HI HO SILVER RESOURCES INC.

FINANCIAL STATEMENTS

(Stated in Canadian dollars)

JULY 31, 2014

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Hi Ho Silver Resources Inc.

We have audited the accompanying financial statements of Hi Ho Silver Resources Inc., which comprise the statements of financial position as at July 31, 2014 and 2013, and the statements of loss and comprehensive loss, changes in shareholders' equity (deficit) and cash flows for the years then ended, 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 these financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 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 auditors' 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Hi Ho Silver Resources Inc. as at July 31, 2014 and 2013, and its financial performance and its 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 financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Hi Ho Silver Resources Inc.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Accountants

January 12, 2015

HI HO SILVER RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION
(Stated in Canadian dollars)
AS AT JULY 31

		2014		2013
ASSETS				
Current				
Cash	$	34	$	158
Sales tax receivable		7,835		50,121
Prepaid expenses and deposits		8,569		6,717
		16,438		56,996
Equipment (Note 5)		7,299		4,023
Reclamation deposits (Note 6(l))		3,500		10,500
Shares issued for services (Note 6(h))		-		60,000
Exploration and evaluation assets (Note 6)		687,034		883,036
		697,833		957,559
	$	714,271	$	1,014,555
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	353,629	$	245,160
Due to related parties (Note 9)		737,389		534,251
Loan payable to related party (Note 9)		-		30,000
Loans payable (Note 10)		59,600		-
Promissory note payable (Note 10)		51,580		-
Preferred share subscriptions received (Note 7(g))		65,000		-
Provisions (Note 8)		265,099		265,099
		1,532,297		1,074,510
SHAREHOLDERS' EQUITY (DEFICIT)				
Common shares (Note 7(b))		8,787,027		8,575,027
Warrants (Note 7(d))		517,453		386,453
Common share subscriptions received (Note 7(g))		314,000		69,000
Common shares committed for issuance (Note 7(h))		16,200		-
Equity reserves		4,596,544		4,429,544
Deficit		(15,049,250)		(13,519,979)
		(818,026)		(59,955)
	$	714,271	$	1,014,555

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 12)
Events after the reporting period (Note 16)

Approved on behalf of the Board:

/s/ Peter Collier
Director

/s/ Dennis McKnight
Director

The accompanying notes are an integral part of these financial statements

HI HO SILVER RESOURCES INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Stated in Canadian dollars)
FOR THE YEARS ENDED JULY 31

	2014	2013
OPERATING EXPENSES		
Accounting, audit and legal	$ 52,366	$ 65,673
Amortization (Note 5)	5,483	4,022
Consulting, salaries and benefits (Note 9)	277,716	240,340
Financing	16,200	29,100
Insurance	4,122	-
Investor relations, promotion, travel and conferences	23,984	131,375
Listing, exchange and transfer fees	21,050	19,670
Office, administration and miscellaneous (Note 9)	85,073	52,229
Project examination costs	-	2,305
Rent	63,295	11,985
Share-based compensation (Note 7)	167,000	-
Telecommunications	9,800	19,104
	(726,089)	(575,803)
OTHER ITEMS		
BCMETC received on assets previously recorded as impaired	71,615	-
Sales tax not recovered	(25,276)	-
Write-down of exploration and evaluation assets (Note 6)	(448,471)	(695,833)
Write-down of investment in Ascot Mining Plc (Note 6(m))	(210,050)	-
Write-down of shares issued for services (Note 6(h))	(60,000)	-
Other income on settlement of flow-through premium liability (Note 7(f))	-	40,827
Part XII.6 tax, tax penalties and indemnification expense (Note 8)	-	(39,107)
	(672,182)	(694,113)
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	$ (1,398,271)	$ (1,269,916)
Basic and diluted loss per common share	$ (0.01)	$ (0.02)
Weighted average number of common shares outstanding Basic and diluted	97,247,099	84,229,326

The accompanying notes are an integral part of these financial statements

HI HO SILVER RESOURCES INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
(Stated in Canadian dollars)
FOR THE YEARS ENDED JULY 31, 2014 AND 2013

	Number of Shares	Amount	Warrants	Common Share Subscriptions Received	Common Shares Committed for Issuance	Equity Reserves	Deficit	Total Shareholders' Equity (Deficit)
Balance, August 1, 2012	76,093,647	$ 7,975,987	$ 314,245	$ 34,500	$ -	$ 4,291,393	$ (12,250,063)	$ 366,062
Issued for exploration and evaluation assets	9,600,000	364,000	-	-	-	-	-	364,000
Private placements	9,374,000	258,340	210,359	(4,500)	-	-	-	464,199
Flow-through premium liability	-	(19,700)	-	-	-	-	-	(19,700)
Commission paid on issuance	-	(18,600)	-	-	-	-	-	(18,600)
Share subscriptions received in advance	-	-	-	39,000	-	-	-	39,000
Issued for fees on debt	300,000	15,000	-	-	-	-	-	15,000
Warrants expired	-	-	(138,151)	-	-	138,151	-	-
Loss for the year	-	-	-	-	-	-	(1,269,916)	(1,269,916)
Balance, July 31, 2013	**95,367,647**	**$8,575,027**	**$ 386,453**	**$ 69,000**	**$ -**	**$4,429,544**	**$ (13,519,979)**	**$ (59,955)**
Issued for exploration and evaluation assets	16,900,000	212,000	-	-	-	-	-	212,000
Common share subscriptions received in advance	-	-	-	250,000	-	-	-	250,000
Commission paid on subscriptions received	-	-	-	(5,000)	-	-	-	(5,000)
Common shares committed for issuance	-	-	-	-	16,200	-	-	16,200
Share-based compensation	-	-	-	-	-	167,000	-	167,000
Warrants repriced and extended	-	-	131,000	-	-	-	(131,000)	-
Loss for the year	-	-	-	-	-	-	(1,398,271)	(1,398,271)
Balance, July 31, 2014	**112,267,647**	**$8,787,027**	**$ 517,453**	**$ 314,000**	**$ 16,200**	**$4,596,544**	**$ (15,049,250)**	**$ (818,026)**

The accompanying notes are an integral part of these financial statements

HI HO SILVER RESOURCES INC.
STATEMENTS OF CASH FLOWS
(Stated in Canadian dollars)
FOR THE YEARS ENDED JULY 31

	2014	2013
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the year	$ (1,398,271)	$ (1,269,916)
Items not affecting cash:		
Amortization	5,483	4,022
Share-based compensation	167,000	-
Sales tax not recovered	25,276	-
Write-down of exploration and evaluation assets (Note 6)	448,471	695,833
Write-down of investment in Ascot Mining Plc	210,050	-
Write-down of shares issued for services	60,000	-
Shares issued for financing	16,200	-
Reclamation deposits written off	7,000	-
Other income on settlement of flow-through premium liability	-	(40,827)
Financing fees paid in shares	-	15,000
Net change in non-cash working capital items:		
Sales tax receivable	17,010	(20,554)
Prepaid expenses and deposits	(1,852)	(4,217)
Accounts payable and accrued liabilities	122,717	75,441
Due to related parties	203,138	440,770
Preferred shares subscriptions received	65,000	-
Provisions	-	39,107
	(52,778)	(65,341)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Exploration and evaluation asset costs	(11,896)	(199,639)
Investment in Ascot Mining Plc	(210,050)	-
	(221,946)	(199,639)
CASH FLOWS FROM FINANCING ACTIVITIES		
Common shares for cash on private placements, net of commissions	-	190,999
Share subscriptions received	245,000	39,000
Loans from related party	(30,000)	30,000
Loan payable, net of repayments	59,600	-
	274,600	259,999
CHANGE IN CASH	(124)	(4,981)
CASH, BEGINNING OF YEAR	158	5,139
CASH, END OF YEAR	$ 34	$ 158

Supplemental Disclosure of Cash Flow Information (Note 11)

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Hi Ho Silver Resources Inc. (the "Company") was incorporated under the Canada Business Corporations Act on April 7, 2005. The address of the Company's corporate office and its registered office is located at Suite 201, 1090 West Pender Street, Vancouver, British Columbia, Canada, V6E 2N7.

The Company currently has interests in exploration and evaluation properties in British Columbia, California and Quebec. Substantially all of the Company's efforts are devoted to financing and exploring these properties. There has been no determination whether the exploration properties in which the Company holds an interest contain mineral reserves which are economically recoverable.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, as necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, other land claims and non-compliance with regulatory and environmental requirements.

These financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company's operation and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing.

There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statements of financial position. As the Company does not have sufficient working capital to meet its projected minimum financial obligations for the next fiscal year, there is material uncertainty that exists that may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. STATEMENT OF COMPLIANCE

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

These financial statements are prepared using IFRS in effect as at July 31, 2014. Significant accounting policies and the applicable basis of measurement used in the preparation of these financial statements are described in Note 3.

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair values. In addition these financial statements have been prepared using the accrual basis of accounting.

These financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

The financial statements were authorized for issue on January 9, 2015 by the Board of Directors of the Company.

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents

The Company considers all highly liquid instruments usually with maturities from the date of acquisition of 90 days or less, which are readily convertible to known amounts of cash and are subject to insignificant changes in value, to be cash equivalents. As at July 31, 2013 and 2014, the Company does not have any cash equivalents.

(b) Equipment

Computer equipment is carried at cost less accumulated amortization. Amortization is provided on a straight line basis over an estimated useful life of 3 years.

(c) Exploration and evaluation assets

Direct property acquisition costs, certain development costs such as drilling geotechnical analysis and mapping, relating to specific properties are deferred until the properties to which they relate are brought into production, at which time they will be amortized on a unit of production basis, or until the properties are sold, abandoned or allowed to lapse, at which time they will be written-off.

Costs include the cash consideration paid and the fair market value of shares issued, if any, on the acquisition of exploration properties. Properties acquired under option agreements whereby payments are made at the sole discretion of the Company are recorded in the accounts at such time as the payments are made. The proceeds from options granted are applied to the cost of the related property and any excess is included in operations for the year. Costs incurred for administration and general exploration that are not project specific, are charged to operations. Government assistance is recorded when it is more likely than not to be received. Amounts received from government assistance are credited against deferred exploration expenditures.

Prior to obtaining property rights or licenses, preliminary exploration and evaluation costs are recorded as an expense in the statement of loss and comprehensive loss for the period in which they are incurred.

The recorded amounts for acquisition costs of properties and their related capitalized exploration and development expenses represent actual expenditures incurred and are not intended to reflect present or future values. The Company, however, reviews the capitalized costs on its properties on a periodic basis and will recognize impairment in value based upon the stage of exploration and/or development, work programs proposed, current exploration results and upon management's assessment of the future probability of profitable revenues from each property, or from the sale of the relevant property.

Management's assessment of a property's estimated current fair market value may also be based upon a review of other property transactions that have occurred in the same geographic area as that of the property under review.

(d) Decommissioning obligations

A decommissioning obligation is a legal or constructive obligation associated with the retirement of long-lived assets that the Company is required to settle. The Company recognizes the fair value of a provision for any decommissioning obligation in the year in which it is incurred and when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

(e) Impairment of non-current assets

Non-current assets are evaluated at least annually by management for indicators that the carrying value is impaired and may not be recoverable. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit (CGU), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in the statement of loss and comprehensive loss to the extent that the carrying amount exceeds the recoverable amount.

In calculating the recoverable amount, the Company uses discounted cash flow techniques to determine fair value when it is not possible to determine fair value either by quotes from an active market or a binding sales agreement. The determination of discounted cash flows is dependent on a number of factors, including future mineral prices, the amount of reserves and resources, the cost of bringing the project into production, production schedules, production costs, sustaining capital expenditures, and site closure, restoration and environmental rehabilitation costs.

Additionally, the reviews take into account factors such as political, social and legal and environmental regulations. These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount. The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding the projects. Discounted cash flow techniques often require management to make estimates and assumptions concerning reserves and resources and expected future production revenues and expenses.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so 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 CGU in prior periods. A reversal of an impairment loss is recognized immediately in the statement of loss and comprehensive loss. Management's estimates of future mineral prices, recoverable reserves, and operating, capital and restoration costs are subject to certain risks and uncertainties that may affect the recoverability of exploration and evaluation assets. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its projects

(f) Use of Estimates and Judgements

The preparation of these financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. These and other estimates are subject to measurement uncertainty and the effect on the financial statements of changes in these estimates could be material. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The following are the critical estimates and judgments that management has made in applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Decommissioning obligations

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

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of decommissioning projects that are included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets. As of July 31, 2014 there are no restoration and reclamation provisions recognized (July 31, 2013 - $nil).

Exploration and evaluation assets

Costs incurred after the legal right to explore has been obtained and before technical feasibility and commercial viability of the area have been established are capitalized as exploration and evaluation assets. The decision regarding technical feasibility and commercial viability of exploration and evaluation assets involve a number of assumptions, such as estimated reserves, commodity price forecasts, expected production volumes and discount rates, all of which are subject to material change in the future.

Flow-through Share Provision

Flow-through share provisions are comprised of the Company's various tax penalties and indemnification liabilities relating to the deficiencies in incurring on a timely basis the appropriate amount of qualifying exploration expenditures required related to past flow-through share issuances. The Company may also be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made exploration expenditures.

Flow-through share provisions have been created based on internal estimates of the maximum penalties and indemnification liabilities the Company could be subject to. Assumptions, based on the current tax regulations, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. The final cost of the flow-through share provision may be lower than currently provided for.

Fair value of share-based payments

The fair value of share-based payments is calculated using a Black Scholes option pricing model. There are a number of estimates used in the calculation such as the future forfeiture rate, expected option life and the future price volatility of the underlying security which can vary from actual future events. The factors applied in the calculation are management's best estimate based on historical information and future forecasts.

Taxation

The calculation of deferred taxes is based on a number of assumptions including estimating the future periods in which temporary differences, tax losses and other tax credits will reverse, the use of substantively enacted tax rates at the statement of financial position date and the likelihood of deferred tax assets being realized.

(g) Basic and diluted loss per common share

Basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated similar to basic loss per share except that the weighted average number of common shares includes the dilutive effects of options, warrants and similar instruments. It assumes that the proceeds that could be obtained upon exercise of options, warrants and similar instruments would be used to purchase common shares at the average market price during the period. Existing share options and share purchase warrants have not been included in the computation of diluted loss per share as to do so would be anti-dilutive. Accordingly, basic and diluted loss per share is the same for the periods presented.

(h) Income Taxes

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 at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position asset and 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 following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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 date of the statement of financial position.

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.

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

(i) Share-based Compensation

The Company recognizes share-based compensation expense for the estimated fair value of equity-based instruments granted to both employees and non-employees. Compensation costs attributable to stock options or similar equity instruments granted to employees are measured at the fair value at the grant date, and expensed over the expected vesting period on a graded basis. Transactions in which goods or services are received from non-employees in exchange for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable.

(j) Financial Instruments

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at 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 strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

Held-to-maturity ("HTM")

These assets are non-derivative financial assets with 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. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Loans and receivables

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

Available-for-sale ("AFS")

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

The Company has classified its financial instruments as follows:

a) Cash is classified as fair value through profit or loss.

b) Sales tax receivable is classified as loans and receivable.

c) Accounts payable and accrued liabilities, due to related parties, loans payable, promissory note payable, preferred share subscriptions received and provisions are classified as other financial liabilities.

Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 - quoted prices in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and

Level 3 - inputs for the asset or liability that are not based upon observable market data.

Comprehensive income

Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources, such as any unrealized gains and losses in financial assets classified as available for sale. The Company had no "other comprehensive income or loss" transactions during the years ended July 31, 2014 or 2013.

Impairment of financial assets

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

For all financial assets objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or

- Default or delinquency in interest or principal payments; or

- It becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(k) Flow-Through Financing

The Company has financed a portion of its exploration activities through the issuance of flow-through shares, which transfer the tax deductibility of exploration expenditures to the investor. Proceeds received on the issue of such shares have been credited to share capital and the related exploration costs have been charged to exploration and evaluation assets.

Resource expenditure deductions for income tax purposes, related to exploration and development activities funded by flow-through share arrangements, are renounced to investors in accordance with income tax legislation. When these expenditures are renounced, temporary taxable differences created by the renunciation will reduce share capital.

The Company records a flow-through share premium liability calculated as the difference between the selling price of the flow-through common share or unit, and the market price of the Company's common shares on the date of issuance. This liability is reversed on a pro-rata basis as the Company spends the flow-through proceeds on eligible exploration costs on its Canadian property interests. The Company then recognizes "other income on settlement of flow-through premium liability" in its statement of loss and comprehensive loss.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the Company's year-end is disclosed separately as flow-through share liability in Note 8.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with the Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

4. RECENT ACCOUNTING PRONOUNCEMENTS

Future accounting policy changes issued but not yet in effect

The following amendments to existing standards were issued by the IASB and are effective for annual periods beginning on or after January 1, 2014. Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded from below:

(a) IFRS 2, Share-based Payment ("IFRS 2"):
Amended to clarify the definition of a vesting condition and separately define performance and service conditions. The amendment is effective for share-based payment transactions for which the grant date is on or after July 1, 2014. The adoption of the amendment is not expected to have significant impact to the Company.

(b) IFRS 3, Business Combinations ("IFRS 3"):
Amended to clarify that an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as a financial liability or as equity on the basis of the definitions in IAS 32. Non-equity consideration is measured at fair value at each reporting date, with changes recognized in the results of operations. As well, the amendment clarifies that IFRS 3 does not apply to the formation of any joint arrangement and that the scope exemption only applies in the financial statements of the joint arrangement itself. The amendment is effective for business combinations for which the acquisition date is on or after July 1, 2014. The Company is currently evaluating the impact of the standard.

(c) IFRS 13, Fair Value Measurement ("IFRS 13"):
Amended to clarify that the portfolio exception in IFRS 13, which allows fair value measurement of a group of financial assets and liabilities on a net basis, applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32. The amendment is effective for annual periods beginning on or after July 1, 2014. The Company is currently evaluating the impact of the standard.

(d) IAS 24, Related Party Disclosures ("IAS 24"):
Amended to include as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity. The amendment is effective for annual periods beginning on or after July 1, 2014. The adoption of the amendment is not expected to have significant impact to the Company.

(e) IAS 32, Financial Instruments: Presentation ("IAS 32"):
Amended to provide further clarity around details relating to the right to offset and the application of offsetting under certain circumstances. The amendment is effective for annual periods beginning on or after January 1, 2014. The Company is currently evaluating the impact that the following new accounting amendment will have on consolidated financial statements.

(f) The IASB intends to replace IAS 39, Financial Instruments: Recognition and Measurement in its entirety with IFRS 9, Financial Instruments ("IFRS 9") and to reduce the complexity in the classification and measurement of financial instruments. The completed version of IFRS 9 will include classification and measurement, impairment and hedge accounting requirements and the IASB has tentatively decided that the mandatory effective date of this new standard will be for annual periods beginning on or after January 1, 2018. The Company is currently monitoring the phases of this IASB project with a view to evaluating the impact of the standard when it is issued in its final form.

(Stated in Canadian dollars)

5. EQUIPMENT

The following tables summarize equipment costs for the years ended July 31, 2014 and 2013:

Computer equipment	Cost	Accumulated Amortization	Net Book Value
July 31, 2012	$ 12,065	$ 4,020	$ 8,045
Amortization	-	4,022	(4,022)
July 31, 2013	12,065	8,042	4,023
Additions	8,759	-	8,759
Amortization	-	5,483	(5,483)
July 31, 2014	**$ 20,824**	**$ 13,525**	**$ 7,299**

(Stated in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS

The following tables summarize costs of expenditures on exploration and evaluation assets for the years ended July 31, 2014 and 2013:

Costs of expenditures on exploration and evaluation assets continuity schedule for the year ended July 31, 2014

Acquisition Costs	Mt. Thomlinson	Inlet	Kitsault	Fairview South Okanagan	Cherryville	LaRonge	San Bernardino	Grassett Dome	Total
July 31, 2013	$ 17,446	$ 152,533	$ 14,582	$ 159,456	$ 81,295	$ 44,000	$ -	$ -	$ 469,312
Additions	1,700	-	1,476	1,070	-	-	60,000	152,000	216,246
Impairment	(19,146)	(152,533)	(16,058)	-	(81,295)	(44,000)	-	-	(313,032)
July 31, 2014	$ -	$ -	$ -	$ 160,526	$ -	$ -	$ 60,000	$ 152,000	$ 372,526

Deferred Exploration Costs	Mt. Thomlinson	Inlet	Kitsault	Fairview South Okanagan	Cherryville	LaRonge	San Bernardino	Grassett Dome	Total
July 31, 2013	$ 4,938	$ -	$ -	$ 278,285	$ -	$ 130,501	$ -	$ -	$ 413,724
Additions	-	-	-	36,223	-	-	-	-	36,223
Impairment	- 4,938.00	-	-	-	-	(130,501)	-	-	(135,439)
July 31, 2014	$ -	$ -	$ -	$ 314,508	$ -	$ -	$ -	$ -	$ 314,508
July 31, 2014	**$ -**	**$ -**	**$ -**	**$ 475,034**	**$ -**	**$ -**	**$ 60,000**	**$ 152,000**	**$ 687,034**

(Stated in Canadian dollars)

Costs of expenditures on exploration and evaluation assets for the year ended July 31, 2013

Acquisition Costs	Carmi	Mt. Thomlinson	Inlet	Kitsault	Thomlinson Creek	Kisgegas	Fairview South Okanagan	Cherryville	LaRonge	Total
July 31, 2012	$ 57,569	$ 314,155	$ 342,519	$ 40,329	$ 10,000	$ 10,000	$ -	$ -	$ -	$ 774,572
Additions	7,905	-	825	5,000	-	-	159,456	81,295	44,000	298,481
Impairment	(65,474)	(296,709)	(190,811)	(30,747)	(10,000)	(10,000)	-	-	-	(603,741)
July 31, 2013	$ -	$ 17,446	$ 152,533	$ 14,582	$ -	$ -	$ 159,456	$ 81,295	$ 44,000	$ 469,312

Deferred Exploration Costs	Carmi	Mt. Thomlinson	Inlet	Kitsault	Thomlinson Creek	Kisgegas	Fairview South Okanagan	Cherryville	LaRonge	Total
July 31, 2012	$ -	$ 78,295	$ -	$ -	$ 6,588	$ 1,500	$ -	$ -	$ -	$ 86,383
Additions	-	10,647	-	-	-	-	278,285	-	130,501	419,433
Impairment	-	(84,004)	-	-	(6,588)	(1,500)	-	-	-	(92,092)
July 31, 2013	$ -	$ 4,938	$ -	$ -	$ -	$ -	$ 278,285	$ -	$ 130,501	$ 413,724
July 31, 2013	**$ -**	**$ 22,384**	**$ 152,533**	**$ 14,582**	**$ -**	**$ -**	**$ 437,741**	**$ 81,295**	**$ 174,501**	**$ 883,036**

(a) Carmi Property

Pursuant to an option agreement with St. Elias Mines Ltd. ("St. Elias") dated September 12, 2005, as subsequently amended; the Company acquired a 51% interest in the Carmi Property, located in British Columbia. Pursuant to the option agreement, the Company paid $75,000, issued 500,000 common shares and incurred $1,892,084 in exploration expenditures on the property resulting in the acquisition of a 51% interest in the property.

Under the terms of the option agreement, the Company had the right to increase its ownership to a 100% interest, subject to a 1.5% net smelter returns royalty ("NSR") by paying $750,000 ($250,000 paid) and issuing 3,500,000 common shares of the Company.

During the year ended July 31, 2010, management recorded a write-down of $500,000 to reflect its estimate of the recoverable amount of the Carmi Property. On July 16, 2011, the tenures comprising the Carmi Property were due for renewal. The Company was not in a position to make the renewal due to lack of available funds, and the properties were forfeited. As a result of this forfeiture, the previously capitalized carrying value of $2,188,967 was written off during the year ended July 31, 2011.

Following the forfeiture, the Company entered into an agreement with arm's length parties to re-acquire the Carmi Property and title to certain of the tenures within the Carmi Property were restored.

All terms and conditions of the original option agreement with St. Elias remained in force.

During the year ended July 31, 2012, the Company entered into an option agreement to acquire an additional tenure within the Carmi Property for cash consideration of $100,000 (paid).

As at July 31, 2012, certain of the tenures were due for renewal, and the Company was not in a position to make the renewal due to lack of available funds. Accordingly, approximately 60% of the tenures were forefeited, and the Company wrote down the carrying value of its interest in the Property in the amount of $86,354. During the year ended July 31, 2013, the Company paid $7,905 for tenure renewals.

During the year ended July 31, 2013, the remaining tenures on the property were forfeited and accordingly, the Company wrote off all of the remaining costs totaling $65,474.

(b) Mt. Thomlinson Property

On December 23, 2010, the agreement to acquire the Mt. Thomlinson Property in British Columbia from Molystar Resources Inc. ("Molystar") formally closed and the property was transferred to the Company's name. In consideration for the property, the Company issued 4,750,000 common shares valued at $0.055 per share, based on the market price of the shares at the time of issue ($261,250) and assumed certain obligations of Molystar totaling $28,000. An NSR of 2% is attached to the property.

A finder's fee in the amount of 237,500 common shares was included as part of the agreement. These shares were issued February 28, 2011, valued at $0.055 per share ($13,063), based on the market price of the shares at the time of issue.

During the year ended July 31, 2014, the Company incurred $nil (2013 - $10,647) in deferred exploration costs.

As at July 31, 2013, certain of the tenures were due for renewal, and the Company was not in a position to make the renewal due to lack of available funds. Accordingly, approximately 88% of the tenures were forfeited, and the Company wrote down the carrying value of its interest in the property in the amount of $352,710.

The Company had entered into negotiations with its former President to exchange their interest in the property in return for settling an amount owing to the former President. The total amount to be settled was expected to be $200,000, and an additional impairment provision of $28,003 was made effective July 31, 2013 to reduce the carrying value of the property on a pro-rata basis to the expected selling price of the interest.

The negotiations were not successful, and accordingly, the Company wrote off the remaining costs associated with the property as at July 31, 2014. The Company continues to hold 2 claims on this property.

(c) Inlet Claims

The Company purchased the Inlet Claims, located in British Columbia, from TA Mineral Resources Ltd. as to 80% and Quadra Coastal Resources Ltd. as to 20%. The claims were acquired for 10,000,000 common shares (Note 7(c)) valued at $300,000 based on the market price of the shares at the time of issue. A further 900,000 common shares valued at $27,000 based on the market price of the shares at the time of issue, were issued to unrelated parties as finders' fees.

During the year ended July 31, 2012, the Company paid a total of $10,000 for re-acquisition costs associated with certain of the tenures within the claims, and incurred $2,338 in acquisition costs associated with payments in lieu of exploration work completed.

During the year ended July 31, 2013, the Company paid $825 for tenure renewals.

The Company had entered into negotiations with its former President to exchange their interest in the property in return for settling an amount owing to the former President. The total amount to be settled was expected to be $200,000, and an impairment provision of $190,811 was made effective July 31, 2013 to reduce the carrying value of the property on a pro-rata basis to the expected selling price of the interest.

The claims were later allowed to lapse and the Company wrote off all costs associated with the property effective July 31, 2014.

(d) Kitsault Claims

On February 2, 2012, the Company entered into an agreement to acquire a series of mineral tenures from Wild West Gold Corp. for cash consideration of $25,000 (paid).

During the year ended July 31, 2012, the Company incurred $15,329 in acquisition costs associated with payments in lieu of exploration work completed.

During the year ended July 31, 2013, the Company paid $5,000 for tenure renewals.

As at July 31, 2013, certain of the tenures were due for renewal, and the Company was not in a position to make the renewal due to lack of available funds. Accordingly, approximately 28% of the tenures were forfeited, and the Company wrote down the carrying value of its interest in the Property in the amount of $12,505.

The Company had entered into negotiations with its former President to exchange their interest in the property in return for settling an amount owing to the former President. The total amount to be settled was expected to be $200,000, and an additional impairment provision of $18,242 was made effective July 31, 2013 to reduce the carrying value of the property on a pro-rata basis to the expected selling price of the interest.

The claims were later allowed to lapse and the Company wrote off all costs associated with the property effective July 31, 2014.

(e) Thomlinson Creek Property

On August 29, 2011, the Company entered into an option agreement with Ronald McMillan and Ross Blusson to acquire a 100% interest in a series of claims, collectively referred to as the Thomlinson Creek

Property, located in British Columbia. As consideration for the interest, the Company has agreed to make cash payments totaling $990,000 through May 31, 2021 ($10,000 paid).

During the year ended July 31, 2013, the Company failed to make a cash option payment and was in default of the agreement. The Company wrote off all costs associated with the property effective July 31, 2013.

(f) Kisgegas Property

On August 29, 2011, the Company entered into an option agreement with Ronald McMillan and Ross Blusson to acquire a 100% interest in a series of claims, collectively referred to as the Kisgegas Property, located in British Columbia. As consideration for the interest, the Company has agreed to make cash payments totalling $990,000 through May 31, 2021 ($10,000 paid).

During the year ended July 31, 2013, the Company failed to make a cash option payment and was in default of the agreement. The Company wrote off all costs associated with the property effective July 31, 2013.

(g) Fairview South Okanagan Property

On August 24, 2012, the Company entered into an option agreement with William McKinney, Turnagain Resources Inc. and Knight-Castle Mercantile Inc. to acquire a 100% interest in a series of claims, collectively referred to as the Fairview South Okanagan Property, located in British Columbia. As consideration for the interest, the Company made a cash payment of $25,000 and issued a total of 3,000,000 common shares. The value of the shares was recorded at $120,000, representing the fair value of the shares at the time of issuance. The Company also incurred $5,000 in legal and paid a $5,000 finder's fee in association with acquiring the interest.

During the year ended July 31, 2014, the Company incurred $36,223 (2013 – $278,285) for consulting and exploration services performed on the project and incurred $1,070 (2013 – $4,456) in maintaining tenures.

(h) La Ronge Property

On October 25, 2012, the Company entered into an option agreement with Peter Knudsen, Chris Knudsen and Scott Knudsen to acquire a 100% interest in a series of claims located in Saskatchewan, collectively referred to as the La Ronge Property. As consideration for the interest, the Company is committed to the following:

a) 4,600,000 common shares on signing (3,500,000 shares which were issued in payment of a four hole drilling program on the claims) (completed);
b) an additional 700,000 common shares, a cash payment of $30,000, and cumulative exploration expenditures of $200,000 on or before the first anniversary of the agreement (not completed);
c) an additional 800,000 common shares, an additional cash payment of $39,000, and cumulative exploration expenditures of $300,000 on or before the second anniversary of the agreement (not completed); and
d) and an additional 1,000,000 common shares, an additional cash payment of $45,000 and cumulative exploration expenditures of $500,000 on or before the third anniversary of the agreement.

The optionors will retain a 3% NSR, which the Company can purchase at any time for a cash payment of $1,500,000.

The value of the shares issued on signing was recorded at $164,000, representing the fair value of the shares at the time of issuance and the estimated value of a four hole drilling program. During the year ended July 31, 2013, only two of the four drill holes were completed. Accordingly, the Company recorded the value of one half of the shares issued for the drill program ($60,000) as shares issued for future services, all of which was subsequently written off during the year ended July 31, 2014. The Company recognized a total of $130,501 in exploration costs during the year ended July 31, 2013, which included the other half of the shares issued for drilling services.

During the year ended July 31, 2014, the Company failed to make certain option payments and expenditure requirements and was in default of the agreement. The Company wrote off all costs associated with the property effective July 31, 2014.

(i) Cherryville Property

On January 21, 2013 the Board of Directors approved an option agreement with Chris Knudsen pursuant to which the Company received a 100% interest in a series of tenures collectively known as the Cherryville Property, located in Cherryville, BC. In consideration for those rights, the Company agreed to:

a) issue 2,000,000 common shares upon signing (issued);

b) incur $8,000 in exploration expenditures by November 1, 2013 (not incurred);

c) issue a further 2,000,000 common shares on or before February 8, 2014 (not issued);

d) pay another $10,000 on or before June 30, 2014 (not paid);

e) expend a further $40,000 on exploration before November 1, 2014 (not incurred);

f) pay $15,000 during 2015;

g) issue 1,700,000 common shares in 2015;

h) expend $60,000 in exploration expenditures in 2015;

i) pay an additional $20,000 during 2016;

j) issue 1,500,000 common shares in 2016; and

k) expend $100,000 in exploration expenditures in 2015.

The value of the shares issued on signing was recorded at $80,000, representing the fair value of the shares at the time of issuance.

During the year ended July 31, 2014, the Company failed to make certain option payments and expenditure requirements and was in default of the agreement. The Company wrote off all costs associated with the property effective July 31, 2014.

(j) San Bernardino Claims

On May 27, 2014, the Company acquired a 100% interest in 6 placer claims located in San Bernardino County, California from Clearbrook Water Company Ltd. and 0998601 BC Ltd. In consideration for the claims, the Company issued 5,000,000 common shares and a further 1,000,000 common shares as a finder's fee. The common shares were valued at $60,000, being the fair value of the common shares at the time of issuance.

(k) Grasset Dome Property

On June 12, 2014, the Company acquired a 100% interest in 3 mineral claim applications within the Detour trend of the Abitibi Region in Northwestern Quebec from Rusty V Resources and 0998601 BC Ltd. In consideration for the claims, the Company issued 6,000,000 common shares and a further 600,000 common shares as a finders' fee. The common shares were valued at $66,000, being the fair value of the common shares at the time of issuance. On June 8, 2014, the Company completed staking additional claims Contiguous to the initial claims purchased.

On July 29, 2014 the Company completed a further purchase of 15 additional mineral claim applications from the same vendors. In consideration for the additional claims, the Company issued 4,000,000 common shares and a further 300,000 common shares as a finders' fee. The common shares were valued at $86,000, being the fair value of the common shares at the time of issuance.

(l) Reclamation Deposits

During the year ended July 31, 2012, the Company advanced a total of $10,500 in reclamation deposits to the British Columbia Ministry of Energy and Mines. The deposits were be held as security associated with any future reclamation work that may be required on three of the Company's property interests.

During the year ended July 31, 2014, the Company wrote off two of the reclamation deposits as they had abandoned their interest in these projects. The Company will attempt to have the deposits refunded, but their collectability is not assured as at July 31, 2014.

(m) Investment in Ascot Mining Plc

On October 17, 2013, the Company entered into an agreement with Ascot Mining Plc ("Ascot"), a UK Company with mineral tenures in Costa Rica. Under the terms of the agreement the Company paid US$200,000 and received 125,157 preference shares, convertible into 5,333,333 common shares, representing 4.7% of the issued common shares of Ascot.

The second and final payment under the agreement, was to be made on or before February 12, 2014, and required a payment of US$5,800,000 for which the Company would receive 3,754,717 preference shares. Upon final completion and conversion to common shares, the investment would represent 59.69% of the issued common shares of Ascot.

The Company failed to make the second payment under the terms of the agreement with Ascot, and does not currently have the funding available to focus its efforts in Costa Rica. Accordingly, the Company has written off its investment in Ascot in its entirety as at July 31, 2014.

7. SHARE CAPITAL

(a) Common Shares

Authorized:
An unlimited number of common shares
An unlimited number of preferred shares

(b) Private Placements

For the year ending July 31, 2014:

On August 9, 2013, the Company announced a private placement of up to 5,000,000 participating convertible redeemable Series "A" preferred shares at $1.00 each. Each share carries a participating dividend of 50% of the gross net margins on proceeds from the sale of reserves generated from the Company's investment in Ascot, payable quarterly until participating dividends equal to the issue price have been earned. At that time the dividend will be set at 40% per annum. Each share will be convertible into that number of common shares equal to the quotient of the issue price and unpaid dividends divided by the greater of $0.05 or 80% of the average of the closing prices of the common shares during the 10 trading days immediately preceding the notice of conversion.

On October 9, 2013, $50,000 was received on this preferred share financing and, as allowed under the terms of the subscription agreement, was designated as flow-through shares to be expended on the Fairview South Okanagan Property. On April 25, 2014, a further $15,000 was received for this financing that was not designated as flow-through.

The shares have not yet been issued in connection with this financing and have been recorded as a liability item on the Company's statement of financial position as at July 31, 2014.

On October 24, 2013, a further $250,000 in proceeds was received for a future issuance of common shares but was not designated as flow-through. The Company spent US$ 200,000 of the proceeds to purchase convertible preference shares of Ascot Mining Plc as described in Note 4.

For the year ending July 31, 2013:

On May 23, 2013 the Company completed a non-brokered private placement of 7,404,000 units at a price of $0.05 per unit for gross proceeds of $370,200. Cash proceeds of $115,600 were received in connection with this financing, while a total of $254,600 worth of units were issued as an offset to outstanding accounts payable and amounts due to related parties. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company for a period of two years at an exercise price of $0.10 per share. The proceeds from the private placement have been bifurcated using the relative fair value method resulting in $173,626 being recorded in warrants as the estimated value of the warrants, while the remaining $196,574 being allocated to the common share portion of the units. The fair value of the warrants has been estimated as of the date of the issuance using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.04%, dividend yield of 0%, volatility of 265.76% and expected life of 2 years. Commissions of $11,600 were paid in connection with this private placement.

On April 4, 2013 the Company closed a non-brokered private placement of 1,970,000 flow-through units at a price of $0.05 per unit for gross proceeds of $98,500. Each unit is comprised of one flow-through common share and one flow-through common share purchase warrant, exercisable at any time for a two year period following issuance at an exercise price of $0.10 per share. The Company recognized a flow-through premium liability of $19,700 associated with this financing, while the remaining proceeds have been bifurcated using the relative fair value method resulting in $46,129 being recorded in warrants as the estimated value of the warrants, while the remaining $52,371 being allocated to the common share portion of the units. The fair value of the warrants has been estimated as of the date of the issuance using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 0.98%, dividend yield of 0%, volatility of 268.76% and expected life of 2 years. Commissions of $7,000 were paid in connection with this private placement.

(c) Escrow Shares – Inlet Claims

Pursuant to a property purchase agreement described in Note 6(c) the Company acquired a 100% interest in the Inlet Claims for consideration of 10,000,000 common shares with an estimated value of $0.03 per share. As part of the transaction, a total of 900,000 common shares with an estimated value of $0.03 per share were issued as a finder's fee to a non-related party.

(Stated in Canadian dollars)

10,000,000 common shares were issued under escrow provisions under the following terms:

Released immediately	1,000,000
To be released in six releases of 1,500,000 shares every 6 months thereafter.	9,000,000
Total	10,000,000

On March 6, 2013, the final 1,500,000 shares were released, leaving no shares remaining in escrow.

(d) Warrants

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

Grant Date	Expiry Date	Number of Warrants	Price	Estimated Grant date Fair Value (Net of costs)
July 31, 2012		12,276,714	$ 0.10	$ 445,245
April 4, 2013	April 4, 2015	1,970,000	0.05	37,586
May 23, 2013	May 23, 2015	7,404,000	0.05	172,773
Warrants expired during year		(3,095,000)	0.15	(138,151)
July 31, 2013 and 2014		18,555,714	$ 0.07	$ 517,453

A summary of warrants outstanding as at July 31, 2014 is as follows:

Grant Date	Expiry Date	Number of Warrants	Price
February 27, 2012	February 27, 2016	9,181,714	$ 0.10
April 4, 2013	April 4, 2015	1,970,000	0.05
May 23, 2013	May 23, 2015	7,404,000	0.05
		18,555,714	**$ 0.07**

During the year ended July 31, 2014, the Company modified the exercise price and term of 9,181,714 warrants that were set to expire during the year. The Company estimated the value of the modification as $131,000 which increased the warrant reserve account with the offset to deficit. The valuation was derived through use of the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.63%
Expected life	2.2 years
Expected volatility	200.00%
Expected dividend yield	0%

(Stated in Canadian dollars)

(e) Stock Options

The Company has established a stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors and employees of the Company as well as persons providing ongoing services to the Company. The maximum number of common shares reserved for issuance upon the exercise of options is not to exceed 20% of the total number of common shares outstanding immediately prior to such an issuance. No more than 5% of the issued shares of the Company may be granted to any one insider and no more than 10% of the issued and outstanding shares may be issued to insiders in aggregate during any 12-month period. No more than 2% of the issued shares of the Company may be granted to any one consultant during any 12-month period. The options are non-transferable and non-assignable and may be granted for a term not exceeding five years. The exercise price of options equals the market price of the Company's stock on the date of grant. Under the plan, the Board of Directors has the choice of either vesting or allowing options issued to be exercisable upon issuance. Options are normally issued for two to five-year terms.

On October 17, 2013, the Company issued 8,700,000 stock options to directors, officers, consultants and employees of the Company. Each option allows the holder to acquire one common share of the Company at a price of $0.06 per share for a period of 5 years, expiring October 16, 2018. The total value of the options was determined to be $167,000 ($0.0192 per option) using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.85%
Expected life	5 years
Expected volatility	200.00%
Expected dividend yield	0.00%

There were no stock options granted under the stock option plan during the year ended July 31, 2013.

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

	Options Outstanding	Weighted Average Exercise Price
Balance, exercisable and outstanding July 31, 2012 and July 31, 2013	9,300,000	$ 0.07
Options granted	8,700,000	0.06
Options cancelled	(6,650,000)	0.07
Balance, exercisable and outstanding July 31, 2014	11,350,000	$ 0.06

(Stated in Canadian dollars)

As at July 31, 2014 the following stock options were outstanding and exercisable:

Grant Date	Number of Options Outstanding and Exercisable	Expiry Date	Exercise price	Estimated Grant Date Fair Value
July 15, 2010	400,000	July 15, 2015	$ 0.05	$ 12,000
February 4, 2011	500,000	February 3, 2016	0.06	25,500
February 21, 2011	400,000	February 20, 2016	0.06	20,400
January 9. 2012	1,750,000	January 8, 2017	0.08	69,900
January 13, 2012	300,000	January 12, 2017	0.08	12,000
October 17, 2013	8,000,000	October 16, 2018	0.06	153,600
July 31, 2014	**11,350,000**			**$ 293,400**

As at July 31, 2014 the weighted average remaining expected life of issued and outstanding options was 3.57 years. (July 31, 2013 – 2.79 years).

(f) Flow-through Premium Liability

The Company completes certain financings on a flow-through basis, whereby the tax benefits of eligible exploration expenditures incurred are passed on to the flow-through shareholders. In accordance with IFRS, the Company recognizes a flow-through premium liability that is reduced on a pro-rata basis as the flow-through proceeds are spent and the Company has renounced the benefits to the shareholders.

	Flow- through premium liability
Balance, July 31, 2012	$ 247,119
Addition, April 4, 2013 financing	19,700
Exploration costs incurred with proceeds received	(40,827)
Reclassification to indemnification provision (Note 8)	(225,992)
Balance, July 31, 2013 and 2014	**$ -**

(g) Share Subscriptions Received

As at July 31, 2014 the Company had received a gross total of $319,000 (July 31, 2013 - $69,000) toward a common share financing completed subsequent to the year ended July 31, 2014 (Note 16). The subscriptions have been offset by a commission of $5,000 paid by the Company.

As at July 31, 2014, the Company has also received $65,000 (July 31, 2013 - $Nil) towards a preferred share financing expected to be completed once the Company has received a yet to be determined level of funding.

(h) Common Shares Committed for Issuance

During the year ended July 31, 2014, the Company agreed to issue a total of 1,620,000 common shares to an arm's length party as compensation for loans issued to the Company. The commitment has been accrued at a fair value equal to the market price of the Company's common shares as at July 31, 2014 of $0.01 per share for a total amount of $16,200.

(Stated in Canadian dollars)

8. PROVISIONS

		Relating to Flow-Through Shares
Balance at July 31, 2012	$	-
Amounts charged to profit and loss for the year		39,107
Reclassification from flow through premium liability (Note 7 (f))		225,992
Balance at July 31, 2013 and 2014	**$**	**265,099**

The Company raised capital through the issuance of flow-through shares in 2012, which provided indemnity to the shareholders for additional taxes payable if the Company was unable to, or failed to, renounce the qualifying expenditures as agreed, without limiting the recourse of the subscriber. The Company was not able to spend $527,315 of the flow-through funds raised. The Company is exposed to costs for the indemnification of the shareholders and Part XII.6 tax liability. The Company estimated the potential shareholder indemnification liability in the amount of $205,653 and the Part XII.6 liability as $59,446 at July 31, 2013 and 2014. To estimate the potential indemnification liability, management used a combined tax rate of 39% of unspent flow-through funds raised. The accrued amounts are subject to measurement uncertainty due to the tax filing positions of the subscribers, their tax rates and the amount of personal taxes that may be payable and the interpretation of the indemnity agreements, which will not be known until potentially affected subscribers are reassessed for their tax positions by the Canada Revenue Agency and these amounts become known to the Company.

9. RELATED PARTY TRANSACTIONS AND BALANCES

Due from/to Related Parties

During the year ended July 31, 2013, $60,000 (July 31, 2012 - $57,500) was recorded as consulting fees provided by companies controlled by officers of the Company. As at July 31, 2014, $107,150 of these costs were included in amounts due to related parties (July 31, 2013 - $38,850).

During the year ended July 31, 2014, $180,000 was recorded as wages and salary for an officer and director of the Company (July 31, 2013 - $135,000). Also during the year ended July 31, 2013, 1,000,000 common shares (valued at $0.04 each) were issued to this officer/director as an exploration and evaluation asset acquisition cost in regards to the Company's Fairview South Okanagan property (Note 6(g)).

As at July 31, 2014, $242,824 was owing to this individual or companies controlled by him (July 31, 2013 - $111,621).

During the year ended July 31, 2013, $37,500 was recorded as wages and salary for a shareholder and former officer of the Company. The balance owing to the shareholder and a company controlled by the shareholder, amounted to $383,780 as at July 31, 2014 (July 31, 2013 - $383,780).

All amounts due to related parties are unsecured, non-interest bearing and due on demand.

On June 20, 2013, the Company borrowed $30,000 from a director. Under the loan agreement, the Company paid a financing fee to the director of 300,000 common shares (valued at $0.05 per share) and agreed to pay interest at the rate of 20% per annum. The principal of the loan was repaid during the year ended July 31, 2014 but $3,635 interest remains outstanding as at July 31, 2014 (July 31, 2013 - $Nil).

(Stated in Canadian dollars)

A summary of the aforementioned related party transactions, consulting, salaries and benefits and other compensation earned directly by key members of the Company's management is as follows:

	Year Ended July 31, 2014	Year Ended July 31, 2013
Consulting, salaries and benefits	**$ 240,000**	$ 230,000
Interest	**5,726**	15,000
Share-based compensation expense	**117,092**	-
Total compensation	**$ 362,818**	$ 245,000

10. LOANS PAYABLE AND PROMISSORY NOTES PAYABLE

Loans payable

As at July 31, 2014, the Company has loans payable to arm's length parties in the gross amount of $59,600 (July 31, 2013 - $Nil). The loans are free of interest, unsecured and payable on demand.

Promissory note

During the year ended July 31, 2014, the Company entered into a promissory note agreement with a vendor who had previously provided exploration services on the Company's Fairview South Okanagan and English Bay Properties. Pursuant to the agreement, $51,580 was converted from accounts payable to a formalized promissory note repayable at the earlier of:

a) Receipt of approximately $100,000 or more in financing by the Company; or
b) Any specific investment received by the Company specifically for the continued work on the Fairview South Okanagan Property.

The promissory note is free of interest and unsecured.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash investing and financing transactions during the year ended July 31, 2014 were as follows:

(a) The Company issued 16,900,000 common shares valued at $212,000 for exploration and evaluation assets;

(b) A total of $448,471 in exploration and evaluation assets were written down;

(c) Shares previously issued for services to by rendered in the amount of $60,000 were written off;

(d) An investment in Ascot Mining Plc in the amount of $210,050 was written off;

(e) Sales taxes in the amount of $25,276 were written off;

(f) A total of $28,573 in exploration and evaluation assets costs were included in accounts payable and accrued liabilities as at July 31, 2014;

(g) Total equipment additions of $8,759 were offset against accounts payable and accrued liabilities;

(h) A total of $51,580 was reclassified from accounts payable and accrued liabilities to promissory note payable;

(i) Reclamation deposits of $7,000 were written off; and

(j) The Company agreed to issue a total of 1,620,000 common shares to an arm's length party as compensation for loans issued to the Company. The commitment has been accrued at a fair value equal to the market price of the Company's common shares as at July 31, 2014 of $0.01 per share for a total amount of $16,200.

The significant non-cash investing and financing transactions during the year ended July 31, 2013 were as follows:

(a) The Company issued 9,600,000 common shares for $364,000 in exploration and evaluation assets, of which $120,000 was for a four hole drilling program on the Company's La Ronge Property. Half of the drilling program was completed during the year ended July 31, 2013, with the remaining $60,000 being classified as shares issued for future services;

(b) A total of $695,833 in exploration and evaluation assets were written off;

(c) The Company recognized other income on settlement of a flow-through premium liability of $40,827;

(d) A total of $125,488 in exploration and evaluation assets costs were included in accounts payable and accrued liabilities as at July 31, 2013;

(e) The Company reclassified $138,151 from warrants to equity reserves based on the original fair value of 3,095,000 share purchase warrants expired during the year;

(f) A total of $50,000 in exploration and evaluation assets costs were included in accounts due to related parties as at July 31, 2013;

(g) The Company issued 300,000 common shares valued at $0.05 each for a financing fee associated with a loan received from the related party during the year; and

(h) The Company issued a total of 5,092,000 share units (note 7(b)) with a total value of $254,600 to offset existing accounts payable and amounts due to related parties.

12. COMMITMENTS AND CONTINGENCIES

Environmental Contingencies

The Company's mining and exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

(Stated in Canadian dollars)

Flow-through Expenditures

On February 27, 2012, pursuant to the issuance of 9,181,428 flow-through units, the Company renounced $642,700 of qualified exploration expenditures to flow-through shareholders which it was to expend by December 31, 2012. As at that date, the Company had spent $115,385.

The Company has agreed to indemnify the subscribers for any tax related amounts that become payable by the subscriber as a result of the Company not meeting its expenditure commitments.

13. INCOME TAXES

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

	2014	2013
Earnings (loss) for the year	$ (1,398,271)	$ (1,269,916)
Expected income tax (recovery)	$ (364,000)	$ (322,000)
Change in statutory, foreign tax and other	(112,000)	(8,000)
Permanent differences	99,000	-
Impact of flow through share	-	2,000
Share issue cost	(3,000)	1,000
Adjustment to prior years provision	84,000	-
Change in unrecognized deductible temporary differences	296,000	327,000
Total income tax expense (recovery)	**$ -**	**$ -**

The BC provincial corporate income tax rate increased 1%, effective April 1, 2013. The Canadian federal corporate income tax rate reduced by 1.5% effective January 31, 2012. The Company's effective tax rate as at July 31, 2014 and 2013 reflect these changes. The effective rates were: 2014 – 26.0%; 2013 – 25.3%.

The significant components of the Company's unrecorded deferred tax assets and liabilities are as follows:

	2014	2013
Deferred Tax Assets (liabilities)		
Exploration and evaluation assets	$ 2,213,000	$ 2,030,000
Property and equipment	4,000	2,000
Share issue costs	20,000	27,000
Non-capital losses available for future period	656,000	481,000
Capital loss carry forward	27,000	-
	2,920,000	2,540,000
Unrecognized deferred tax assets	(2,920,000)	(2,540,000)
Net deferred tax assets	**$ -**	**$ -**

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

(Stated in Canadian dollars)

The significant components of the Company's temporary differences and unused tax losses are as follows:

	2014	Expiry Date Range	2013	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets and investment tax credit	$ 8,507,000	No expiry date	$ 7,809,000	No expiry date
Property and equipment	14,000	No expiry date	9,000	No expiry date
Share issue costs	76,000	2015 to 2018	105,000	2014 to 2017
Non-capital losses available for future period	2,522,000	2015 to 2034	1,849,000	2014 to 2033
Capital losses available for future period	210,000	No expiry date	-	-

14. SEGMENTED INFORMATION

The Company has two reportable operating segments, being the acquisition and exploration of mineral properties in Canada and the United States.

	Property and Equipment	Exploration & Evaluation Assets
July 31, 2014		
Canada	$ 7,299	$ 627,034
United States	-	60,000
	$ 7,299	$ 687,034

	Property and Equipment	Exploration & Evaluation Assets
July 31, 2013		
Canada	$ 4,023	$ 883,036
United States	-	-
	$ 4,023	$ 883,036

15. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

Fair value of financial instruments

The Company's financial instruments include cash, sales tax receivable, accounts payable and accrued liabilities, due to related parties, loans payable, promissory note payable, preferred share subscriptions received and provisions. With the exception of cash, the carrying value of the Company's financial instruments approximate their fair values due to their relatively short periods to maturity.

Cash is measured at fair value using level 1 inputs.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. The Company's cash is exposed to credit risk. The Company has assessed the credit risk on its cash as low as its funds are held in highly rated Canadian financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity by maintaining adequate cash balances and by raising equity financings. The Company has no assurance that such financings will be available on favorable terms. The Company believes it is subject to liquidity risk through its working capital deficiency. In general, the Company attempts to avoid exposure to liquidity risk by obtaining corporate financing through the issuance of common shares. As at July 31, 2014 the Company had cash of $34 to settle current liabilities of $1,532,297 which fall due for payment within twelve months of the statement of financial position. All of the Company's contractual obligations are current and due within one year.

Foreign exchange risk

Foreign exchange risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company does not believe that it is subject to foreign exchange risk, and does not hold any funds in foreign currencies as at July 31, 2014 (July 31, 2013 – $Nil).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. Management considers the interest rate risk to be minimal as at and for the year ended July 31, 2014.

Capital management

The Company's objective in managing its capital, which is comprised of debt and equity, is to safeguard all cash resources by investing in government or bank instruments which can be liquidated promptly and which yield acceptable rates of return, and also to issue from its treasury shares, warrants and options which can be converted to cash. Treasury issuances of shares, stock options and share purchase warrants are part of the Company's capital raising process and are issued when cash is required, ideally under favorable market conditions, and with regard to dilution of the Company's capital structure. The exercise of warrants and options are not under the control of the Company's management. All capital transactions are subject to approval of the Company's directors. The Company is not subject to externally imposed capital requirements.

The Company's approach to managing capital remains unchanged from the year ended July 31, 2013.

16. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the year ended July 31, 2014:

The Company completed a non-brokered private placement of 15,560,080 units at a price of $0.05 for gross proceeds of $778,004. Cash proceeds of $ 350,416 were received in connection with this financing, while a total of $427,588 worth of units were issued as an offset to outstanding accounts payable and accrued liabilities and amounts due to related parties. Each unit consisted of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire one common share of the Company for a period of two years at an exercise price of $0.10 per share.

The Company was issued a Cease Trade Order in respect of the Company's securities by the Ontario Securities Commission ("OSC") on December 29, 2014 based on the Company's failure to file annual financial statements for the year ended July 31, 2014 by the deadline of November 28, 2014.