Financial Statements of

KING'S BAY GOLD CORPORATION
(An Exploration Company)

Years ended December 31, 2014 and 2013

Expressed in Canadian dollars

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
King's Bay Gold Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of King's Bay Gold Corporation, which comprise the statements of financial position as at December 31, 2014 and 2013 and the statements of loss and comprehensive loss, changes in equity and cash flows for the years ended December 31, 2014 and 2013 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of 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 the 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of King's Bay Gold Corporation as at December 31, 2014 and 2013 and its financial performance and its cash flows for the years ended December 31, 2014 and 2013 in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to Note 2(a) to the financial statements which describes the uncertainty relating to King's Bay Gold Corporation's ability to operate as a going concern. Our opinion is not qualified in respect of this matter.

April 29, 2015
Winnipeg, Canada

Magnus Chartered Accountants LLP

KING'S BAY GOLD CORPORATION

Statements of Financial Position
As at December 31, 2014 and 2013
(Expressed in Canadian dollars)

	2014	2013
Assets		
Current assets:		
Cash and cash equivalents (Note 4)	$ 9,127	$ 32,589
Other receivables (Note 5)	2,477	6,872
Marketable securities (Note 6)	12,825	85,578
Prepaid expenses	673	4,338
Total current assets	25,102	129,377
Non-current assets:		
Machinery and equipment (Note 7)	9,698	17,589
Exploration and evaluation assets (Note 8)	2,310,142	2,294,258
Total non-current assets	2,319,840	2,311,847
Total assets	$ 2,344,942	$ 2,441,224
Liabilities and Equity		
Liabilities:		
Current liabilities:		
Trade payables	$ 662,717	$ 593,601
Other payables (Note 9)	70,000	25,000
Total current liabilities	732,717	618,601
Non-current liability:		
Deferred income tax liability (Note 10(c))	334,000	313,000
Total liabilities	1,066,717	931,601
Equity:		
Share capital (Note 11)	16,102,036	16,102,036
Share-based payments reserve	1,310	5,180
(Deficit)	(14,825,121)	(14,597,593)
Total equity	1,278,225	1,509,623
Going concern of operations (Note 2(a))		
Commitments (Note 14)		
Total liabilities and equity	$ 2,344,942	$ 2,441,224

See accompanying notes to financial statements.

Approved on behalf of the Board on April 29, 2015:

Director ______________________ Director ______________________

President & CEO :Peter Brooks

Corporate Secretary & CFO: Art Stacey

KING'S BAY GOLD CORPORATION

Statements of Loss and Comprehensive Loss

For the years ended December 31, 2014 and 2013

(Expressed in Canadian dollars)

	2014	2013
Expenses:		
Consulting fees	$ 181,423	$ 308,376
Depreciation	3,865	5,214
General meeting	768	1,455
Government remittances	-	121,340
Insurance	337	6,223
Interest and bank charges	4,021	2,940
Meals and entertainment	1,072	1,692
Office	15,730	23,043
Professional fees	57,988	81,671
Regulatory filings	29,015	39,393
Travel	10,126	10,040
	304,345	601,387
Net (loss) from operations before the following:	(304,345)	(601,387)
Other income (expenses):		
Interest income	5	5
(Loss) on sale of machinery and equipment	(4,027)	(1,242)
Gain on sale of exploration and evaluation assets	86,976	-
Unrealized (loss) on marketable securities	(14,250)	(165,538)
Realized gain (loss) on sale of marketable securities	25,243	(243,999)
	93,947	(410,774)
Net (loss) before income taxes	(210,398)	(1,012,161)
Deferred income tax (expense) recovery, net of flow-through premiums	(21,000)	2,000
Net (loss) and comprehensive (loss) for the year	$ (231,398)	$(1,010,161)
Basic and diluted (loss) per share (Note 11(c))	$ (0.01)	$ (0.01)

See accompanying notes to financial statements.

KING'S BAY GOLD CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2014 and 2013

(Expressed in Canadian dollars)

	2014	2013
Share capital		
Balance, beginning of year	$ 16,102,036	$ 16,072,286
Shares issued under land option agreements (Note 11(b))	-	29,750
Balance, end of year	$ 16,102,036	$ 16,102,036
Share-based payments reserve		
Balance, beginning of year	$ 5,180	$ 963,095
Transfer of expired or forfeited amounts to retained earnings	(3,870)	(957,915)
Balance, end of year	$ 1,310	$ 5,180
(Deficit)		
Balance, beginning of year	$ (14,597,593)	$ (14,545,347)
Transfer of expired and forfeited amounts from share-based payments reserve	3,870	957,915
Net (loss) and comprehensive (loss) for the year	(231,398)	(1,010,161)
Balance, end of year	$ (14,825,121)	$ (14,597,593)
Total equity, end of year	$ 1,278,225	$ 1,509,623

See accompanying notes to financial statements.

KING'S BAY GOLD CORPORATION

Statements of Cash Flows

For the years ended December 31, 2014 and 2013

(Expressed in Canadian dollars)

	2014	2013
Operating activities:		
Cash paid to suppliers	$ (174,283)	$ (254,684)
Interest received	5	5
Interest and bank charges paid	(4,021)	(2,940)
	(178,299)	(257,619)
Investing activities:		
Proceeds on disposal of machinery and equipment	-	1,175
Investment in exploration and evaluation assets	(28,908)	(120,944)
Proceeds on sale of exploration and evaluation assets	100,000	-
Proceeds on sale of marketable securities	83,745	393,836
	154,837	274,067
Change in cash and cash equivalents	(23,462)	16,448
Cash and cash equivalents, beginning of year	32,589	16,141
Cash and cash equivalents, end of year	$ 9,127	$ 32,589

Supplementary information:

The company did not pay any income taxes during the year ended December 31, 2014 or 2013.

See accompanying notes to financial statements.

Nature of operations

King's Bay Gold Corporation (the "company") is a publicly listed company incorporated in Canada pursuant to *The Canada Business Corporations Act* on March 20, 1998. The mailing and office address of its executive office is: 145 - 99 Scurfield Boulevard; Winnipeg, MB; R3Y 1Y1.

The company is a mineral resource company in the exploration stage that is engaged in the acquisition of interests in, and in the exploration of, mineral resource properties. Its shares are listed on the TSX Venture Exchange Inc.

1. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These financial statements for the year ended December 31, 2014 were reviewed by the Audit Committee and approved and authorized for issue by the company's Board of Directors on April 29, 2015.

2. Summary of significant accounting policies

(a) Going concern of operations

These financial statements have been prepared on a going concern basis, which assumes that the company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. There is doubt about the appropriateness of the use of the going concern assumption because the company has experienced significant losses, has experienced negative cash flows from operations over a number of years and has current exploration expenditure commitments in excess of its liquid assets on hand.

The company has not yet determined whether its exploration and evaluation assets contain reserves that are economically recoverable, and accordingly, the success of any further exploration or development prospects cannot be assured. If the company's exploration and development efforts are successful, additional funds may be required, and the company may not have sufficient funds to conduct the exploration required. The primary source of future funds available to the company is through the sale of additional equity capital, which may dilute the interests of the existing shareholders.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate, then adjustments may be necessary to the carrying value of the assets and liabilities and the reported amounts of revenues and expenses.

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and highly liquid short-term investments with a maturity date of three months or less when acquired.

2. Summary of significant accounting policies (continued)

(c) Machinery and equipment

Recognition and measurement

Machinery and equipment are recorded at historical cost less accumulated depreciation and any impairment losses. Residual values, depreciation methods and useful economic lives are reviewed and adjusted as necessary at the end of each reporting period. Cost includes expenditures that are directly attributable to the acquisition of the asset. When components of machinery and equipment have different useful lives, they are accounted for as a separate item of machinery and equipment.

Subsequent costs

The cost of replacing a component of an item of machinery and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefit embodied within the component will flow to the company, and its costs can be reliably measured. The carrying amount of the replaced component is derecognized. The costs of servicing machinery and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Depreciation methods and rates are applied consistently within each asset class except where significant individual assets have been identified which have different depreciation patterns.

Depreciation is recognized in profit or loss. The following rates and method are used:

	Rate	Method
Exploration and evaluation equipment	20%	Declining balance
Vehicles	30%	Declining balance
Computer equipment	30%	Declining balance

In the year of acquisition, depreciation is provided at one-half the declining balance rate. Depreciation methods and useful lives are reviewed at each reporting date and adjusted as required.

An item of machinery and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

(d) Exploration and evaluation expenditures

Costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on a project are expensed as incurred.

Capitalized costs

Exploration and evaluation expenditures are defined as costs incurred after having obtained the legal right to explore the property and before the technical and commercial viability of extracting resources is established.

2. Summary of significant accounting policies (continued)

(d) Exploration and evaluation expenditures (continued)

The company follows the full cost method whereby all costs associated with the acquisition, exploration and development of reserves are capitalized in cost centers from the time the company obtains the legal right to undertake exploration and evaluation activities on a project. Such costs include land and lease acquisitions, geological and geophysical expenditures, drilling, production and gathering equipment and facilities, carrying costs directly related to unproven properties and corporate costs directly related to the acquisition. Amounts capitalized to these cost centers represent costs to date and are not intended to represent present or future values. The recoverability of the costs is dependent upon the discovery of economically recoverable reserves, confirmation of the company's interests in the underlying mineral claims, the ability to obtain necessary financing to complete development and the development of future profitable production from the properties or realization of sufficient proceeds from the disposition of the properties.

If technical feasibility and commercial viability have been established, the carrying amount of the related exploration and evaluation asset is tested for impairment as discussed below. The carrying value, net of any impairment loss, is then reclassified to machinery and equipment as exploration and evaluation assets. If the company decides not to continue the exploration and evaluation activity, then the accumulated costs are expensed as impairment losses in the period in which the event occurs.

Impairment test

Exploration and evaluation assets are reviewed for impairment only when facts and circumstances suggest that the carrying amount may exceed the recoverable amount or when technical feasibility and commercial viability have been established. The recoverable amount of an asset or cash-generating unit is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, excluding impairment losses for exploration and evaluation assets reclassified to machinery and equipment, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount 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.

(e) Borrowing costs

The company capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset when it is probable that these costs will result in future economic benefits and when they can be reliably measured. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are expensed as incurred.

(f) Provisions

General

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The expense relating to any provision is included in profit or loss net of any reimbursement.

2. Summary of significant accounting policies (continued)

(f) Provisions (continued)

Environmental rehabilitation provision

The company recognizes the fair value of a liability for environmental rehabilitation in the period in which the company is legally or constructively required to remediate, if a reasonable estimate of fair value can be made, based on an estimated future cash settlement of the environmental rehabilitation obligation, discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The environmental rehabilitation obligation is capitalized as part of the carrying amount of the associated long-lived asset and a liability is recorded. The environmental rehabilitation obligation is depleted on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgments and estimates are involved in forming expectations of the amounts and timing of environmental rehabilitation cash flows. The company has assessed each of its exploration and evaluation assets and determined that no material environmental rehabilitations exist as the disturbance to date is minimal.

(g) Flow-through shares

Under current Canadian income tax legislation, a company is permitted to issue shares whereby the company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. To account for flow-through shares, the company allocates total proceeds from the issuance of flow-through shares between the offering of shares and the sale of tax benefits.

The total amount allocated to the offering of shares is based on the quoted price of the underlying shares. The remaining amount, which is allocated to the sale of tax benefits, is recorded as a liability and is reversed proportionately and recognized as after-tax income when the tax benefits are renounced. In situations where there is an absence of compelling evidence supporting a comparable value of the underlying shares, the company allocates management's estimate of the prevailing flow-through premium in market conditions at the time of issuance to the sale of tax benefits. The tax effect of the renunciation is recorded at the time the company makes the renunciation, which may differ from the effective date of renunciation, and the value of the tax assets renounced is recorded as a deferred tax expense.

(h) Joint arrangements

A portion of the company's exploration activities is conducted jointly with others whereby the company enters into agreements that provide for specified percentage interests in exploration and evaluation assets. These joint arrangements are classified as either a joint operation or a joint venture depending on the rights and obligations of the parties to the arrangement. Joint operations are accounted for by recognizing the company's proportionate share of any assets, liabilities, revenue and expenses of the joint operation and any joint ventures are accounted for using the equity method of accounting.

(i) Loss per share

Diluted loss per share is calculated using the treasury stock method which assumes all common share equivalents, such as options and warrants had been exercised at the beginning of the reporting period of issue and that the funds obtained therefrom were used to purchase common shares of the company at the estimated average trading price of the common shares during the year.

(j) Revenue recognition

Revenue from sales of precious metals will be recognized when the significant risks and rewards of ownership are transferred to the buyer, which is when legal title passes to the buyer and when collectibility is reasonably assured.

Interest income is recognized as accrued.

2. Summary of significant accounting policies (continued)

(k) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that the tax relates to items recognized directly in equity or in other comprehensive income or loss.

(i) Current income tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable or receivable in respect of previous years.

(ii) Deferred income tax

Deferred tax is recognized in respect of temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax is measured at the enacted or substantially enacted tax rates expected to be recovered or settled in the future. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the date of enactment or substantive enactment.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(l) Share-based payments

The company has implemented a stock option plan to allow the company to grant options to directors, officers, employees and service providers. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors and officers of the company. The maximum number of common shares which may be issued pursuant to the stock option plan is limited to 10% of the issued and outstanding common shares. In addition, the number of common shares which may be reserved for issuance to any one individual may not exceed 5% of the issued common shares on a yearly basis.

The company uses the fair value-based approach to account for share-based payments under its stock option plan. Compensation expense is recognized for these stock options over their vesting period based on the estimated fair values on the date of grant as determined by using the Black-Scholes option pricing model. The fair value of the options is adjusted by the estimate of the number of options that are expected to vest as a result of non-market conditions. At each reporting date, the company revises its estimate of the number of options that are expected to vest.

The fair values of the options issued, if any, are credited to share-based payments reserve in the period they vest. Upon exercise of the share purchase options, consideration paid together with the amount previously recognized in share-based payments reserve is recorded as an increase in share capital. Charges to share purchase options that are forfeited before vesting are reversed from the share-based payments reserve. For those share purchase options that expire or are forfeited after vesting, the amount previously recorded in share-based payments reserve is transferred to retained earnings or deficit.

Share-based payments granted to non-employees are measured at the fair value of the goods or services received. In the event the company cannot reasonably estimate the fair value of goods or services received, the transaction is recorded at the estimated value of the share-based payment.

2. Summary of significant accounting policies (continued)

(m) Financial instruments

(i) Non-derivative financial assets

Financial assets are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), held-to-maturity, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All financial assets are recognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as FVTPL which are initially measured at fair value.

Financial assets at fair value through profit or loss

A financial asset is classified as FVTPL if it is considered to be held-for-trading or is designated as such upon initial recognition. Financial assets are designated as FVTPL if the company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss as incurred. Financial assets at FVTPL are measured at fair value, and changes therein are recognized in profit or loss.

Held-to-maturity

A financial asset is classified as held-to-maturity if the asset has fixed or determinable payments and fixed maturities that the company's management has the intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. Any changes to the carrying amount of the asset, including impairment losses, are recognized in other comprehensive income or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified as loans and receivables, held-to-maturity or FVTPL. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognized in other comprehensive income or loss and presented within equity in the fair value reserve. Equity instruments that do not have an active market are recorded at cost. When an investment is derecognized, the cumulative gain or loss in other comprehensive income or loss is transferred to profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Derecognition of financial assets

The company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

2. Summary of significant accounting policies (continued)

(m) Financial instruments (continued)

(ii) Non-derivative financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss

A financial liability is classified at fair value through profit or loss if it is considered to be held-for-trading or is designated as such upon initial recognition. Upon initial recognition, attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Other financial liabilities

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

Derecognition of financial liabilities

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

(iii) The company's financial instruments consist of the following:

Financial instrument	Classification	Measurement
Cash and cash equivalents	FVTPL	Fair value
Other receivables	Loans and receivables	Amortized cost
Marketable securities	FVTPL	Fair value
Trade payables	Other financial liabilities	Amortized cost
Other payables	Other financial liabilities	Amortized cost

(n) Impairment of long-lived assets

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on estimated future cash flows.

Financial assets measured at amortized cost

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Financial assets carried at cost

An impairment loss of a financial asset carried at cost, where its fair value cannot be reliably measured, is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of similar financial assets. Such impairment losses are not reversed.

2. Summary of significant accounting policies (continued)

(n) Impairment of long-lived assets (continued)

(i) Financial assets (continued)

Available-for-sale financial assets

An impairment loss of an available-for-sale financial asset is recognized by transferring the cumulative loss that has been recognized in other comprehensive income or loss, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income or loss and recognized in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in profit or loss.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases, the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. If, however, the fair value of an impaired available-for-sale equity security increases, the amount of reversal is recognized in other comprehensive income or loss.

(ii) Non-financial assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets, other than exploration and evaluation assets, to determine whether there is an indication that these assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Exploration and evaluation assets are reviewed for impairment only when facts and circumstances suggest that the carrying amount may exceed the recoverable amount.

The recoverable amount of an asset or cash-generating unit is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount 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.

(o) Use of estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make accounting estimates and assumptions requiring judgment in applying the company's accounting policies. These estimates and assumptions may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts may differ from these estimates. Significant areas requiring the use of management estimates are as follows:

Valuation of exploration and evaluation assets

The value of exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves which in turn is dependent on future precious metals and mineral prices, future capital expenditures and environmental and regulatory restrictions. The decision to transfer assets from exploration and evaluation assets to machinery and equipment is based on estimated proven and probable reserves which are in part used to determine a project's technical feasibility and commercial viability.

2. Summary of significant accounting policies (continued)

(o) Use of estimates and judgments (continued)

Deferred income taxes

The amounts recorded for deferred income taxes are based on estimates as to the timing of the reversal of temporary differences and tax rates currently substantively enacted. They are also based on estimates of the probability of the company utilizing certain tax pools and assets which, in turn, is dependent on estimates of proven and probable reserves, production rates, future precious metals and mineral prices and changes in legislation, tax rates and interpretations by taxation authorities. The availability of tax pools is subject to audit and further interpretations by taxation authorities. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

Share-based payments

The amounts recorded relating to the fair value of stock options and warrants issued are based on estimates of the future volatility of the company's share price, market price of the company's shares at grant date, expected lives of the options, expected forfeiture rate, expected dividends and other relevant assumptions.

(p) Recent accounting announcements

Standards issued but not yet effective up to the date of issuance of the company's financial statements are listed below. This listing is of the standards and interpretations issued, which the company reasonably expects to be applicable at a future date. The company intends to adopt those standards when they become effective. The company does not expect the impact of such changes on its financial statements to be significant.

IFRS 9 *Financial Instruments*

IFRS 9, as issued, addresses the classification and measurement of the company's financial assets and liabilities and requires them to be classified into one of three measurement categories. The measurement categories are: (1) fair value through profit and loss; (2) fair value through other comprehensive income or loss; and (3) amortized cost. Investments in equity instruments must be measured at fair value through profit or loss; however, there is an irrevocable option to present the changes in fair value in other comprehensive income or loss. For financial liabilities, the majority of the requirements from IAS 39 have been retained. The main difference is where the fair value option is chosen for financial liabilities, the portion of the fair value change relating to an entity's own credit risk is recorded in other comprehensive income or loss as opposed to profit or loss. The July 2014 publication of the standard is the completed version, which replaces earlier versions. The standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 1*5 Revenue from Contracts with Customers*

IFRS 15 requires entities to follow a five-step model for the recognition of revenue upon the transfer of control of a good or service to the customer. The five steps are: (1) contract is identified with the customer; (2) performance obligations are identified; (3) transaction price is determined; (4) transaction price is allocated; and (5) revenue is recognized when the performance obligation is satisfied. In addition, there are enhanced revenue disclosures to provide investors with a more comprehensive understanding of the nature, amount, timing and uncertainty of revenue and cash flows from contracts. This standard replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations on revenue recognition. This standard is effective for annual periods beginning on or after January 1, 2017.

(Expressed in Canadian dollars)

3. Exploration and evaluation expenses

During the year ended December 31, 2014 the company has directly expensed exploration and evaluation costs in the amount of $Nil (2013 - $Nil).

4. Cash and cash equivalents

The company's cash and cash equivalents at December 31 are comprised of the following:

	2014	2013
Cash	$ 9,127	$ 32,589

Cash is deposited at an established Canadian financial institution.

5. Other receivables

The company’s other receivables at December 31 are comprised of the following:

	2014	2013
Goods and services tax recoverable	$ 2,477	$ 6,872

6. Marketable securities

Marketable securities consist of equity securities over which the company does not have control or significant influence. Marketable securities are designated as FVTPL. Unrealized gains and losses due to period end revaluation to fair value are included in profit or loss for the period. As at December 31, 2014 the company owned 285,000 (2013 - 874,500) common shares of Mega Precious Metals Inc. and nil (2013 - 250,000) common shares of Mainstream Minerals Corporation.

The total value of the company's marketable securities at December 31 is as follows:

	2014	2013
Marketable securities - fair value	$ 12,825	$ 85,578
Marketable securities - cost	$ 76,950	$ 251,115

(Expressed in Canadian dollars)

7. Machinery and equipment

The company's machinery and equipment at December 31 is comprised of the following:

	Exploration and evaluation equipment	Vehicles	Computer equipment	Total
Cost				
Balance, December 31, 2013	$ 41,696	$ 9,068	$ 16,418	$ 67,182
Disposals	(19,955)	(1,500)	-	(21,455)
Balance, December 31, 2014	$ 21,741	$ 7,568	$ 16,418	$ 45,727
Accumulated depreciation				
Balance, December 31, 2013	$ 27,583	$ 5,842	$ 16,168	$ 49,593
Depreciation for the year	2,822	968	75	3,865
Disposals	(15,980)	(1,449)	-	(17,429)
Balance, December 31, 2014	$ 14,425	$ 5,361	$ 16,243	$ 36,029
Carrying value				
At December 31, 2013	$ 14,113	$ 3,226	$ 250	$ 17,589
At December 31, 2014	$ 7,316	$ 2,207	$ 175	$ 9,698

8. Exploration and evaluation assets

(a) The company has capitalized the following amounts as at December 31:

	2014	2013
Acquisition costs:		
Halkirk-Watten Project	$ 115,500	$ 115,500
Deferred exploration costs:		
Hook Bay of Helena Lake	88,754	88,354
Halkirk-Watten Project	525,090	524,862
Menary Gold Project	1,455,322	1,428,155
Cameron Lake Property	-	13,024
Darkwater Gold Mine at Sturgeon Lake	89,508	89,508
Blackjack Property	35,968	34,855
	2,194,642	2,178,758
	$ 2,310,142	$ 2,294,258

(Expressed in Canadian dollars)

8. Exploration and evaluation assets (continued)

(b) A summary of the exploration and evaluation asset activity for the years ended December 31, 2014 and 2013 is as follows:

Balance, December 30, 2012	$	2,143,564
Development costs incurred during the year including share-based payments		150,694
Balance, December 31, 2013	$	2,294,258
Development costs incurred during the year including share-based payments		28,908
Sale of interest in Cameron Lake (Note 14(b))		(13,024)
Balance, December 31, 2014	$	2,310,142

9. Other payables

The company's other payables at December 31 are comprised of the following:

		2014		2013
Accrued liabilities	$	70,000	$	25,000

10. Income taxes

(a) Canadian development and exploration expenditures

As at December 31, 2014, the company had $745,829 (2013 - $816,921) of unused Canadian exploration and development expenses available to offset future taxable income. The tax benefit of these expenses carries forward indefinitely.

(b) Loss carryforwards

The company has total non-capital losses available for carryforward to reduce future years' taxable income in the amount of $6,117,159 which expire as follows:

2015	$	621,151
2016		932,233
2026		548,969
2027		638,118
2028		582,143
2029		495,912
2030		377,922
2031		538,049
2032		424,562
2033		629,007
2034		329,093
Total non-capital losses available for carryforward	$	6,117,159

In addition, the company has capital losses available for carryforward to reduce future years' capital gains totaling $153,449 (2013 - $63,029).

The company has not recognized the potential income tax benefit that may be derived from these tax losses due to the uncertainty that the benefits will be realized.

(Expressed in Canadian dollars)

10. Income taxes (continued)

(c) Deferred income tax recovery differs from the amount that would be computed by applying the combined federal and provincial statutory income tax rates of 27% (2013 - 27%). The reasons for the differences are as follows:

	2014	2013
Deferred income tax recovery computed at statutory rates	$ 57,000	$ 273,000
Permanent differences	(100)	(200)
	56,900	272,800
Valuation allowance	(77,900)	(270,800)
Deferred income tax (expense) recovery, net of flow-through premiums	$ (21,000)	$ 2,000

The components of the company's net deferred income tax asset (liability) at December 31, 2014 and 2013 are as follows:

	2014	2013
Deferred income tax assets:		
Machinery and equipment	$ 88,000	$ 86,000
Non-capital loss carryforwards	1,652,000	1,563,000
Share issue costs	10,000	26,000
	1,750,000	1,675,000
Deferred income tax liability:		
Exploration and evaluation assets	(422,000)	(399,000)
	1,328,000	1,276,000
Valuation allowance	(1,662,000)	(1,589,000)
Net deferred income tax (liability)	$ (334,000)	$ (313,000)

(d) In assessing the recognition of deferred tax assets, management considers whether it is more likely than not that some portion or all the future tax benefits will be realized. The ultimate realization of deferred tax benefits is dependent upon the generation of future taxable income during the periods in which any temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment.

11. Share capital

(a) Authorized

Authorized share capital consists of an unlimited number of Class A common voting shares and an unlimited number of Class B common non-voting shares.

(b) Changes in issued common shares during the years ended December 31, 2014 and 2013 are as follows:

Year ended December 31, 2014	Number of Class A common shares	Amount

Balance, December 31, 2013 and December 31, 2014	98,976,914	$ 16,102,036

(Expressed in Canadian dollars)

11. Share capital (continued)

Year ended December 31, 2013	Number of Class A common shares		Amount
Balance, December 31, 2012	97,676,914	$	16,072,286
Shares issued for land options (i)	50,000		3,500
Shares issued for land options (ii)	500,000		10,000
Shares issued for land options (iii)	250,000		8,750
Shares issued for land options (iv)	500,000		7,500
Balance, December 31, 2013	98,976,914	$	16,102,036

(i) On January 4, 2013 the company issued 50,000 common shares under a land option agreement relating to the Menary Gold project. Based on the estimated fair value of the land options, the shares were valued at $3,500.

(ii) On March 13, 2013 the company issued 500,000 common shares under a land option agreement relating to the Blackjack property. Based on the estimated fair value of the land options, the shares were valued at $10,000

(iii) On April 10, 2013 the company issued 250,000 common shares under a land option agreement relating to the Menary Gold project. Based on the estimated fair value of the land options, the shares were valued at $8,750.

(iv) On August 23, 2013 the company issued 500,000 common shares under a land option agreement relating to the Menary Gold project. Based on the estimated fair value of the land options, the shares were valued at $7,500.

(c) Loss per share

The calculation of basic and diluted loss per share for the years ended December 31, 2014 and 2013 is based on the following losses and number of shares:

		2014		2013
(Loss) for the year	$	(231,398)	$	(1,010,161)
Weighted average number of shares		98,976,914		98,490,887

All of the outstanding stock options and warrants were anti-dilutive for the relevant periods.

12. Share purchase warrants

A summary of the warrant activity for the years ended December 31, 2014 and 2013 is as follows:

	2014	2013
Outstanding at beginning of year	-	10,554,800
Expired	-	(10,554,800)
Outstanding at end of year	-	-

(Expressed in Canadian dollars)

13. Share-based payments

(a) Outstanding options

The following table summarizes the 800,000 outstanding options as at December 31, 2014:

	Number outstanding	Exercise price	Expiry date
Directors' options (i)	100,000	$0.10	July 4, 2016
Directors' options	200,000	$0.10	September 15, 2016
Directors' options (ii)	500,000	$0.10	December 29, 2016

(i) Due to the resignation of directors, in accordance with the company's stock option plan, 100,000 of these options expired on July 18, 2013, 200,000 of these options expired on February 19, 2014, 1,000,000 of these options expired on October 29, 2014 and 1,550,000 of these options expired on December 8, 2014.

(ii) Due to the resignation of directors, in accordance with the company's stock option plan, 250,000 of these options expired on July 18, 2013, 250,000 of these options expired February 19, 2014, 500,000 of these options expired on October 29, 2014, and 500,000 of these options expired on December 8, 2014.

(b) Changes in stock options

A summary of the changes in stock option activity for the years ended December 31, 2014 and 2013 is as follows:

	2014		2013	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at beginning of year	$ 0.10	5,150,000	$ 0.10	8,560,000
Forfeited	0.10	(4,350,000)	0.10	(3,350,000)
Expired	0.10	-	0.18	(60,000)
Outstanding and exercisable, end of year	$ 0.10	800,000	$ 0.10	5,150,000

The options outstanding at the end of the year have a weighted average exercise price of $0.10 per share (2013 - $0.10) and a weighted average remaining contractual life of 1.86 years (2013 - 2.71 years).

(c) Effects on profit or loss

The total estimated fair value of the options granted and recognized as an expense for the year ended December 31, 2014 is $Nil (2013 - $Nil).

(Expressed in Canadian dollars)

14. Joint arrangements, land option agreements and commitments

The company has entered into land option agreements and jointly controlled operations. The joint operations have no liabilities or revenues and the assets are limited to exploration and evaluation assets. Expenditures are limited to exploration activities which are deferred in the accounts of the company. The cash flows of the joint operations are limited to the expenditures on exploration activities and are equal to the amounts of these expenditures. The joint operations are subject to certain commitments relating to net smelter rights (NSR).

A summary and description of the company's current ownership interest in its exploration and evaluation assets subject to option agreements where and as applicable are as follows:

Name	Ownership interest
Menary Gold Project (a)	75%
Blackjack Property (c)	100%

(a) Menary Gold Project land option agreement

(i) The company has entered into an agreement to acquire an option for a number of claim units in a property known as Menary Gold Project. Upon signing the agreement the company paid $12,000 and issued 50,000 common shares. During 2011 the company paid $15,000 and issued 50,000 common shares. In January 2012, the company paid $20,000 and issued 25,000 common shares. Under the option agreement, the company was required to issue 50,000 common shares; however an excess of 25,000 common shares was issued at the time of the initial distribution in error. Therefore, the January 2012 anniversary payment of shares was reduced by 25,000 common shares. In January 2013, the company issued 50,000 common shares (Note 11(b)(i)). On January 8, 2013 the agreement was amended to extend the final required cash payment date from January 15, 2013 to April 15, 2013. In addition, the required payment was increased from $28,000 to $35,000. This payment was made in April 2013.

The vendors will retain a 4.5% NSR interest in the property. The company has the right to purchase one half of the NSR for $1,500,000 at any time.

(ii) The company has entered into an agreement to acquire an option for 44 claim units located in the Menary and Claxton townships commonly known as Menary Gold Project. Upon signing the agreement the company paid $20,000 and was required to issue 100,000 common shares. The company issued these shares on August 30, 2011 and, on the same day, issued the 200,000 common shares pursuant to the agreement. In addition the company issued 300,000 common shares pursuant to the agreement on August 20, 2012 and 500,000 common shares pursuant to the agreement on August 23, 2013 (Note 11(b)(iv)).

The vendor will retain a 2.0% NSR interest in the property. The company has the right to purchase one half of the NSR for $1,000,000 at any time.

(Expressed in Canadian dollars)

14. Joint arrangements, land option agreements and commitments (continued)

(a) Menary Gold Project land option agreement (continued)

(iii) On April 23, 2012, the company entered into an agreement to acquire a 100% interest in a number of mining claim units in the townships of Menary and Senn in the District of Kenora in the Province of Ontario. Upon signing the agreement, the company issued 250,000 common shares and was required to pay $6,000 on or before July 6, 2012. The company was granted an extension on this payment in order to reinstate the option which was made by the company in August 2012. In April 2013, the company paid $10,000 and issued 250,000 common shares (Note 11(b)(iii)). In March 2014, the company paid $12,000. The company has agreed to pay additional consideration for these options as follows:

2015	$16,000
2016	$25,000

The vendor will retain a 2.0% NSR interest in the property. The company has the right to purchase one half of the NSR for $1,000,000 at any time.

(b) Cameron Lake Property land option agreement

The company entered into an agreement to acquire an option for a number of claim units in properties commonly known as the Cameron Lake Property - Meston and Sullivan Prospects. Upon signing the agreement, the company paid $15,000 and issued 50,000 common shares. The company agreed to pay additional consideration for these options as follows:

2011	$20,000 and 50,000 common shares
2012	$30,000 and 50,000 common shares
2013	$30,000 and 50,000 common shares
2014	$30,000 and 50,000 common shares

The vendor will retain a 3.0% NSR interest in the property. The company has the right to purchase one half of the NSR for $1,500,000 at any time.

On September 13, 2010 the company terminated the existing option agreement and entered into an agreement with Lasir Gold Inc. ("Lasir") and Cameron Lake JEX Corporation ("Cameron"), a subsidiary of Coventry Resources Limited, whereby Lasir grants Cameron and the company the right to earn-in a proportionate interest. Under the terms of the agreement, Cameron is required to make cash payments and issue shares to Lasir over the next four years as well as spend a minimum of $1,000,000 on exploration expenditures prior to February 14, 2014. Cameron is also required to pay the company $15,000 upon execution of this agreement. Upon completion of all the requirements Cameron and the company will be deemed to have entered into a joint arrangement with the company's proportionate share being 20%.

Prior to April 2014, the vendor retained a 3.0% NSR interest in the property and the company had the right to purchase one half of the NSR for $1,500,000 at any time.

In April 2014 the company sold its 20% ownership stake in the Meston and Sullivan Prospects property at Cameron Lake (formerly known as the Nucanolan property) in Northwestern Ontario to Cameron Gold Operations Limited, a wholly owned subsidiary of Chalice Gold Mines Limited of Perth, Western Australia for consideration of $100,000.

(c) Blackjack Property land option agreement

On January 20, 2013, the company entered into an agreement to acquire an option in a number of claim units known as the Gold Hill - Blackjack Property in the townships of Kirkup and Manross in the Kenora Mining District in the Province of Ontario. The company can earn a 100% interest in the property by making a one-time payment of $18,100 and issuing 500,000 common shares. In

December 2012, the company made an advance of $1,000 and in January 2013 made an additional payment of $1,000. In March 2013 the company issued the 500,000 common shares (Note 11(b)(ii)) and in April 2013 made a payment of $15,875.

The vendor will retain a 2.0% NSR interest in the property. The company has the right to purchase one half of the NSR for $1,000,000 at any time.

(Expressed in Canadian dollars)

15. Related party transactions

(a) Key management personnel compensation

The company did not pay employment based remuneration to directors, officers and other members of key management for the years ended December 31, 2014 and 2013. However, the company did pay contract based remuneration to directors, officers and other members of key management as disclosed in Note 15(b).

(b) Other related party transactions

Included in these financial statements are the following related party transactions, which have been determined by negotiation amongst the related parties. These transactions are in the normal course of operations and are measured at the same value as if the transactions had occurred with non-related parties. Certain expenditures relating to exploration have been capitalized to exploration and evaluation assets.

	2014	2013
Raymond L. Préfontaine Advisory Services, a business owned by a director and an officer for consulting services relating to a position of office for the company	$ 70,678	$ 196,010
7851235 Canada Ltd., a business owned by a director, for consulting services relating to marketing and administrative support	123,560	39,774
A former director for consulting services relating to information technology and website support	1,998	5,141
A former director and officer for consulting services relating to a position of office for the company	-	42,500
Kyle Picard Advisory Services, a business owned by a director and officer for consulting services relating to a position of office for the company	-	7,500

In addition, in 2013 the company sold machinery and equipment to a director of the company for gross proceeds of $1,000 resulting in a loss on disposal of machinery and equipment in the amount of $1,274. Also in 2013, the company sold machinery and equipment to a director of the company for gross proceeds of $175 resulting in a gain on disposal of machinery and equipment in the amount of $32.

16. Financial instruments

(a) Risk management and hedging activities

In the normal course of operations, the company is exposed to various financial risks. Management’s close involvement in the operations allows for the identification of risks and variances from expectations. The company does not meaningfully participate in the use of financial instruments to control these risks. The company has no designated hedging transactions. The financial risks and management’s risk management objectives and policies are as follows:

(i) Currency risk

The company does not hold any assets or liabilities denominated in a foreign currency therefore is not exposed to currency risk.

(Expressed in Canadian dollars)

16. Financial instruments (continued)

(ii) Price risk

The company is exposed to price risk with respect to commodity prices. As the company is not a producing entity, this risk does not currently affect earnings; however, the risk could affect the completion of future equity transactions. The company monitors commodity prices of precious metals and the stock market to determine the timing, nature and extent of equity transactions.

(iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the company. The company is exposed to credit risk on its financial assets. Cash is held with an established Canadian financial institution and the company's other receivables are from Canadian government entities, from which management believes the risk of loss to be remote. The company does not have any derivatives or similar instruments that mitigate the maximum exposure to credit risk.

The carrying amount of financial assets recorded in the financial statements in the amount of $11,604 (2013 - $39,461) represents the maximum exposure to credit risk at the reporting date.

(iv) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. Management monitors the company’s liquidity by assessing forecast and actual cash flows and by maintaining adequate cash on hand. It is management’s opinion that it is unlikely that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments. As at December 31, 2014, the company has a working capital deficiency in the amount of $707,615 (2013 - working capital deficiency of $489,224).

The contractual maturities of financial liabilities, at December 31, 2014 and 2013, based on the earliest date on which payment can be required, are as follows:

As at December 31, 2014	Total amount	Six month or less	More than six months
Trade payables	$ 662,717	$ 662,717	$ -
Accrued liabilities	70,000	70,000	-
	$ 732,717	$ 732,717	$ -

As at December 31, 2013	Total amount	Six month or less	More than six months
Trade payables	$ 593,601	$ 593,601	$ -
Other payables	25,000	25,000	-
	$ 618,601	$ 618,601	$ -

(v) Interest rate risk

The company is not exposed to any meaningful interest rate risk due to the short term nature of its interest generating asset.

(b) Sensitivity analysis

The company has cash and cash equivalents subject to interest rate risk of approximately $9,100

(2013 - approximately $32,500). A 1% change in the primary interest rate would affect the reported net income, on an annualised basis, by $91 (2013 - $325).

(Expressed in Canadian dollars)

16. Financial instruments (continued)

(c) Fair values, carrying amounts and changes in fair value

The fair values of the company's financial instruments approximate their carrying value due to their short-term nature. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the statement of financial position, have been prioritized into the following three levels:

Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level two includes inputs that are observable other than quoted prices included in level one.
Level three includes inputs that are not based on observable market data.

The company's financial instruments within the fair value hierarchy as at December 31, 2014 are as follows:

	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 9,127	$ -	$ -
Marketable securities	12,825	-	-
	$ 21,952	$ -	$ -

The company's financial instruments within the fair value hierarchy as at December 31, 2013 are as follows:

	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 32,589	$ -	$ -
Marketable securities	85,578	-	-
	$ 118,167	$ -	$ -

17. Capital management

As the company is in the exploration stage, its principal source of capital is from the issuance of common shares. The company's capital management objective is to obtain sufficient capital to maintain its exploration activities for the benefit of its stakeholders. To meet its objectives, management monitors the company's ongoing capital requirements against unrestricted net working capital and assesses additional capital requirements on specific exploration properties on a case by case basis. The company is not subject to externally imposed capital requirements or restrictions. Management is of the opinion that the amounts and changes in the company's capital is readily determinable from information provided in these financial statements.

18. Insurance coverage

Commencing on December 1, 2007, the company obtained Directors' and Officers' insurance coverage with the Chartis Insurance Company of Canada (formerly known as AIG Commercial Insurance Company of Canada). Originally the liability limit for this policy was $5,000,000 but was subsequently reduced effective December 1, 2008. The liability limit of this policy is now $1,000,000. The deductible for the Directors' and Officers' Insurance is $25,000 per event. The policy was underwritten by Canadian Resource Insurance Solutions of Sudbury, ON.