Select Sands Corp.
(formerly La Ronge Gold Corp.)

Condensed Interim Financial Statements

For the six months ended January 31, 2015 and 2014
(Expressed in Canadian Dollars)

NOTICE

No auditor review of these condensed interim financial statements

The accompanying unaudited condensed interim financial statements of Select Sands Corp. (“the Company”), for the six months ended January 31, 2015, have been prepared by management and have not been the subject of a review by the Company’s external independent auditors.

Select Sands Corp.
Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

		January 31 2015		July 31 2014
ASSETS				
Current				
Cash and cash equivalents	$	**414,372**	$	324,069
Sales tax recoverable		**23,818**		10,925
Amounts receivable (Note 3)		**215,767**		-
Prepaid expenses		**4,435**		16,878
Total Current Assets		**658,392**		351,872
Investment Deposit (Note 3)		**-**		1,000,000
Available-for-sale Investments (Note 4)		**-**		-
Exploration And Evaluation Assets (Note 5)		**4,687,355**		4,242,815
Total Assets	$	**5,345,747**	$	5,594,687
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 6)	$	**75,439**	$	166,456
Flow-through premium liability		**-**		63,575
Total Liabilities		**75,439**		230,031
EQUITY				
Share Capital (Note 7)		**17,435,031**		17,505,281
Commitment To Issue Shares (Note 7)		**646,100**		-
Share Subscriptions Receivable		**-**		(50,000)
Share-based Payment Reserve		**2,123,150**		2,051,394
Accumulated Other Comprehensive Loss		**(5,625)**		(5,625)
Deficit		**(14,928,348)**		(14,136,394)
Total Equity		**5,270,308**		5,364,656
Total Liabilities And Equity	$	**5,345,747**	$	5,594,687

These financial statements were authorized for issue by the Board of Directors on April 1, 2015. They are signed on the Company's behalf by:

"Rasool Mohammad"	*"Darren Urquhart"*
Director	**Director**

-- The accompanying notes are an integral part of these condensed interim financial statements --

Select Sands Corp.

Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended January 31, **2015**	Three months ended January 31, 2014	Six months ended January 31, **2015**	Six months ended January 31, 2014
General And Administrative Expenses				
Administrative services and rent (Note 6)	**$ 5,000**	$ 12,000	**$ 22,600**	$ 24,000
Advertising and promotion	**113,233**	67,233	**133,816**	104,402
Compensation and consulting (Note 6)	**42,677**	120,569	**79,618**	223,372
Interest	**17,850**	-	**17,850**	-
Office expense and miscellaneous	**9,939**	6,901	**30,526**	17,390
Part XII.6 tax	**2,925**	-	**2,925**	-
Professional fees	**64,585**	(50)	**78,512**	11,070
Regulatory and stock transfer fees	**14,977**	3,760	**15,811**	11,948
Property investigation costs	**24,854**	-	**24,854**	-
Share-based compensation (Note 6)	**71,756**	1,667	**71,756**	8,974
Loss Before Other Items	**(367,796)**	(212,080)	**(478,268)**	(401,156)
Other Items				
Abandoned claims	**-**	(331,592)	**-**	(331,592)
Deferred income taxes recovered	**63,575**	-	**63,575**	-
Disposal of marketable securities (Note 3)	**(374,215)**	-	**(374,215)**	-
Interest income (expense)	**140**	10,791	**(3,046)**	23,206
Total Other Items	**(310,500)**	(320,801)	**(313,686)**	(308,386)
Loss Before Income Taxes	**(678,296)**	(532,881)	**(791,954)**	(709,542)
Net Loss For Period	**(678,296)**	(532,881)	**(791,954)**	(709,542)
Other Comprehensive Loss				
Net unrealized on gain (losses) available-for-sale investment	**-**	(1,500)	**-**	9,750
Comprehensive Loss For The Period	**$ (678,296)**	$ (534,381)	**$ (791,954)**	$ (699,792)
Basic And Diluted Loss Per Share	**$ (0.02)**	$ (0.02)	**$ (0.02)**	$ (0.02)
Weighted Average Number Of shares Outstanding	**41,626,408**	33,392,288	**41,626,408**	33,310,087

-- The accompanying notes are an integral part of these condensed interim financial statements --

Select Sands Corp.
Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	SHARE CAPITAL		SHARE	COMMITMENT TO ISSUE	SHARE-BASED PAYMENT	ACCUMULATED OTHER COMPREHENSIVE		
	NUMBER	AMOUNT	SUBSCRIPTIONS	SHARES	RESERVE	INCOME (LOSS)	DEFICIT	TOTAL
Balance, July 31, 2013	37,415,088	$ 16,542,634	$ -	$ -	$ 2,036,335	$ (4,500)	$ (12,727,119)	$ 5,847,350
Issued shares for cash private placement	4,000,000	1,000,000	(50,000)	-	-	-	-	950,000
Share issuance costs								
Cash	-	(73,625)	-	-	-	-	-	(73,625)
Non-cash for warrants	-	(39,500)	-	-	39,500	-	-	-
Warrants exercised	196,320	71,567	-	-	(22,486)	-	-	49,081
Options Exercised	15,000	4,205	-	-	(1,955)	-	-	2,250
Other comprehensive income	-	-	-	-	-	(1,125)	-	(1,125)
Net loss for the year	-	-	-	-	-	-	(1,409,275)	(1,409,275)
Balance, July 31, 2014	41,626,408	17,505,281	(50,000)	-	2,051,394	(5,625)	(14,136,394)	5,364,656
Share subscriptions received	-	-	50,000	-	-	-	-	50,000
Commitment to issue shares	-	-	-	646,100	-	-	-	646,100
Share issuance costs – cash	-	(70,250)	-	-	-	-	-	(70,250)
Share-based compensation	-	-	-	-	71,756	-	-	71,756
Net loss for the period	-	-	-	-	-	-	(791,154)	(791,154)
Balance, January 31, 2015	**41,626,408**	**$ 17,435,031**	**$ -**	**$ 646,100**	**$ 2,123,150**	**$ (5,625)**	**$ (14,928,348)**	**$ 5,270,308**

-- The accompanying notes are an integral part of these condensed interim financial statements --

Select Sands Corp.
Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Six months ended January 31, 2015	Six months ended January 31, 2014
Operating Activities		
Net loss for the period	**(791,954)**	(296,828)
Adjustments to reconcile loss to net cash used in Operating activities:		
Share-based compensation	**71,756**	-
Deferred income tax recovery	**(63,575)**	-
Disposal of marketable securities	**374,215**	-
Changes in non-cash operating assets and liabilities:		
Accounts payable and accrued liabilities	**(91,017)**	(30,166)
Prepaid expenses	**12,443**	(37,975)
Sales tax recoverable	**(12,893)**	(5,502)
Total Cash Used In Operating Activities	**(501,025)**	(370,471)
Investing Activities		
Exploration and evaluation assets	**(415,930)**	(232,691)
Investment deposit	**381,408**	-
Total Cash Used In Investing Activities	**(34,522)**	(232,691)
Financing Activity		
Issue of common shares for cash, net	**-**	49,080
Commitment to issue shares, net	**625,850**	-
Total Cash Provided By Financing Activities	**625,850**	49,080
Increase (Decrease) In Cash And Cash Equivalents	**90,303**	(554,082)
Cash And Cash Equivalents, Beginning Of Period	**324,069**	1,751,920
Cash And Cash Equivalents, End Of Period	**414,372**	1,197,838

-- The accompanying notes are an integral part of these condensed interim financial statements --

1. NATURE OF OPERATIONS

Select Sands Corp. (the "Company") was incorporated in Canada on July 31, 2006 pursuant to the Business Corporations Act (British Columbia) (the "Act"). The Company is a public company listed on the TSX Venture Exchange (the "TSX.V"), trading under the "SNS" symbol. The address of the Company's corporate office and principal place of business is Suite 310, 850 West Hastings Street, Vancouver, British Columbia, Canada V6C 1E1.

The Company is in the process of acquiring, exploring and developing its exploration and evaluation assets and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves, or upon future cash flows from production or sale of the properties.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The ability of the Company to arrange additional financing in the future depends, in part, on the prevailing capital market conditions and mineral property exploration success. The Company incurred a net loss and comprehensive loss of $791,954 for the six months ended January 31, 2015 (January 31, 2014 – net loss and comprehensive loss of $709,542) and had a deficit of $14,928,348 (July 31, 2014 - $14,136,394). There is material uncertainty that may cast significant doubt upon the ability of the Company to continue as a going concern.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These condensed interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"), and its interpretations, using accounting policies consistent with International Financial Reporting Standards ("IFRS"). The policies applied in these condensed interim financial statements are presented below and are based on IFRS issued and outstanding as of January 31, 2015. Any subsequent changes to IFRS that are given effect in our annual condensed interim financial statements for the year ending July 31, 2015 could result in restatements of these condensed interim financial statements. None of these standards are expected to have a significant effect on the condensed interim financial statements. These condensed interim financial statements should be read in conjunction with the Company's July 31, 2014 annual financial statements.

b) Basis of Measurement and Presentation

These financial statements have been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. In the opinion of management, all adjustments (including normal recurring accruals), considered necessary for a fair presentation have been included.

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

2. BASIC OF PRESENTATION (Continued)

c) Foreign Currencies

The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

d) Significant Accounting Judgments and Estimates

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

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

- the assessment of indications of impairment of the Company's exploration and evaluation assets and related determination of recoverable values and write-down of those assets where applicable;
- the fair value estimation of share-based payments included in the statements of operations and comprehensive loss; and
- the accounting and recognition of income taxes which is included in the statement of operations and comprehensive loss.

3. INVESTMENT DEPOSIT

On April 29, 2014, the Company entered into an asset purchase agreement with Canfrac Sands Ltd. ("Canfrac"). Under the terms of the agreement, the Company would acquire Canfrac, including all assets and business operations for cash consideration of $4,500,000.

The Company was required to deposit in escrow $1,000,000 (paid) for the purposes of the asset acquisition including a capital expenditure program to improve the purchased assets. In the event the asset purchase agreement was terminated, the escrow amount would be released to the vendor, and the Company would receive 22% of the Canfrac's issued and outstanding voting share capital.

On September 2, 2014, the Company terminated the asset purchase agreement, released the remaining escrow to the vendor and received 22% of Canfrac's issued and outstanding voting shares.

3. INVESTMENT DEPOSIT (Continued)

In connection with the terminated asset purchase agreement, the Company received 22% of Canfrac's issued and outstanding voting share capital in exchange for the Company's $1,000,000 deposit. In December 2014, Cranfrac closed the sale of its frac sands business, including substantially all of its assets, for an aggregate purchase price of $3,500,000. On January 21, 2015, the Company received cash proceeds of $410,018 and recorded an amount receivable for an estimated $215,767 in additional cash proceeds to be received later in 2015. The Company recorded a loss of $374,215 as result of the sale.

4. AVAILABLE-FOR-SALE INVESTMENT

Strike Minerals Inc. ("STK") (TSX.V)

Pursuant to a March 26, 2009 option agreement with STK, the Company received 75,000 common shares of STK during the year ended July 31, 2012. The shares were recorded at $5,625 based upon their fair value of $0.075 per share on July 31, 2012.

As of January 31, 2015 the fair market value of the STK shares was $Nil per share (October 31, 2013 - $750) and accordingly, the Company has recognized an unrealized loss of $1,125 on the shares within other comprehensive loss.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

For the period ended January 31, 2015:

	La Ronge Gold Belt Saskatchewan, Canada	Other Properties Saskatchewan, Canada	Jacobson Old Cabin Ontario, Canada	Elephant Head Ontario, Canada	Arkansas USA	Total
	Note (a)	Note (e)	Note (b)	Note (c)		
Acquisition Costs						
Opening balance	$ 264,356	$ 18,624	$ -	$ 1	$ -	$ 282,981
Acquisition	-	-	-	-	145,625	-
Staking	-	-	-	-	-	-
Write off	-	-	-	-	-	-
Ending balance	264,356	18,624	-	-	145,625	282,981
Exploration Costs						
Opening balance	3,886,944	72,889	1	-	-	3,959,834
Accommodation	-	-	1,501	-	-	1,501
Air travel	-	-	1,322	-	-	1,322
Assays, samples	107,975	-	2,100	-	-	2,674
Drilling	-	-	-	-	-	-
Engineering & consulting	49,750	-	5,700	-	-	9,820
Equipment rental	-	-	-	-	-	-
Expediting service	-	-	-	-	-	-
Field & camp	-	-	-	-	-	-
Geology & mapping	66,420	-	-	-	-	-
Geophysics / Survey	62,653	-	-	-	-	-
Helicopter	-	-	-	-	-	-
Metallurgy	-	-	-	-	-	-
Road construction	-	-	-	-	-	-
Supply & Equipment	-	-	110	-	-	110
Transportation	-	-	1,385	-	-	1,385
Site administration	-	-	-	-	-	-
Write off	-	-	-	-	-	-
Ending balance	4,173,742	72,889	12,119	-	-	4,258,750
Total Costs Incurred During The Period	286,798		12,118	-	145,625	444,541
Balance, Beginning Of Year	4,151,300	91,513	1	1	-	4,242,815
Write-Off	-	-	-	(1)	-	(1)
Balance, End Of Period	$ 4,438,097	$ 91,513	$ 12,119	$ -	$ 145,625	$ 4,687,355
Cost Summary						
Acquisition Costs	$ 264,356	$ 18,624	$ -	$ -	$ 145,625	$ 428,606
Exploration Costs	4,173,742	72,889	12,119	-		4,258,749
Total	$ 4,438,098	$ 91,513	12,119	$ -	$ 145,625	$ 4,687,355

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (Continued)

For the period ended July 31, 2014:

	La Ronge Gold Belt Saskatchewan Canada	Other Properties Saskatchewan, Canada	Jacobson Old Cabin Ontario, Canada	Elephant Head Ontario, Canada	Total
	Note (a)	Note (d)	Note (b)	Note (c)	
Acquisition costs					
Opening balance	$ 264,356	$ -	$ -	$ 1	$ 264,357
Acquisition	-	18,624	-	-	18,624
Ending balance	264,356	18,624	-	1	282,981
Exploration costs					
Opening balance	3,709,246	-	1	-	3,709,247
Accommodation	-	3,943	-	-	3,943
Air travel	-	2,819	-	-	2,819
Assays, samples	3,117	-	-	-	3,117
Drilling	-	50	-	-	50
Engineering & consulting	112,512	44,064	-	-	156,576
Expediting service	15	-	-	-	15
Field & camp	1,650	-	-	-	1,650
Geology & mapping	5,000	-	-	-	5,000
Geophysics / Survey	-	19,626	-	-	19,626
Metallurgy	48,189	397	-	-	48,586
Supply & Equipment	-	644	-	-	644
Transportation	1,900	1,346	-	-	3,246
Site administration	1,715	-	-	-	1,715
Wages and benefits	3,600	-	-	-	3,600
Ending balance	3,886,944	72,889	1	-	3,959,834
Total costs incurred during the year	177,698	91,513	-	-	269,211
Balance, beginning of year	3,973,602	-	1	1	3,973,604
Balance, end of year	$ 4,151,300	$ 91,513	$ 1	$ 1	$ 4,242,815
Cost summary					
Acquisition costs	$ 264,356	$ 18,624	$ -	$ 1	$ 282,981
Exploration costs	3,886,944	72,889	1	-	3,959,834
Total	$ 4,151,300	$ 91,513	$ 1	$ 1	$ 4,242,815

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (Continued)

a) La Ronge Gold Belt

i) Pursuant to an Option Agreement dated September 22, 2011 (as amended May 31, 2013) the Company has the option to acquire up to a 100% interest in three mineral claims known as the Pap-Preview Property in consideration for the following and the completion of a Preliminary Feasibility Study:

Date	Payments		Share issuances		Exploration expenditures
Date of signing.	$ 5,000	(paid)	150,000	(issued)	$ -
Within 10 business days of Exchange approval	10,000	(paid)	-		-
On or before September 22, 2012	20,000	(paid)	150,000	(issued)	200,000 (incurred)
On or before May 31, 2013	40,000	(paid)	-		-
Within 10 business days of Exchange acceptance	-		800,000	(issued)	-
On or before September 22, 2013					300,000 (incurred)
On or before September 22, 2014	-		-		300,000 (incurred)
On or before September 22, 2015	-		-		350,000 (incurred)
On or before September 22, 2016	-		-		350,000 (incurred)
	$ 75,000		1,100,000		$ 1,500,000

Upon completing the above payments, share issuances and work expenditures by the fifth anniversary of the agreement and completion of a Preliminary Economic Assessment Study, the Company will be deemed to be vested with a 75% interest in the property. Upon the completion of a Preliminary Feasibility Study, the Company will be deemed to be vested with the final 25% interest (for a total of 100%). Up to an additional 875,000 common shares are issuable to the optionor in the event that 43-101 reports confirm the existence of various categories of mineral resources exceeding threshold grades and amounts, and/or if a pre-feasibility study is commissioned. The Company has also granted the optionee a 2.5% NSR royalty on the property, of which 1.0% NSR can be repurchased for $1,000,000 at any time prior to a production decision.

On May 31, 2013, this agreement was amended so the Company may earn a 100% by:

- paying $40,000 dollars on signing the amendment (Paid);
- issuing 800,000 shares on exchange approval;
- paying $60,000 on completion of a positive feasibility study; and
- issuing 625,000 shares once a production decision is made

The 1.5% NSR may be purchased for $2,000,000 up till the time a production decision is made.

ii) By an option agreement dated July 12, 2011, the Company acquired an option to earn a 100% interest in two properties located in the La Ronge mining district, Saskatchewan.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (Continued)

a) La Ronge Gold Belt (Continued)

The Cuchon Bay and Stewart River properties have claims of a total size of 6,415 hectares. Consideration consists of:

Date	Payments		Share issuances		Exploration expenditures
Date of signing	$ 10,000	(paid)	150,000	(issued)	$ -
By August 31, 2011 & upon Board of Directors and Exchange approval	5,000	(paid)	150,000	(issued)	-
On or before December 31, 2011	-		-		100,000 (incurred)
On or before December 31, 2013	-		-		250,000
On or before December 31, 2015	-		-		350,000
	$ 15,000		300,000		$700,000

The Company is also required to complete a work contract with the optionor of $25,000 each year by December 31 over four years. A 1.5% Net Smelter Royalty ("NSR") is payable on the property with a $1,000,000 buyout right to the Company.

Due to the Company's focus on the Preview SW deposit, the option was allowed to lapse on December 31, 2012. The Company wrote off all expenditures incurred on these properties of $331,592.

iii) By staking, the Company also acquired a 100% interest in a land package in the La Ronge mining district, Saskatchewan. The properties consist of Kavanagh Lake, McKay Lake, Mine Lake, Otter Lake, and additional Stewart River properties that have claims covering 34,098 hectares.

During the year ended July 31, 2013, as a result of management's focus on the Pap-Preview property, the Company wrote off all expenditures incurred on these properties.

iv) Pursuant to an Option Agreement dated September 22, 2011 the Company had the option to acquire up to a 100% interest in the BHB Property in consideration for $55,000 ($15,000 paid) and 50,000 common shares (50,000 issued).

During the year ended July 31, 2013, as a result of management's focus on the Pap-Preview property, the Company wrote off all expenditures incurred on this property.

v) Pursuant to an Option Agreement dated September 22, 2011, as amended August 23, 2012, the Company had the option to acquire up to a 100% interest in nine (9) mineral claims known as the Wedge Property in consideration for $105,000 ($25,000 paid) and 1,000,000 common shares (250,000) issued.

During the year ended July 31, 2013, as a result of management's focus on the Pap-Preview property, the Company wrote this property down to $1.

b) Jacobson, Old Cabin

The Company entered into various agreements that granted the Company a 100% interest in a land package in Jacobson Townships, Ontario. The terms of the various agreements include:

5. EXPLORATION AND EVALUATION ASSETS (Continued)

i) **Jacobson** - By an option agreement dated March 7, 2005, the Company acquired a 100% interest in a land package in Jacobson Township. A 2% Net Smelter Returns ("NSR") is payable on the property half of which can be purchased for $750,000.

ii) **Old Cabin** - By an option agreement dated July 13, 2004 and amended February 14, 2005, the Company acquired a 100% interest in a land package in Jacobson Township. A 2% NSR is payable on the property one-quarter of which can be purchased for $500,000.

During the year ended July 31, 2012, as a result of management's focus on the La Ronge property, the Jacobson Old Cabin property was written down by $146,241 to a value of $1.

c) Elephant Head

By staking, the Company acquired a 100% interest in a land package in Connaught township of Ontario. Effective May 20, 2011, the Company staked 8 claims in the property. During the year ended July 31, 2013, as a result of management's focus on the Pap-Preview property, the Company wrote this property down to $1. As of January 31, 2015, the Company has dropped its claim to this property.

d) Arkansas, USA

On October 9, 2014 the Company entered into a binding letter of agreement for an option to acquire a 100% undivided right, title and interest in an approximately 520-acre prospective frac sand property located in northeast Arkansas, USA. The Property is a greenfield frac sand exploration prospect underlain by the Ordovician St. Peter sandstone formation.

The acquisition was at arm's length and an initial payment was made of US$25,000 (paid), further payments of (i) US$100,000 (paid) on or before Dec. 25, 2014; and (ii) US$75,000 on or before February 25, 2015 (paid subsequent to period end); and (iii) a final payment of $US1,800 per acre less prior payments made (or approximately US$736,000) is due to the vendor on or before April 25, 2016. The final payment may be delayed until April 25, 2018 if the company decides to pay $4000 per month to the vendors (half of the $4000 will go to the principal payment).

e) Other Properties

By staking, the Company acquired a 100% interest in a land package in Saskatchewan consisting of six mining claims.

6. DUE FROM/TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS

The Company incurred the following related party transactions during the six months ended January 31, 2015 and 2014 and had the following balances with related parties outstanding as at January 31, 2015 and July 31, 2014:

a) The Company incurred rent to a private company controlled by two common directors in the total amount of $22,600 during the six months ended January 31, 2015 (2014 - $29,800). The Company had a balance of prepaid rent with the private company in the amount of $Nil (2014 - $5,000). As of January 2015, the company pays rent directly to the landlord and no director controlled private company is involved.

(Expressed in Canadian Dollars)

6. DUE FROM/TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

b) The Company has accounts receivable from companies with common directors in the amount of $Nil (2014 - $309,841).

Remuneration of directors and key management personnel were as follows:

	Six months ended January 31	
	2015	2014
Compensation and consulting	**$ 79,618**	$ 192,000
Share-based compensation	**60,146**	-
Total compensation of key management	**$139,764**	$ 192,000

The above transactions were in the normal course of operations and have been recorded at amounts agreed to by the related parties. All amounts either due from or due to related parties are non-interest bearing, unsecured and have no fixed terms of repayment.

7. SHARE CAPITAL AND RESERVES

a) Authorized

Unlimited number of common shares without par value

b) Issued

In November, 2014, the Company completed a non-brokered private placement of convertible debentures in the principal amount of $595,000. The principal amount of the Debentures will bear interest at 15% per annum, compounded quarterly not in advance with the principal amount of the Debentures payable on May 19, 2016 (the "Maturity Date").

Subject to an early conversion (the "Early Conversion") of the principal amount of the Debentures, on the Maturity Date, the principal amount of the Debentures will be automatically converted into units (the "Principal Units") of the Company at a conversion price of $0.15 per Principal Unit; and, provided that the Early Conversion has not occurred, all accrued interest on the Debentures will be automatically converted into common shares (the "Interest Shares") of the Company at a conversion price equal to the applicable market price (as determined pursuant to the policies of the TSX Venture Exchange) of the common shares on the Maturity Date. In the case of Early Conversion, interest will not be paid.

Upon conversion, each Principal Unit will be comprised of a common share of the Company and a full warrant exercisable into a common share at an exercise price of $0.15 per share from issuance.

In connection with the private placement, the company paid an aggregate of $33,250 in finder's fees and issued an aggregate of 246,346 broker warrants to arm's length third-party finders. Each broker warrant is exercisable to acquire one common share of the Company at $0.15 until May 19, 2016. The broker warrants were given a value of $7,314 using the Black-Scholes pricing model and the following assumptions:

Expected life:	1.5 years
Risk free rate:	1.37%
Expected volatility:	100%
Expected dividend rate:	0%

(Expressed in Canadian Dollars)

7. SHARE CAPITAL AND RESERVES (Continued)

For the period ended January 31, 2015, the Company has recorded $17,850 in interest expense that is included in Commitment to issue shares.

The securities issued will be subject to a 4 month hold period expiring on March 19, 2015.

Year ended July 31, 2014:

In May 2014, the Company completed a private placement and issued 4,000,000 non-flow-through common shares at a price of $0.25 per common share for total proceeds of $1,000,000. Share issuance costs of $73,625 were paid in respect of the financing. An officer of the Company participated in this private placement by purchasing a total of 450,000 shares.

Subsequent to the year end, the Company received $50,000 related to subscriptions receivable. The Company also issued 234,500 broker warrants entitling the holder to purchase one common share at $0.25 per share for a period of 24 months. A total of $39,500 was recognized as share issue non-cash costs for the broker warrants.

c) Warrants

A summary of the changes in warrants follows:

	NUMBER OF WARRANTS	WEIGHTED AVERAGE EXERCISE PRICE $
Balance, July 31, 2014	1,603,350	1.04
Granted	246,346	0.15
Expired/Cancelled	(132,250)	0.10
Exercised	-	-
Balance, January 31, 2014	**1,717,446**	1.13

As at January 31, 2014 the following share purchase warrants were outstanding:

EXPIRY DATE	EXERCISE PRICE $	NUMBER OF WARRANTS
February 21, 2015	2.00	838,800 *
March 15, 2015	0.40	397,800 *
May 19, 2016	0.15	246,346
May 29, 2016	0.25	234,500
		1,717,446

* Subsequent to the period ended January 31, 2015, the warrants expired unexercised.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL AND RESERVES (Continued)

d) Stock Options

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company exercisable pursuant to options granted under the Plan may not exceed ten percent of the issued and outstanding shares of the Company at the grant date. Options granted under the Plan may have a maximum term of ten years. The exercise price of options granted under the Plan will not be less than the discounted market price of the shares (defined as the last closing market price of the Company's shares immediately preceding the grant date, less the maximum discount permitted by TSX.V policy), or such other price as may be agreed to by the Company and accepted by the TSX.V. Stock options granted to consultants providing investor relations activities under the Plan are subject to minimum vesting restrictions such that one-quarter of the option shall vest on each of the date grant and three, six and twelve months after the date of grant.

A summary of the changes in stock options follows:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE $
Balance, July 31, 2014	2,155,500	0.42
Granted	750,000	0.15
Expired/Cancelled	-	-
Balance, July 31, 2014 and January 31, 2015	**2,905,500**	**0.35**

The options were given a value of $64,442 using the Black-Scholes pricing model and the following assumptions:

Expected life:	5 years	Expected volatility:	100%
Risk free rate:	1.43%	Expected dividend rate:	0%

The following summarizes the stock options outstanding and exercisable as at January 31, 2015:

EXPIRY DATE	EXERCISE PRICE $	OPTIONS OUTSTANDING	OPTIONS EXERCISABLE
January 28, 2017	1.00	49,000	49,000
May 3, 2018	0.15	767,000	767,000
February 23, 2019	0.56	1,339,500	1,339,500
December 4, 2019	0.15	750,000	750,000
		2,905,500	2,905,500

As at January 31, 2015, the weighted average remaining contractual life of the share purchase options is 3.73 years and the weighted average exercise price is $0.42 (2014 – 4.40 years and $0.47).

e) Escrow

As of January 31, 2015 and 2014, 6,248 common shares were held in escrow.

f) Nature and Purpose of Reserve

The reserve recorded in equity on the Company's Statements of Financial Position includes Share-based Payment Reserve which is used to recognize the fair value of stock option grants prior to exercise, expiry or cancellation and the fair value of other share-based consideration paid at the date of payment.

(Expressed in Canadian Dollars)

8. MANAGEMENT OF CAPITAL

The Company manages its cash, common shares, stock options and warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. There were no changes in the Company's approach to capital management during the period ended January 31, 2015. The Company is not subject to externally imposed capital requirements.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The disclosures in the notes to these financial statements describe how the categories of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognized.

As at January 31, 2015, the classification of the financial instruments, as well as their carrying values and fair values, are shown in the table below:

	LEVEL	FVTPL	LOANS AND RECEIVABLES/ OTHER FINANCIAL LIABILITIES	AVAILABLE FOR SALE	TOTAL FAIR VALUE
Financial Assets					
Cash and cash equivalents (a)	1	$ 414,372	$ -	$ -	$ 414,372
Amounts receivables	2	215,767	-	-	215,767
		$ 630,139	$ -	$ -	$ 630,139
Financial Liabilities					
Accounts payable and accrued liabilities (a)	2	$ -	$ 75,439	$ -	$ 75,439
		$ -	$ 75,439	$ -	$ 75,439

As at July 31, 2014, the classification of the financial instruments, as well as their carrying values and fair values, are shown in the table below:

(Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

	LEVEL	FVTPL	LOANS AND RECEIVABLES/ OTHER FINANCIAL LIABILITIES	AVAILABLE FOR SALE	TOTAL FAIR VALUE
Financial Assets					
Cash and cash equivalents (a)	1	$ 324,069	$ -	$ -	$ 324,069
Related party receivables (b)	2	-	-	-	-
		$ 324,069	$ -	$ -	$ 324,069
Financial Liabilities					
Accounts payable and accrued liabilities (a)	2	$ -	$ 230,031	$ -	$ 230,031
		$ -	$ 230,031	$ -	$ 230,031

At January 31, 2015 and July 31, 2014, the Company's financial instruments which are measured at fair value on a recurring basis are cash and cash equivalents. The carrying values of the Company's loans and receivables and financial liabilities were a reasonable approximation of fair value due to the short term nature of their maturities.

The Company is exposed to potential loss from various risks including commodity price risk, interest rate risk, currency risk, credit risk and liquidity risk. Based on the Company's operations the liquidity risk and commodity price risk are considered the most significant. There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

There have been no transfers between levels 1 and 2, or transfers in or out of level 3 for the year ended July 31, 2014 and period ended January 31, 2015.

a) Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risk associated with fluctuations in the market prices of base and precious metals including gold, silver, zinc and lead, and the outlook for these metals. The Company does not have any hedging or other derivative contracts respecting its operations.

Market prices for metals historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators. The Company has elected not to actively manage its commodity price risk, as the nature of Company's business is in exploration.

b) Liquidity Risk

The liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk through careful management of its financial obligations in relation to its cash position. Using budgeting processes the Company manages its liquidity requirements based on expected cash flow to ensure there are adequate funds to meet the short term obligations during the year.

(Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

During the past year the Company has been able to maintain its liquidity position through private placements. However, the variable market conditions make it uncertain whether the Company can continue to raise adequate funds to meet its financial obligations.

b) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or a counter party to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist of cash and cash equivalents. Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed on demand.

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company has gross credit exposure as at January 31, 2015 and July 31, 2014 of $630,139 and $324,069 respectively with respect to cash and cash equivalents and amounts due from related parties.

10. SEGMENTED DISCLOSURE

The Company has one operating segment, mineral exploration and development. All of the Company's assets are located in Canada and the USA as follows:

	January 31, 2015		
	Current Assets	Exploration And Evaluation Assets	Total
Canada	$ 658,392	$ 4,541,730	$ 5,200,122
USA	-	145,625	145,625
	$ 658,392	$ 4,687,355	$ 5,345,747

	July 31, 2014			
	Current Assets	Exploration And Evaluation Assets	Investment Deposit	Total
Canada	$ 351,872	$ 4,242,815	$ 1,000,000	$ 5,594,687

11. SUBSEQUENT EVENT

On March 23, 2015, the Company granted 700,000 stock options with an exercise price of $0.15 per share to certain officers and directors. The options have a five year life and expire on March 23, 2020.