitable production or proceeds from disposition of each mineral property. Furthermore, the acquisition of title to mineral properties is a complicated and uncertain process, and while the Company has taken steps in accordance with normal industry standards to verify its title to the mineral properties in which it has an interest, there can be no assurance that such title will ultimately be secured. The carrying amounts of mineral properties are based on costs incurred to date, and do not necessarily represent present or future values.

At March 31, 2015, the Company held 54% equity interest in Finore Mining Inc. (“Finore”) and included the results of operations of Finore from the date of acquisition of de facto control in the consolidated financial statements (note 3).

On October 15, 2014, the Company consolidated its outstanding common shares on a basis of one new common share for every six old common shares. All comparable data has been adjusted for the aforementioned share consolidation.

As the Company is in the exploration stage, no mineral producing revenue has been generated to date. The ability of the Company to meet its obligations and continue the exploration and development of its mineral properties is dependent upon its ability to continue to raise adequate financing. Historically, operating capital and exploration requirements have been funded primarily from equity financing, joint ventures, disposition of mineral properties and investments. There can be no assurance that such financing will be available to the Company in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company. Based on the amount of funding raised, the Company’s exploration program may be tailored accordingly. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

2. Significant accounting policies

a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual audited financial statements for the year ended December 31, 2014, which have been prepared in accordance with IFRS as issued by the IASB.

The policies applied in these financial statements are based on IFRS issued and outstanding as of May 30, 2015, the date the Board of Directors approved these condensed interim financial statements.

b) Basis of measurement

These financial statements were prepared on an accrual basis, except for cash flow information, and are based on historical costs, except for certain financial instruments, which are measured at fair value.

2. Significant accounting policies – continued

c) Critical accounting estimates and judgments

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

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.

Consolidation of Finore

On September 10, 2012 the Company received an additional 2,700,000 common shares in Finore as per the terms of the amended Option Agreement. Management examined the guidance under International Accounting Standards (“IAS”) 27, *Consolidated and Separate Financial Statements*, specifically as it applies to the assessment of control when a company owns less than one-half of the voting power. Based on the examination of IAS 27, the Company concluded based on the existing Option Agreement with Finore and the Company’s voting control over Finore, it should fully consolidate Finore at the time when the voting interest increased to 45%. Management utilized estimates to determine the fair value of the non-controlling interest (note 3). On February 19, 2013, the Company participated in Finore’s private placement acquiring 1,200,000 shares of Finore for gross proceeds of \$300,000. The Company also received 4,100,000 shares as an instalment for the 100% sale of the LK Property which combined with the 322,721 shares already held by the Company means that the Company held 8,322,721 shares (or 54%) of Finore as at December 31, 2013 as compared to 45% as at December 31, 2012.

During the year ended December 31, 2014, Finore issued 91,771 common shares as consideration of 100% acquisition of Nortec Minerals OY, a subsidiary that holds the LK Property. During the same year, Finore also settled debt of \$40,000 owed to the Company by issuing 200,000 common shares at a price of \$0.10 per share. As at December 31, 2014, the Company held 8,614,492 shares (or 54%) of Finore. The value of the non-controlling interest included estimates of the value of the interest held by the non-controlling interest holders.

Share-Based payments

The Company uses the Black Scholes pricing model to estimate the fair value of stock options granted and warrants issued. Under this model, the Company must estimate the term, volatility and if applicable, the forfeiture rate of options granted and warrants issued.

Depreciation rates

The application of determining the useful lives of equipment are estimates by management based on assumptions about future events. Estimates and assumptions made may change if new information becomes available. New information may become available during the use of the equipment that causes the Company to adjust its estimate.

Capitalization of exploration and evaluation assets

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

2. Significant accounting policies – continued

c) Critical accounting estimates and judgments

Title to Mineral Property interests

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

Impairment of non-financial assets

The Company reviews and evaluates its property, including exploration and evaluation assets and equipment for indications of impairment when events or changes in circumstances indicate that the related carrying amount may not be recoverable or at least at the end of each reporting period. The asset's recoverable amount is estimated if an indication of impairment exists.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. Future cash flows are estimated based on expected future production, commodity prices, operating costs and capital costs.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing 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 assessment of the time value of money and the risks specific to the asset.

Impairment losses reducing the carrying value to the recoverable amount are recognized in profit or loss. An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

Fair value of other investments

The fair value of other investments is determined using valuation techniques. The Company uses its estimates and judgment to select a variety of methods as prescribed under the relevant accounting standards. At year-end, management utilized recent financial transaction as a metric in determining the fair value of other investments.

d) Basis of consolidation

The financial statements include the accounts of the Company and all of its subsidiaries. Subsidiaries are those entities over which the group has the power over an investee, has exposure to variable returns from the investee and has the ability to use its power over the investee to affect its returns. The group also assesses existence of control where it does not have more than 50% of voting power but are able to control the investee by virtue of de facto control. De facto control may arise in circumstances where the size of the group's voting rights relative to the size and dispersion of holdings of other shareholders gives the group the power to govern the financial and operating policies.

2. Significant accounting policies – continued

d) Basis of consolidation – continued

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Identifiable assets and liabilities and contingent liabilities are acquired in a business combination and initially at their fair value. At the acquisition date, the group recognized any non-controlling interest in the acquired entity either at fair value or at the non-controlling interest proportionate share of recognized amounts of acquirer's identifiable net assets.

All intercompany transaction and balances are eliminated on consolidation.

The subsidiaries of the Company are as follows:

Name of Subsidiary	Principal Activity	Place of Incorporation and Operation	Portion of Ownership Interest and Voting Power Held	
			March 31, 2015	March 31, 2014
Nortec Minerals Oy ("NMO")	Mineral Property Exploration	Finland	54%	54%
Tammela Minerals Oy ("TMO")	Mineral Property Exploration	Finland	100%	100%
Fennor Minerals Corp. ("FMC")	Mineral Property Exploration	Canada	100%	100%
Finore Mining Inc. ("Finore")	Mineral Property Exploration	Finland	54%	54%

Non-controlling interests

Non-controlling interests in the Company's less than wholly-owned subsidiaries are classified as a separate component of equity. On initial recognition, non-controlling interests are measured at their proportionate share of the acquisition date fair value of identifiable net assets of the related subsidiary acquired by the Company. Subsequent to the acquisition date, adjustments are made to the carrying amount of non-controlling interests for the non-controlling interests' share of changes to the subsidiary's equity. Adjustments to recognize the non-controlling interests' share of changes to the subsidiary's equity are made even if this results in the non-controlling interests have a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interests is adjusted to reflect the change in the non-controlling interests' relative interests in the subsidiary and the difference between the adjustment to the carrying amount of non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to shareholders of the Company.

e) Functional and presentation currency

The Company's and its subsidiaries' functional currency is the Canadian Dollar ("CAD"). The consolidated financial statements are presented in CAD.

All amounts in these consolidated financial statements are rounded to the nearest dollar.

2. Significant accounting policies – continued

f) Exploration and evaluation Assets

Exploration and evaluation expenditures are capitalized once the legal right to explore a property has been acquired. Exploration and evaluation assets are recorded at cost less accumulated impairment losses. Direct costs related to the acquisition, exploration and evaluation of mineral properties are capitalized until the commercial viability of the asset is established, at which time the capitalized costs are reclassified to mineral properties under development. To the extent that the expenditures are spent to establish ore reserves within the rights to explore, the Company will consider those costs as intangible assets in nature.

The depreciation of a capital asset in connection with exploring or evaluating a property of this nature will be included in the cost of the intangible asset.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of the project are deemed to be impaired. As a result, those exploration and expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

Management reviews the facts and circumstances suggesting if the carrying amount of the exploration and evaluation assets exceeds their recoverable amount on a regular basis. If the facts and circumstances suggest the carrying value exceeds the recoverable amount, the Company will perform an impairment test on the property in accordance with the provisions of IAS 36.

Exploration stage assets and development stage assets are considered separate CGUs for impairment testing purposes.

The amount shown for mineral properties does not necessarily represent present or future values. Recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

g) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from settlement of foreign currency transactions and from the translation at the exchange rates of monetary assets and liabilities denominated in currencies other than the functional currency are recognized in profit or loss.

h) Cash

The Company considers cash to include cash held in banks and demand deposits.

2. Significant accounting policies - continued

i) Deferred income taxes

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that the substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and when the Company intends to settle its current tax assets and liabilities on a net basis.

j) Equipment

Office and exploration equipment is recorded at cost less accumulated depreciation.

Where an item of equipment comprises significant components with different useful lives, the components are accounted for as separate items of plant and equipment.

The Company depreciates its assets as follows:

Category	Method	Useful life
Computer hardware	Straight-line	3 years
Computer software	Straight-line	7 years
Exploration equipment	Straight-line	4 years
Furniture	Straight-line	5 years
Vehicles	Straight line	5 years

The depreciation method, useful life and residual values are assessed annually.

k) Asset retirement obligation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to related assets along with a corresponding increase in the rehabilitation 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. The rehabilitation asset is depreciated on the same basis as the related assets.

2. Significant accounting policies - continued

k) Asset retirement obligation - continued

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures.

These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The Company does not have any asset retirement obligations as at December 31, 2014 and 2013.

l) Loss per share

Basic loss per share is computed by dividing the net loss attributable to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. Diluted loss per share is not separately presented, as the effect of securities exercisable into common shares would reduce the amount presented as loss per share.

m) Financial assets

Financial assets are classified into one of four categories:

- fair value through profit or loss ("FVTPL");
- held-to-maturity ("HTM");
- available for sale ("AFS"); and
- loans and receivables.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

FVTPL financial assets

Financial assets designated as fair value through profit or loss are subsequently measured at fair value with changes in those fair values recognized in profit or loss.

The Company classifies cash and certain short-term investments as fair value through profit or loss.

HTM investments

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. They are subsequently measured at amortized cost.

2. Significant accounting policies - continued

m) Financial assets - continued

AFS financial assets

Other investments held by the Company are classified as AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognized directly in equity in investments revaluation reserve. Impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, are recognized directly in profit or loss rather than equity.

When an investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the investment's revaluation reserve is included in profit or loss for the period.

The fair value of AFS monetary assets denominated in a foreign currency is translated at the spot rate at the statement of financial position date. The change in fair value attributable to translation differences on amortized cost of the asset is recognized in profit or loss, while other changes are recognized in equity.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognized at the transaction value, including transaction costs and subsequently are carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at period end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Fair value hierarchy

Measurement of the fair value of financial instruments is made under a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

Level 1: Valuations based on quoted prices, unadjusted, in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

2. Significant accounting policies - continued

m) Financial assets - continued

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investments have been impacted.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

Derecognition of financial assets

A financial asset is derecognized when:

- the contractual right to the asset's cash flows expire; or
- the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

n) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The Company classifies its accounts payable and accrued liabilities as other financial liabilities.

De-recognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

2. Significant accounting policies - continued

o) Share-based Payments

The cost of incentive share options and other equity-settled share-based compensation and payment arrangements is recorded based on the estimated fair-value at the grant date and is amortized over the vesting period. Where incentive share options are subject to vesting, each vesting tranche is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by a charge to profit or loss, with a corresponding increase to reserves based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

p) Accounting Standards Adopted

As of October 1, 2014, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The Company has adopted the following new standards without any significant effect on its financial statements.

IAS 32 – Financial Instruments: Presentation (“IAS 32”)

The IASB amended IAS 32, “Financial Instruments: Presentation” to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of ‘currently has a legally enforceable right of set-off’;
- the application of simultaneous realization and settlement;
- the offsetting of collateral amounts; and
- the unit of account for applying the offsetting requirements.

IAS 36 – Impairment of Assets (“IAS 36”)

The amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less cost of disposal.

IFRIC 21 – Levies (“IFRIC 21”)

An interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets (“IAS 37”), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (“obligating event”). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

2. Significant accounting policies – continued

q) New Standards Not Yet Adopted

IFRS 9 – Financial Instruments (“IFRS 9”)

New standard IFRS 9, Financial Instruments, classification and measurement is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, “Financial Instruments: Recognition and Measurement.” IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit and loss. This standard is effective for years beginning on or after January 1, 2018. The Company is currently assessing the impact that these standards will have on the Company’s financial statements. The Company plans to adopt these standards as soon as they become effective for the Company’s reporting period.

3. Acquisition of Finore including non-controlling interest

On September 10, 2012, the Company received an additional 2,700,000 common shares of Finore in exchange for a 70% interest in the Company’s LK Property in Finland. As a result of the transaction, the Company owned 45% of the shares of Finore and concluded, after evaluating additional indicators, that it had de facto control of Finore as of the date of the transaction. Accordingly, it has accounted for the transaction as an acquisition of control under IFRS 3.

On February 19, 2013, the Company participated in Finore’s private placement acquiring 1,200,000 shares of Finore for gross proceeds of \$300,000. The Company also received 4,100,000 shares as consideration for an option to earn a 100% interest in the LK Property which combined with the 322,721 shares already held by the Company means that the Company held 8,322,721 shares (or 54%) of Finore as at December 31, 2014 and December 31, 2013 as compared to 45% as at December 31, 2012.

Effective May 6, 2014, the Company sold NMO, which holds 100% interest in the Läntinen Koillismaa Project to Finore. Finore has made the final payment to the Company, comprised of 91,771 shares in Finore, pursuant to second amendment agreement.

During the year ended December 31, 2014, Finore settled debt of \$40,000 owed to the Company by issuing 200,000 common shares at a price of \$0.10 per share.

As at March 31, 2015 and December 31, 2014, the Company held 8,614,492 shares (or 54%) of Finore.

Nortec Minerals Corp.
Notes to the Condensed Interim Consolidated Financial Statements
Expressed in Canadian Dollars
For the Three Months Ended March 31, 2015 and 2014

3. Acquisition of Finore including non-controlling interest - continued

Finore, a publicly traded company, issued additional shares for private placement proceeds during fiscal 2014 and shares for debt agreements during the year ended December 31, 2014 resulting in a dilution loss to the Company which was charged to deficit.

Non-controlling interest		December 31, 2014
Balance, December 31, 2013	\$	5,274,991
Common control transactions		2,319,464
Impact of change in ownership interest		6,653
Share of net income (loss)		(66,181)
Balance, December 31, 2014	\$	5,274,991
Share of net income (loss)		(14,731)
Balance, March 31, 2015	\$	5,260,260

The following table presents the non-controlling interest as at December 31, 2014 and 2013.

	March 31, 2015	December 31, 2014
Non-controlling percentage	46%	46%
Current assets	\$ 42,321	\$ 23,251
Current liabilities	(554,110)	(359,056)
	(511,788)	(335,805)
Non-current assets	11,188,063	11,037,831
Non-current liabilities	-	-
	10,676,275	10,702,026
Adjust for common control transactions	-	819,819
Net assets	\$ 10,676,275	\$ 11,521,845
Accumulated non-controlling interests	5,260,260	5,274,991
Summarized income statement		
Loss and comprehensive loss	(32,075)	(123,872)
Adjust for common control transactions	-	(20,000)
	\$ (32,075)	\$ (143,871)
Loss allocated to non-controlling interest	\$ (14,731)	\$ (66,181)

4. Marketable securities and other investments

a) Marketable securities

As at March 31, 2015, marketable securities consist of 1,000,000 shares of Vulcan Minerals Inc. (“Vulcan”). During the year ended December 31, 2013, the Company sold its interest in the TL Property for 1,000,000 common shares of Vulcan (“consideration shares”), valued at \$55,000 (Note 7 a). Vulcan has the first right of refusal to purchase the consideration shares from the Company.

The Company’s marketable securities are classified as FVTPL and have been valued at their listed trading prices. Management estimates the fair value of the marketable securities at March 31, 2015 to be \$20,000 (2013 - \$55,000)

b) Other investments

The other investments consist of 200,000 common shares of The Golden Rule Ltd. (“Golden Rule”). Golden Rule explores gold properties in the Republic of Guinea, Africa. The registered office of Golden Rule is in Hong Kong. Management estimates the fair value of the investment at March 31, 2015 to be \$116,010 (December 31, 2014: \$116,010).

5. Receivables and deposits

	March 31, 2015	March 31, 2014
Credit card deposit	1,755	37,582
HST/VAT receivable and other	11,718	18,318
Others	1,754	2,504
	\$ 15,227	\$ 58,404

Nortec Minerals Corp.
Notes to the Condensed Interim Consolidated Financial Statements
Expressed in Canadian Dollars
For the Three Months Ended March 31, 2015 and 2014

6. Equipment

	Computer equipment \$	Furniture \$	Exploration equipment \$	Total \$
Cost				
Balance at December 31, 2012	106,261	23,218	8,502	137,981
Additions	1,779	2,654	-	4,433
Balance at December 31, 2013	108,040	25,872	8,502	142,414
Additions	-	-	-	-
Balance at December 31, 2014	108,040	25,872	8,502	142,414
Additions	-	-	-	-
Balance at March 31, 2015	108,040	25,872	8,502	142,414
Depreciation				
Balance at December 31, 2012	74,806	19,162	4,415	98,383
Depreciation	10,302	5,693	4,087	20,082
Balance at December 31, 2013	85,108	24,855	8,502	118,465
Depreciation/reduction	6,171	643	-	6,814
Balance at December 31, 2014	91,279	25,498	8,502	125,279
Depreciation	1,500	160	-	1,660
Balance at March 31, 2015	92,779	25,658	8,502	126,939
Carrying amounts				
Balance at December 31, 2013	22,932	1,017	-	23,949
Balance at December 31, 2014	16,761	374	-	17,135
Balance at March 31, 2015	15,261	214	-	15,475

Nortec Minerals Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months ended March 31, 2015 and 2014
(Unaudited)
Expressed in Canadian Dollars

7. Exploration and evaluation assets

	Seinjoki Property Finland \$	LK Property Finland \$	Tammela Property Finland \$	Total \$
As at December 31, 2012	1,065,155	5,958,021	81,707	7,104,883
Exploration costs				
Assay	30,214	48,110		78,324
Camp expenses	6,392	23,503	-	29,895
Geophysical survey and mapping	-	127,815	-	127,815
Geological consulting	-	13,749	-	13,749
Government fees, licenses and permits	16,404	251	-	16,655
Landowner costs	-	86,994	-	86,994
Office and general		32,777	567	33,344
Professional fees	2,538	167,248	15,983	185,769
Project management fees	-	-	-	67,723
Drilling	140,317	312,945	-	453,262
Travel	6,219	31,059	-	37,278
Others	-	119	119	238
As at December 31, 2013	1,334,962	6,802,591	98,376	8,235,929
Acquisition costs	-	1	-	1
Exploration costs:				
Camp expenses	-	18,680	-	18,680
Geological consulting	-	5,250	-	5,250
Government fees, licenses and permits	17,318	-	-	17,318
Landowner costs	-	105,151	56,537	161,688
Office and general	-	11,507	643	12,150
Professional fees	-	149,019	42,136	191,155
Write-down of mineral property	(1,352,280)	-	-	(1,352,280)
As at December 31, 2014	-	7,092,199	197,692	7,289,891
Landowner costs	-	93,432	46,365	139,797
Professional fees	-	56,800	21,300	78,100
As at March 31, 2015	-	7,242,431	265,357	7,507,788

7. Exploration and evaluation assets - continued

a) LK Property, Finland

On July 29, 2008, the Company earned a 70% interest in the Kaukua platinum, palladium, gold property in northeastern Finland by making option payments of €190,000 and incurring exploration expenditures of €600,000 over three years from the date of the option agreement.

On September 4, 2009, the Company earned the remaining 30% interest in the Kaukua property in exchange for outstanding VAT refund claims allowable on Kaukua exploration expenditures of \$269,076 and a 2% NSR on any future production.

In October 2009, the Company acquired the nearby Haukiahö palladium, platinum, gold, copper and nickel property in northern Finland in exchange for 1,666,667 common shares of the Company.

The transaction was to be completed in two 'Closings'. The First Closing was completed on October 21, 2009 when the Company issued 1,333,333 common shares valued at \$1,200,000. In July 2012, the Company issued the remaining 333,333 common shares valued at \$300,000.

The Company has grouped the Haukiahö and Kaukua properties together and on December 1, 2009 the Company announced the project name "LK Property".

On July 27, 2011, the Company signed a binding Letter of Intent ("LOI") with Finore (formerly Otterburn Ventures Inc.). The LOI gave Finore the option to earn up to an 80% interest in the LK Property.

Under the terms of the LOI, Finore could earn an 80% interest in the LK Project on payment of \$10,500,000 in cash and securities to the Company and by expending \$10,000,000 in exploration work within three years of signing the Option Agreement ("OA"). The effective date of the OA was within five business days after receipt of both CNSX and TSX-V approval which was received on September 6, 2011.

Finore paid \$2,000,000 and issued 100,000 common shares pursuant to the LOI.

On September 6, 2012, the Company agreed to amend the option agreement such that Finore can earn a 70% interest in the LK Project by issuing 2,700,000 common shares of Finore to the Company (received September 17, 2012). In addition, Finore agreed to pay all outstanding balances owed for exploration work completed to date by January 10, 2013.

As a result of the amended terms and condition, the Company was considered to have control in Finore and has consolidated the interest in Finore from the date of acquisition of control, September 10, 2012 (note 3).

During the year ended December 31, 2013, the Company agreed to further amend the option agreement such that Finore will have the option to earn 100% interest in the LK Property upon completion of the following:

- issuing 4,100,000 shares (issued) to the Company within five (5) business days of signing;
- paying in full any amounts owed by Finore to third parties, whether incurred directly or indirectly with respect to exploration expenditures incurred on the TL Property; and
- granting the Company the right to nominate two persons for appointment or election to Finore's Board of Directors (granted).

7. Exploration and evaluation assets – continued

a) LK Property, Finland – *continued*

Finore had fulfilled all requirements pursuant to the relevant amendment agreements between Finore and the Company. Effective May 6, 2014, Nortec sold NMO, which holds a 100% interest in the Läntinen Koillismaa Project, to Finore 91,771 shares in Finore, pursuant to second amendment agreement. As the Company owns 54% of Finore, the overall effect was to sell 46% of NMO resulting in a dilution loss of \$2,319,464 which was charged to deficit.

b) Tammela Property, Finland

In 2009, the Company was granted two lithium claim reservations by the Finland Ministry of Employment and the Economy in southwest Finland, known as Kietyonmaki Lithium Prospect and Hirvikallio Lithium Prospect collectively known as the Tammela Property.

The Company has received the official claim registration papers from the Ministry of Employment and Economy, Finland for both Tammela and Somero claims during the year ended December 31, 2014.

8. Shareholder's equity

a) Authorized

Unlimited number of shares at no par value.

b) Share Issuance

There were no changes in share capital during the period ended March 31, 2015 and 2014.

9. Share purchase warrants

Warrant activity was as follows;

	Number of warrants	Weighted Average Exercise Price
Balance at December 31, 2013	2,175,250	\$ 1.92
Expired	(916,667)	2.52
Balance at December 31, 2014 and March 31, 2015	1,258,583	\$ 1.20

9. Share purchase warrants - continued

Warrants outstanding at March, 2015 and 2014 were as follows;

	March 31, 2015		March 31, 2014		Weighted Average Exercise Price
Expiry date	Number of Warrants	Weighted Average Exercise Price	Number of Warrants		
July 7, 2015 ⁽ⁱ⁾	1,152,750	1.20	1,152,750		1.20
August 6, 2015 ⁽ⁱⁱ⁾	105,833	1.20	105,833		1.20
	1,258,583	\$ 1.20	1,258,583	\$	1.20

i - Effective June 14, 2013, expiry dates have been extended to July 7, 2015.

ii - Effective June 14, 2013, expiry dates have been extended to August 6, 2015.

The Company uses the Black-Scholes pricing model to determine the fair value of warrants issued. This model requires the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.

10. Stock options

The Company has a Stock Option Plan whereby the Company may grant stock options to officers, directors, consultants and eligible employees at an exercise price to be determined by the board of directors, provided the exercise price is not lower than the market price at the time of issue. The Plan provides for the issuance of up to 10% of the Company's issued common shares as at the date of shareholder approval with each stock option having a maximum term of ten years. The board of directors has the exclusive authority over the granting of options.

Option activities were as follows;

	Number of Options		Weighted Average Exercise Price
Balance at December 31, 2013	506,667	\$	0.65
Cancelled	(423,333)		0.66
Balance at December 31, 2014	83,333	\$	0.60
Expired	-	\$	-
Balance at March 31, 2015	-	\$	-

Nortec Minerals Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months ended March 31, 2015 and 2014
(Unaudited)
Expressed in Canadian Dollars

10. Stock options – continued

Options outstanding at March 31, 2015 and 2014 were as follows;

	March 31, 2015		March 31, 2014	
Expiry Date	Number of Options Outstanding	Weighted Average Exercise price	Number of Options Outstanding	Weighted Average Exercise price
January 19, 2014	-	\$ -	-	\$ -
September 4, 2014	-	\$ -	256,667	\$ 0.66
October 5, 2014	-	\$ -	-	\$ -
November 12, 2014	-	\$ -	66,667	\$ 0.66
February 17, 2015*	-	\$ -	83,333	\$ 0.6
	-	\$ -	406,667	\$ 0.61
Exercisable	-	\$ 0.00	406,667	\$ 0.61
Weighted average remaining contractual life years	-	\$ -	0.00	0.65

11. Related party transactions

Except as disclosed elsewhere in these financial statements, related party transactions for the year ended March 31, 2015 and 2014 are as follows:

Key management and personnel

	March 31, 2015	March 31, 2014
Management and consulting fees	\$ 15,190	\$ 21,920
Salaries and wages	\$ 29,000	\$ 23,054
Total	\$ 44,590	\$ 44,974

Related party payables to Key Management Personnel:

	March 31, 2015	Mach 31, 2014
Accounts payable and accrued liabilities	\$ 386,355	\$ 79,960

Included in accounts payable are amounts due to key management personnel or companies controlled by them of \$386,355 (2013 - \$79,960).

12. Segmented information

The Company has one reportable segment, being that of acquisition, exploration and evaluation of mineral properties.

The Company's mineral properties are located in Finland. The properties and location are as follows:

Property	Location
Tammela Property	Finland
LK Property	Finland

Geographic information for the year ended March 31, 2015;

	Canada		Finland		Total
Year ended March 31, 2015					
Equipment	\$	12,841	\$	2,634	\$ 15,475
Exploration and evaluation assets	\$	-	\$	7,507,788	\$ 7,507,788

Geographic information for the year ended March 31, 2014;

	Canada		Finland		Total
Year ended March 31, 2014					
Equipment	\$	20,355	\$	-	\$ 20,355
Exploration and evaluation assets	\$	-	\$	8,445,135	\$ 8,445,135

13. Capital disclosures

The Company's objectives when managing capital are:

- To maintain and safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, to support continued evaluation and maintenance at the Company's existing properties, and to acquire, explore, and develop other precious and base metal deposits in North America, South America, and Europe.
- To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk of loss of principal.
- To obtain the necessary financing to complete exploration and development of its properties, if and when it is required.

In the management of capital, the Company includes shareholders' equity in the definition of capital.

The Company manages the capital structure and makes adjustments to it, based on the level of funds required to manage its operations in light of changes in economic conditions and the risk characteristics of its underlying assets, especially with respect to exploration results on properties in which the Company has an interest.

In order to facilitate the management of capital and development of its exploration and evaluation assets, the Company prepares annual expenditure budgets, which are updated as necessary and are reviewed and approved by the Company's Board of Directors. In addition, the Company may issue new equity, incur additional debt, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of certain assets. The Company's investment policy is to hold cash in interest bearing accounts at a major Canadian banking institution to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. The Company is not exposed to any externally imposed capital requirements.

14. Supplemental cash flow information

There were no significant non-cash transactions for the periods ended March 31, 2015 and 2014.

15 Financial risk management and financial instruments

Financial risk management

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss.

The credit risk of cash, short-term investment, and receivables and deposits is assessed as low as the primary counter party is major Canadian financial institutions.

The carrying amount of these financial assets is the maximum exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial obligations associated with its financial liabilities as they fall due. The Company's objective is to ensure that sufficient financial resources are available to meet its short-term business requirements for a minimum of twelve months. The Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures.

As of March 31, 2015, the Company does not have sufficient cash and highly liquid investments on hand to meet current liabilities and its expected administrative requirements for the coming year. The Company has a cash balance of \$19,139 (December 31, 2014 - \$22,051, highly liquid investments of \$20,000 (2014 - \$20,000) and total liabilities of \$819,644 (December 31, 2014 - \$550,762).

To execute its planned exploration program for the next twelve months, the Company will need to raise additional funds through the issuance of equity or debt instruments or the sale of assets. The Company ensures that sufficient funds are raised from private placements to meet its operating requirements, after taking into account existing cash, short-term investments and expected exercise of stock options and share purchase warrants.

15. Financial risk management and financial instruments – continued

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, price risk and interest rate risk.

Foreign exchange risk

The Company operates in foreign jurisdiction and is exposed to foreign currency exposures, primarily with respect to Euros.

Foreign exchange risk arises from recognized assets and liabilities denominated in a currency that is not the Company's functional currency.

a) Currency risk

The Company has operations in Canada and Europe, all of which require different currencies to conduct business. The Company is exposed to foreign currency fluctuations on cash, accounts and receivables and deposits and accounts payable and accrued liabilities of the companies not denominated in Canadian dollars.

b) Interest rate risk

Interest rate risk is the risk that the fair value on future cash flows of a financial instrument will fluctuate because of changes in market interest rates. A 1% change in interest rates would not have a material change on the net and comprehensive loss of the Company.

Financial instruments

The Company's financial assets are classified into the following: FVTPL, available for sale ("AFS") and loans and receivables.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

FVTPL

Marketable securities held by the Company are classified as FVTPL and are stated at fair value with gains and losses arising from changes in fair value recognized in profit or loss.

AFS financial assets

Other investments held by the Company are classified as AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognized in other comprehensive loss. Impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, are recognized directly in profit or loss rather than equity.

When an investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in accumulated other comprehensive loss is included in profit or loss for the year.

15. Financial risk management and financial instruments – continued

Financial instruments – continued

Loans and receivables

Short-term investments and receivables and deposits that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognized at the fair value, including transaction costs and subsequently are carried at amortized cost less impairment losses. The impairment of receivables is based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The Company's accounts payable and due to related parties are included in this category.

Fair value

The amounts for short-term investments, receivables and deposits and accounts payable and accrued liabilities approximate fair value due to the short-term nature of these items. Cash, marketable securities and other investments are measured using the fair value hierarchy as follows:

	March 31, 2015		
	Level 1 \$	Level 2 \$	Level 3 \$
Financial assets			
Cash	19,139		
Marketable securities	20,000	-	-
Other investment	-	-	116,010
			March 31, 2014
	Level 1 \$	Level 2 \$	Level 3 \$
Financial assets			
Cash	96,909		
Marketable securities	55,000	-	-
Other investment	-	-	205,980

Nortec Minerals Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months ended March 31, 2015 and 2014
(Unaudited)
Expressed in Canadian Dollars

16. Income taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2014	2013
Loss for the year	\$ (1,837,446)	\$ (666,083)
Expected income tax (recovery)	(478,000)	(172,000)
Change in statutory, foreign tax, foreign exchange rates and other	21,000	(200,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	(1,290,000)	141,000
Foreign exchange	104,000	-
Utilization of deferred tax assets	-	1,049,000
Change in unrecognized deductible temporary differences	1,643,000	(818,000)
Total income tax expense (recovery)	\$ -	\$ -

The Canadian income tax rate declined/increased during the year due to changes in the law that reduced/increased corporate income tax rates in Canada/British Columbia.

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	2014	2013
Deferred Tax Assets (liabilities)		
Exploration and evaluation assets	\$ 1,821,000	\$ 1,339,000
Property and equipment	29,000	28,000
Canadian eligible capital (CEC)	12,000	13,000
Share issue costs	23,000	53,000
Marketable securities	13,000	-
Allowable capital losses	134,000	-
Non-capital losses available for future period	3,286,000	2,218,000
	5,318,000	3,651,000
Unrecognized deferred tax assets	5,318,000	(3,651,000)
Net deferred tax assets	\$ -	\$ -

16. Income taxes - continued

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2014	Expiry Date Range
Temporary Differences		
Exploration and evaluation assets	\$ 6,863,000	No expiry date
Investment tax credit	69,000	2020 to 2034
Equipment	114,000	No expiry date
Canadian eligible capital (CEC)	47,000	No expiry date
Share issue costs	89,000	2015-2018
Marketable securities	103,000	No expiry date
Allowable capital losses	515,000	No expiry date
Non-capital losses available for future period	12,645,000	2015 to 2034
Canada	12,604,000	2015 to 2034
Finland	41,000	2020 to 2024

Tax attributes are subject to review, and potential adjustment, by tax authorities.

17. Subsequent events

The Company announced a non-brokered private placement of 9,401,000 units (the "Units") at a price of \$0.025 per Unit for gross proceeds of \$235,025. The Company will issue 435,075 common shares as Finders fees.

Each Unit consists of one common share and one common share purchase warrant (the "Warrants"). Each Warrant will entitle the holder to purchase one additional common share at an exercise price \$0.08 per common share for the two years from the date of issue, and at \$0.10 per common share for the third year from the date of issue.