PURE ENERGY MINERALS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

WOLRIGE MAHON

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Pure Energy Minerals Limited

We have audited the accompanying consolidated financial statements of Pure Energy Minerals Limited and its subsidiaries, which comprise the consolidated statements of financial position as at June 30, 2015 and 2014, and the consolidated statements of comprehensive loss, statement of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Pure Energy Minerals Limited and its subsidiaries as at June 30, 2015 and 2014, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements which indicates that Pure Energy Minerals Limited and its subsidiaries have incurred losses since inception and have not yet developed self-sustaining operations. These conditions, along with other matters as set forth in note 1, indicate the existence of a material uncertainty that may cast significant doubt about Pure Energy Minerals Limited's and its subsidiaries' ability to continue as a going concern.

WOLRIGE MAHON LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

October 26, 2015
Vancouver, B.C.

PURE ENERGY MINERALS LIMITED
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	June 30, 2015	June 30, 2014
		$	$
ASSETS			
CURRENT			
Cash		741,501	87,675
GST/HST receivable		38,751	13,835
Amounts receivable	8	343,804	-
Prepaid expenses		3,275	3,275
		1,127,331	104,785
EXPLORATION ADVANCE		-	110,037
EQUIPMENT	4	8,921	16,333
EXPLORATION AND EVALUATION ASSETS	5	2,739,605	1,553,326
		3,875,857	1,784,481
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	7	121,671	213,684
		121,671	213,684
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	8	14,785,382	9,963,378
CONTRIBUTED SURPLUS	8	5,342,643	4,620,451
DEFICIT		(16,373,839)	(13,013,032)
		3,754,186	1,570,797
		3,875,857	1,784,481

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)
SUBSEQUENT EVENTS (Note 13)

Approved and authorized for issue on behalf of the Board on October 26, 2015

"Michael Dake"
Director

"Robert Mintak"
Director

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

PURE ENERGY MINERALS LIMITED
Consolidated Statements of Comprehensive Loss
For the year ended June 30, 2015 and 2014
(Expressed in Canadian dollars)

	Note	2015	2014
		$	$
EXPENSES			
Amortization	4	7,412	7,852
Bank charges and interest		4,283	1,067
Consulting	7	529,933	104,325
Investor relations	7	117,458	17,342
Management fees	7	237,247	77,476
Office and rent		73,694	55,059
Professional fees	7	129,714	129,146
Share based compensation	7	695,018	17,616
Transfer agent and filing fees		64,155	24,557
Travel and entertainment		101,092	51,092
LOSS BEFORE OTHER ITEMS		(1,960,006)	(485,532)
OTHER ITEMS (EXPENSES)			
Foreign exchange gain		55,750	5,581
Interest income		2,964	711
Gain on sale of royalty interest and wind up of foreign subsidiary	6	26,255	166,124
Gain on recovery of exploration expenses	6	10,000	-
Write-down of exploration expenses	5	(1,495,770)	-
		(1,400,801)	172,416
NET LOSS AND COMPREHENSIVE LOSS		(3,360,807)	(313,116)
LOSS PER SHARE, BASIC AND DILUTED		(0.07)	(0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		47,051,895	17,483,104

PURE ENERGY MINERALS LIMITED
Consolidated Statements of Changes in Equity
For the years ended June 30, 2015 and 2014
(Expressed in Canadian dollars)

	Share Capital				
	# of Common Shares without Par Value	Amount	Contributed Surplus	Deficit	Total Shareholders' Equity (Deficiency)
		$	$	$	$
Balance at June 30, 2013	17,123,967	9,657,428	4,602,835	(12,699,916)	1,560,347
Shares issued for property acquisition	125,000	10,000	-	-	10,000
Shares issued for cash	3,160,000	316,000	-	-	316,000
Share issuance costs	-	(20,050)	-	-	(20,050)
Share based compensation	-	-	17,616	-	17,616
Net loss and comprehensive loss for the year ended	-	-	-	(313,116)	(313,116)
Balance at June 30, 2014	20,408,967	9,963,378	4,620,451	(13,013,032)	1,570,797
Shares issued for cash	31,910,566	4,707,300	-	-	4,707,300
Share issuance costs	-	(181,081)	27,174	-	(153,907)
Shares issued for property acquisition	1,364,412	295,785	-	-	295,785
Share based compensation	-	-	695,018	-	695,018
Net loss and comprehensive loss for the year	-	-	-	(3,360,807)	(3,360,807)
Balance at June 30, 2015	53,683,945	14,785,382	5,342,643	(16,373,839)	3,754,186

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

PURE ENERGY MINERALS LIMITED
Consolidated Statements of Cash Flows
For the years ended June 30, 2015 and 2014
(Expressed in Canadian dollars)

	2015	2014
	$	$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net (loss) for the year	(3,360,807)	(313,116)
Items not affecting cash:		
Amortization	7,412	7,852
Share based compensation	695,018	17,616
Write-down of exploration expenses	1,495,770	-
	(1,162,607)	(287,648)
Changes in non-cash working capital balances		
Amounts receivable	(25,970)	199,652
Accounts payable and accrued liabilities	(92,012)	131,653
	(1,280,589)	43,657
INVESTING ACTIVITIES		
Proceeds on sale of equipment	-	2,500
Exploration advance	-	(110,037)
Exploration and evaluation expenditures	(2,276,228)	(344,778)
	(2,276,228)	(452,315)
FINANCING ACTIVITIES		
Issuance of common shares	4,364,550	316,000
Share issuance costs	(153,907)	(20,050)
	4,210,643	295,950
CHANGE IN CASH, during the year	653,826	(112,708)
CASH, beginning of year	87,675	200,383
CASH, end of year	741,501	87,675

Supplementary cash flow information and non-cash transactions (Note 12)

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

1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

Pure Energy Minerals Limited was incorporated on May 10, 2007 under the British Columbia Business Corporations Act. The Company's principal business activities are the acquisition, exploration and development of mineral properties. The Company is domiciled in Canada and is a reporting issuer with its common shares publicly traded on the TSX-Venture exchange under the stock symbol "PE". The address of its head office is 1780-355 Burrard Street, Vancouver, B.C., V6C 2G8.

At June 30, 2015, the Company had not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production from the mineral properties or proceeds from the disposition of the mineral properties.

At June 30, 2015, the Company has incurred a net loss of $3,360,807 (2014 – loss $313,116) and accumulated a deficit of $16,373,839 (2014 - $13,013,032) which have been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

The above and the necessity that the Company raise sufficient funds to carry out its exploration plan creates material uncertainty that raises significant doubt to the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

On April 3, 2014 the Company consolidated its share capital on a basis of 1 new common share for 4 old common shares. All share figures are post consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations committee ("IFRIC").

The consolidated financial statements were authorized for issue in accordance with a resolution from the Board of Directors on October 26, 2015.

b) Basis of presentation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Basis of presentation (continued)

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

c) Consolidation

The consolidated financial statements include the accounts of the Company and its 100% wholly owned subsidiaries, 0891884 BC Ltd. from the date of acquisition October 18, 2012 and Esmeralda Minerals LLC, from the date of incorporation December 23, 2014. Inter-company balances and transactions are eliminated on consolidation.

d) Significant accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical accounting estimates

i. the inputs used in accounting for share based compensation expense in profit or loss;

Critical accounting judgments

i. The determination of categories of financial assets and financial liabilities.

ii. The assessment of indications of impairment of the exploration and evaluation assets.

iii. The determination that the functional currency of the Group is the Canadian dollar.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units of production method over estimated recoverable reserves. Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and evaluation costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and evaluation costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

f) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is insignificant.

h) Share-based compensation

Share-based compensation to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based compensation to non-employees is measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and is recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to contributed surplus.

Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital. Charges for options that are forfeited before vesting are reversed from contributed surplus.

i) Share capital and warrants

When the Company issues units during a private placement, which include both common shares and share purchase warrants, the warrants are valued by comparing the total unit price to the fair value of the shares on the day of the announcement of the private placement. Any premium above the fair value of the shares issued would be allocated to the warrants and credited to the warrant reserve. The warrant reserve is a component of contributed surplus.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted loss per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

k) Impairment of non-financial assets

At the end of each reporting period, the Company assesses each cash generating unit to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

When an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

l) Financial instruments

i) Financial assets

Financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: at fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity, or available-for-sale.

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The Company has classified its cash as FVTPL.

Financial assets classified as loans and receivables are measured at amortized cost, less impairment. The Company has classified the amounts receivable as loans and receivables.

Financial assets classified as held-to-maturity are measured at amortized cost, using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial instrument, or, where appropriate, a shorter period.The Company has no financial assets classified as held-to-maturity.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. The Company has no financial assets classified as available-for-sale.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

(Expressed in Canadian dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ii) Financial liabilities

Financial liabilities are initially recorded at fair value and designed upon inception as FVTPL or classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized through profit or loss. The Company has no financial liabilities classified as FVTPL.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest rate method. The Company has classified its accounts payable and accrued liabilities as other financial liabilities.

m) Property and equipment

Property and equipment is recorded at cost and amortized at the following annual rates:

Equipment	20%	declining balance
Leasehold improvement	20%	straight line

n) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

3. RECENT ACCOUNTING PRONOUNCEMENTS

Accounting standards adopted during the year ended June 30, 2015

During the year ended June 30, 2015 the Company adopted the following standards with no material impact to the consolidated financial statements.

Financial Instruments
IAS 32, *Financial Instrument: Presentation*, clarifies some of the requirements for offsetting financial assets and liabilities in the statement of financial position.

Accounting standards anticipated to be effective January 1, 2018

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after July 1, 2015, or later periods. Some updates are not applicable or are not consequential to the Company may have been excluded from the list below.

Financial instruments
IFRS 9, *Financial Instruments*, addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income. The Company has not yet considered the potential impact of the adoption of IFRS 9 on its consolidated financial statements.

(Expressed in Canadian dollars)

4. PROPERTY AND EQUIPMENT

	Furniture and equipment $	Leasehold improvements $	Total $
Cost			
Balance, June 30, 2013	24,058	28,253	52,311
Disposals	(2,500)	-	(2,500)
Balance, June 30, 2014	21,558	28,253	49,811
Additions	-	-	-
Balance, June 30, 2015	21,558	28,253	49,811
Accumulated amortization			
Balance, June 30, 2013	10,557	15,069	25,626
Amortization for the year	2,200	5,652	7,852
Balance, June 30, 2014	12,757	20,721	33,478
Amortization for the year	1,760	5,652	7,412
Balance, June 30, 2015	14,517	26,373	40,890
Carrying amounts			
At June 30, 2014	8,801	7,532	16,333
At June 30, 2015	**7,041**	**1,880**	**8,921**

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS

	AF Claims	CV/DB Claims	CE/CD Claims	Total
	$	$	$	$
Acquisition costs				
Balance, June 30, 2013	1,023,761	-	-	1,023,761
Shares issued	10,000	-	-	10,000
Cash option payment	110,038	173,315	-	283,353
Balance, June 30, 2014	1,143,799	173,315	-	1,317,114
Exploration and evaluation				
Balance, June 30, 2013	174,787	-	-	174,787
Claims renewal and maintenance costs	25,315	-	-	25,315
Survey and geophysics	36,110	-	-	36,110
Balance, June 30, 2014	236,212	-	-	236,212
Total June 30, 2014	**1,380,011**	**173,315**	**-**	**1,553,326**
Acquisition costs				
Balance, June 30, 2014	1,143,799	173,315	-	1,317,114
Shares issued	26,250	269,535	-	295,785
Cash option payment	-	300,508	35,000	335,508
Staking costs	-	42,648	-	42,648
Write-down	(1,170,049)	-	-	(1,170,049)
Balance, June 30, 2015	-	786,006	35,000	821,006
Exploration and evaluation				
Balance, June 30, 2014	236,212	-	-	236,212
Claims renewal and maintenance costs	60,669	80,088	28,156	168,913
Drilling	-	1,482,032	-	1,482,032
Assay and lab	-	19,925	-	19,925
Survey and geophysics	28,840	308,398	-	337,238
Write-down	(325,721)	-	-	(325,721)
Balance, June 30, 2015	-	1,890,443	28,156	1,918,599
Total June 30, 2015	**-**	**2,676,449**	**63,156**	**2,739,605**

AF Claims

Pursuant to an Option agreement (the “Option Agreement”) between 0891884 BC Ltd. and GeoXplor Corp. (“GeoXplor”) dated June 10, 2011, as amended on August 3, 2012, 0891884 BC Ltd. was granted an option to acquire an 80% interest in certain placer mining claims situated in Esmeralda County, Nevada (the “Property”). Under the terms of the Option Agreement and prior to the acquisition by Pure Energy, 0891884 BC Ltd made a cash payment of US$75,000, issued 250,000 common shares and incurred exploration expenditures in excess of US$150,000. The Company shall make the following cash payments and share issuances: on or before October 10, 2012, cash payment of US$50,000 (paid) and issuance of 125,000 shares (issued); June 10, 2013 US$100,000 (paid) and 125,000 shares (issued); and June 10, 2014 US$100,000 (paid) and 187,500 shares (issued). If the Company prepares a pre-feasibility study which recommends putting the property into production, the Company shall pay GeoXplor an additional payment of US$500,000, to be paid in

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

cash or shares at GeoXplor's discretion. In addition, the Company commits to a work program spending a minimum of US$1,600,000 over a five year period as to not less than US$250,000 in year two, US$350,000 in year three,

US$500,000 in year four and US$500,000 in year five. After five years GeoXplor and the Company shall form a joint venture where each party will be responsible for its proportionate share of future costs.

On January 18, 2013, the Company amended its option agreement with GeoXplor Corp. The amended option agreement entitles the Company to acquire a 100% interest in an additional 2,240 acres of land in Esmeralda County. The Company paid $50,640 (US$50,000) for this amendment. The terms of the original option agreement with GeoXplor, dated June 10, 2011, as amended on August 3, 2012, otherwise remain unchanged.

Management has allowed these claims to lapse subsequent to year end and a write-off of the accumulated costs to date has been recorded in the year ended June 30, 2015.

CV and DB claims in Clayton Valley Esmeralda County, Nevada.

In November 2013 the Company paid US$40,000 for the exclusive right to conduct due diligence on the property.

On May 12, 2014, the Company entered into a definitive option agreement with GeoXplor to earn a 100% interest in the CV and DB claims in Clayton Valley Esmeralda County, Nevada ("the Property"). Under the agreement the Company has an option to earn a 100% interest for the following consideration:

Date	Cash Payment US$	Expenditure Requirement US$	Share Issuance
Effective date (paid/issued)	100,000		1,000,000
Within one year (paid/issued)	250,000	750,000	176,912
Within two years	250,000	1,000,000	176,912
Within three years	250.000	2,000,000	176,912
Within four years	250,000	Pre-feasibility study or commercial production	176,912
Total	1,100,000	3,750,000	1,707,648

The agreement is subject to a gross overriding royalty of 5%, such royalty can be reduced to 2.5% upon cash payment of US$7,000,000 to the vendor.

During fiscal 2015 the Company staked an additional 48 claims contiguous to the CV and DB claims.

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

CE and CD claims in Clayton Valley Esmeralda County, Nevada.

On May 31, 2015 the Company entered into an option and lease agreement whereby the Company acquired an exclusive lease and exploration license to conduct exploration and evaluation work on certain unpatented placer mining claims located in Esmeralda County Nevada. Consideration for this acquisition is as follows:

Date	Cash Payment CAD$	Share Issuance
Effective date (paid/issued)	35,000	226,620
Within one year	35,000	26,000 estimated
`Within two years	35,000	26,000 estimated
Within three years	35,000	26,000 estimated
Within four years	35,000	26,000 estimated
Within five years and each year thereafter	US75,000	

The estimated share issuance is calculated as the value of the difference between the United States and Canadian dollar exchange rates multiplied by the cash payment amount, when due, and divided by the market value of the Company's shares on the date the payment is required.

The Company can acquire a 100% interest in the property by making payment to the optionor of US$500,000 or shares of the Company of equal value. The Optionor will retain a 3% NSR on the property.

6. ROYALTY RIGHTS

During the year ended June 30, 2009, the Company sold certain assets including equipment and patents to a third party. Under the sale agreement, the Company retained a royalty of $0.20 US per unit sold. On July 11, 2013 the Company entered into an Assignment Agreement whereby certain royalty rights owned by the Company were sold to a third party for cash consideration of $160,000 US.

7. RELATED PARTY TRANSACTIONS AND BALANCES

The Company's related parties consist of the Directors and executive officers and companies owned in whole or in part by them as follows:

Name	Position and nature of transactions
Robert Mintak	President, CEO and Director – Management fees
Mike Dake	Director, Investor relations and Management fees
Grant Hall	Director – Consulting fees
Gerhard Jacob	Director – Consulting fees
Jeremy Poirier	Director – Management fees and Investor Relations fees
Michael Liddle	former Director
Jason Dussault	former Director
J. W. Jardine & Company Ltd.	CFO – Professional fees
Dr Andy Robinson	Chief Operating Officer – Consulting fees
Alexi Zawadzki	VP Business Development – Consulting fees
LeeAnn Munk	Senior Technical Advisor - Consulting fees

(Expressed in Canadian dollars)

7. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Transactions have been measured at the exchange amount which is the amount agreed to by the parties.

Compensation of Key Management Personnel

Year ended	June 30, 2015	June 30, 2014
	$	$
Management fees	236,498	77,476
Investor relations	38,000	2,000
Professional fees	55,000	67,500
Consulting fees	242,045	-
Share-based compensation	695,018	17,616
Total	1,266,561	164,592

Included in accounts payable and accrued liabilities is $77,373 (2014 - $129,092) owing to a director and companies controlled by directors and officers of the Company for accrued and unpaid fees. These amounts are unsecured, non-interest bearing and due on demand.

8. SHARE CAPITAL

a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value. On April 3, 2014 the Company consolidated its share capital on a basis of 1 new common share for 4 old common shares. All share figures noted are post consolidation.

b) Issued and outstanding

(i) On November 18, 2013, the Company issued 125,000 shares with a fair value of $10,000 pursuant to the Esmeralda property option agreement (Note 5).

(ii) On May 30, 2014, the Company issued 3,160,000 units at $0.10 per unit. Each unit consists of one share and one share purchase warrant entitling the holder to acquire one additional share at a cost of $0.15 per share to May 30, 2017. The Company paid finders' fees and commissions totaling $20,050 in cash pursuant to the financing.

(iii) On July 14, 2014 the Company issued 3,118,200 units at $0.10 per unit. Each unit consists of one share and one share purchase warrant entitling the holder to acquire one additional share at a cost of $0.15 per share to July 14, 2017. The Company paid finders' fees, legal costs and commissions totaling $13,314 in cash and issued 32,487 finder's warrants, with a fair value of $4,622, pursuant to the financing. Each finder's warrant entitles the holder to acquire one additional share at a cost of $0.15 per share to July 14, 2017.

(iv) On August 11, 2014, the Company issued 187,500 shares at a fair value of $26,250 ($0.14 per share) pursuant to the Esmeralda property acquisition agreement. (Note 5)

(v) On September 5, 2014 the Company issued 9,900,000 units at $0.10 per unit. Each unit consists of one share and one share purchase warrant entitling the holder to acquire one additional share at a cost of $0.15 per share to July 14, 2017. The Company paid finders' fees, legal costs and commissions totaling $31,624 in cash and issued 6,650 finders' warrants, with a fair value of $1,418 pursuant to the financing. See (iii) above for description of finder's warrants.

(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

(vi) On October 31, 2014 the Company issued 1,000,000 shares with a fair value of $220,000 pursuant to the pursuant to the acquisition of CV and DB claims. (Note 5)

(vii) On December 19, 2014 the Company issued 8,622,500 units at $0.20 per unit. Each unit consists of one share and one share purchase warrant entitling the holder to acquire one additional share at a cost of $0.30 per share to June 19, 2016.

(viii) On December 29, 2014 the Company issued 2,525,000 units at $0.20 per unit. Each unit consists of one share and one share purchase warrant entitling the holder to acquire one additional share at a cost of $0.30 per share to June 30, 2016. The Company paid finders' fees, legal costs and commissions totaling $108,970 in cash and issued 152,625 finder's warrants, with a fair value of $21,134, pursuant to the financing. Each finder's warrant entitles the holder to acquire one additional share at a cost of $0.30 per share to June 29, 2016.

(ix) During the year ended June 30, 2015 the Company issued 7,594,866 shares at $0.15 per share pursuant to the exercise of warrants. Included in accounts receivable is $306,000 representing funds collected subsequent to June 30, 2015.

(x) On May 14, 2015 the Company issued 176,912 shares at a fair value of $49,535 ($0.28 per share) pursuant to a property acquisition agreement. (Note 5)

(xi) On June 30, 2015 the Company issued 150,000 shares at $0.245 per share pursuant to the exercise of stock options. Included in accounts receivable is $36,750 representing funds collected subsequent to June 30, 2015.

c) Stock options

The Company grants incentive stock options as permitted pursuant to the Company's Stock Option Plan (the "Plan") which complies with the rules and policies of the TSX Venture Exchange. Under the Plan, the aggregate number of common shares which may be subject to option at any one time may not exceed 5% of the issued common shares and the maximum term is 10 years.

The continuity of stock options for the years ended June 30, 2015 and 2014 is as follows:

	Number of Options	Weighted Average Exercise Price	Expiry Date
Balance, June 30, 2014 and June 30, 2013	762,500	$0.40	January 29, 2017
Granted October 3, 2014	1,875,000	$0.245	October 3, 2019
Granted November 13, 2014	400,000	$0.235	November 13, 2017
Granted November 14, 2014	400,000	$0.235	November 14, 2017
Granted January 13, 2015	350,000	$0.20	January 13, 2020
Granted March 11, 2015	310,000	$0.27	March 11, 2020
Granted March 17, 2015	200,000	$0.23	March 17, 2017
Exercised June 30, 2015	(150,000)	$0.245	October 3, 2019
Expired, unexercised	(237,500)	$0.40	January 29, 2017
Balance, June 30, 2015	3,910,000	$0.26	
Fully vested and exercisable at June 30, 2015	3,490,000	$0.26	

(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

d) Share-based payments

During the year ended June 30, 2013, the Company granted 762,500 stock options with a fair value of $180,587 or $0.24 per option. During the year ended June 30, 2014, the Company expensed $17,616 relating to the options granted during the year ended June 30, 2013 and vested during 2014.

During the year ended June 30, 2015, the Company granted 1,875,000 stock options with a fair value of $426,136 or $0.23 per option.

During the year ended June 30, 2015, the Company granted 800,000 stock options with a fair value of $187,722 or $0.23 per option.

During the year ended June 30, 2015, the Company granted 350,000 stock options with a fair value of $64,582 or $0.18 per option.

During the year ended June 30, 2015, the Company granted 310,000 stock options of which 40,000 are fully vested and 270,000 vest on September 11, 2015 with a fair value of $187,722 or $0.23 per option.

During the year ended June 30, 2015, the Company granted 200,000 stock options of which 50,000 vested on June 17, 2015, and 50,000 will vest on each of September 17, 2015, December 17, 2015 and March 17, 2016 with a fair value of $28,899 or $0.14 per option.

The Company expensed $695,018 (2014 - $17,616) relating to the options granted and vested during the year ended June 30, 2015 and 2014.

The options were valued using the Black-Scholes option pricing model using the following weighted average assumptions:

	2015	2014
Risk free interest rate	1.375% - 0.54%	-
Expected dividend yield	-	-
Stock price volatility	366% - 126%	-
Expected life of options	4 years	-
Forfeiture rate	-	-

Expected stock price volatility was calculated based solely on historical volatility.

(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

e) Warrants

A summary of the changes in the Company's warrants for the year ended June 30, 2015 and 2014 is presented below.

	Number of Warrants	Weighted Average Exercise Price	Expiry Date
Balance, June 30, 2013	1,500,000	$0.40	October 11, 2013
Expired during the year	(1,500,000)	$0.40	
Issued during the year	3,160,000	$0.15	May 30, 2017
Balance, June 30, 2014	3,160,000	$0.15	May 30, 2017
Issued during the year	3,150,687	$0.15	July 17, 2017
Issued during the year	9,906,650	$0.15	September 5, 2017
Issued during the year	8,622,500	$0.30	June 19, 2016
Issued during the year	2,677,625	$0.30	June 29, 2016
Exercised during the year	(7,594,866)	$0.15	
Balance, June 30, 2015	19,922,596	$0.24	

9. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

		2015		2014
Combined statutory tax rate		26.00%		26.00%
Income tax recovery at combined statutory rate	$	873,800	$	81,400
Non-deductible expenses and other		(181,200)		(5,400)
Difference in statutory rates		-		25,800
Loss carry forwards expired		(39,000)		(19,800)
Change in tax rates		-		(4,200)
Change in unrecognized deferred tax assets		(653,600)		(77,800)
Income tax expense	$	-	$	-

Significant components of the Company's unrecognized deferred tax assets (liabilities) are shown below:

		2015		2014
Share issue costs	$	48,600	$	7,600
Exploration and evaluation assets		1,111,800		630,300
Non-capital and capital loss carry-forwards		1,633,400		1,530,600
Total deferred income tax assets		2,793,800		2,168,500
Unrecognized deferred tax assets		(2,793,800)		(2,168,500)
Net deferred tax assets	$	-	$	-

As at June 30, 2015, the Company has available for deduction against future taxable income Canadian non-capital losses of approximately $6,300,000 (2014: $5,800,000). These non-capital losses expire from 2016 to 2035.

(Expressed in Canadian dollars)

10. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of mineral properties. The Company considers the items in shareholders' equity as capital. There has been no change to what the Company considers capital from the prior year. The Company does not have any externally imposed capital requirements to which it is subject.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or dispose of assets or adjust the amount of cash. There has been no change to how capital is managed from the prior year.

11. FINANCIAL INSTRUMENTS

Fair value

As at June 30, 2015 the Company's financial instruments consist of cash, amounts receivable and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values because of their current nature.

IFRS 7 *Financial Instruments – Disclosures*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 7 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The fair values of the Company's financial assets and liabilities as of June 30, 2015 and 2014 were calculated as follows:

	Level 1	Level 2	Level 3	June 30, 2015
Cash	$ 741,501	$ -	$ -	$ 741,501

	Level 1	Level 2	Level 3	June 30, 2014
Cash	$ 87,675	$ -	$ -	$ 87,675

11. FINANCIAL INSTRUMENTS (continued)

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due (Note 1). The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined above.

The Company monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed deposits.

Foreign Exchange Risk

The Company is exposed to currency fluctuations. The Company has US dollar balances in cash, amounts receivable, accounts payable and accrued liabilities and is therefore exposed to gains or losses on foreign exchange. A significant change in the currency exchange rate between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

At June 30, 2015, the Company, through its wholly owned subsidiaries, had a cash balance of $246,087, amounts receivable of $Nil and accounts payable of $24,877 which were denominated in US dollars. The Company is committed to certain property payments and exploration and evaluation expenditures which are denominated in US dollars. Management considers foreign exchange to be significant risk.

Interest Rate Risk

The Company is not exposed to significant interest rate risk.

12. SUPPLEMENTARY CASH FLOW INFORMATION

Non-cash Financing and Investing Activities	2015	2014
	$	$
Exploration and evaluation asset option payment	295,785	10,000
Warrants issued for finders fees	27,174	-

There were no cash inflows and outflows for interest and taxes during the years ended June 30, 2015 and 2014.

13. SUBSEQUENT EVENTS

(a) On July 10, 2015 the Company issued 3,128,233 warrants pursuant to a warrant incentive exercise program. Each warrant entitles the holder to purchase one common share of the Company at a price of $0.24 per share. The warrants expire on December 16, 2016.

(b) On August 4, 2015 the Company entered into a Strategic Advisory Agreement with Haywood Securities Inc., whereby Haywood will provide strategic advisory services to the Company for a period of eighteen months. Haywood was paid by the issuance of 800,000 units, with a fair value of $224,000 ($0.28 per unit). Each unit consists of one common share and one share purchase warrants entitling them to purchase one common share at a price of $0.35 per share for each warrant held. The Units have vesting provisions and expire on February 19, 2017. Of the 800,000 units issued, 300,000 were paid to Haywood, and 500,000 units have been placed in escrow, to be release, provided the agreement has not been terminated, as to 250,000 in 6 months and 250,000 in 12 months.

(c) On August 19, 2015 issued 110,547 shares at a fair value of $26,999 ($0.244 per share) to Luscar International pursuant to an advisory agreement dated November 1, 2014.

(d) On October 1, 2015 the Company issued 10,000 common shares pursuant to a stock option exercise at $0.245 per share.

(e) Subsequent to June 30, 2015 the Company issued:

- 6,670,281 common shares pursuant to the exercise of warrants at $0.15 per share;
- 492,500 common shares pursuant to the exercise of warrants at $0.24 per share; and
- 1,476,031 common shares pursuant to the exercise of warrants at $0.30 per share.

(f) On October 7, 2015 the Company issued 142,839 common shares at $0.51 per share pursuant to a private placement.

(g) On October 23, 2015 the Company granted 1,250,000 stock options, which vest immediately, and are exercisable at $0.67 per share for a period of 5 years expiring October 23, 2020. This grant is subject to regulatory approval.