Arian Resources Corp.

Condensed Consolidated Interim Financial Statements

Three and Six Months Ended November 30, 2014 and 2013

(Expressed in Canadian Dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited interim consolidated financial statements have been prepared by and are the responsibility of the management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Arian Resources Corp.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars - unaudited)

	Notes	November 30, 2014	May 31, 2014
ASSETS			
Current assets			
Cash and cash equivalents	3	$ 65,395	$ 1,205,002
Receivables	4	443,711	142,478
Prepaid expenses	5	388,508	165,038
		897,614	1,512,518
Non-current assets			
Equipment	6	475,927	113,221
Exploration and evaluation assets	7	2,396,281	1,187,273
		2,872,208	1,300,494
TOTAL ASSETS		**$ 3,769,822**	**$ 2,813,012**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	$ 1,470,438	$ 566,709
Due to related parties	10	170,165	34,375
TOTAL LIABILIITES		**1,640,603**	**601,084**
SHAREHOLDERS' EQUITY			
Share capital	9	23,910,280	23,039,736
Shares to be issued		-	384,776
Share-based payment reserve	9	3,248,140	3,125,172
Warrant reserve	9	3,902,481	3,414,199
Deficit		(28,931,682)	(27,751,955)
TOTAL EQUITY		**2,129,219**	**2,211,928**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 3,769,822**	**$ 2,813,012**

Subsequent Event – Note 13

On behalf of the Board:

"Zip Dhanani", Director *"Robert Naso"*, Director

Arian Resources Corp.
Condensed Consolidated Interim Statements of Comprehensive Loss
(Expressed in Canadian dollars - unaudited)

		Three months ended		Six months ended	
	Notes	November 30, 2014	November 30, 2013	November 30, 2014	November 30, 2013
Expenses					
Advertising and promotion		$ 23,405	$ 4,973	$ 44,210	$ 9,025
Amortization	6	15,221	1,542	21,731	2,994
Consulting fees		178,574	-	435,669	57,804
Foreign exchange loss (gain)		9,389	3,669	33,716	(5,288)
Insurance		6,867	-	10,300	-
Interest and bank charges		2,582	1,339	5,025	3,019
Investor relations		14,750	-	14,750	-
Management fees	10	51,036	43,500	85,536	152,002
Meals and entertainment		1,394	-	2,970	-
Office		7,665	9,569	16,511	19,240
Professional fess		46,621	(5,447)	85,852	34,354
Property investigation		7,500	993	7,500	993
Rent		22,684	19,982	41,707	39,399
Salaries and wages		18,819	1,685	21,883	3,328
Shareholder communications		7,750	-	7,750	-
Stock based compensation		-	-	122,968	-
Telephone and utilities		790	1,258	2,599	2,653
Travel		187,850	28,165	181,534	48,929
Trust and filing fees		10,216	16,964	39,600	32,692
		(613,113)	(128,192)	(1,181,811)	(401,144)
Other items					
Interest income		-	759	2,084	2,526
Comprehensive loss		**$ (613,113)**	**$ (127,433)**	**$ (1,179,727)**	**$ (398,618)**
Basic and diluted loss per common share	9	**$ (0.01)**	**$ (0.00)**	**$ (0.02)**	**$ (0.00)**

(Expressed in Canadian dollars - unaudited)

		Share capital						
	Notes	Number of shares	Amount	Shares to be issued	Share-based payment reserve	Warrant reserve	Deficit	Total
Balance at June 1, 2013		**36,118,179**	**$ 17,274,850**	**$ 9,000**	**$ 1,611,625**	**$ 2,166,293**	**$ (19,828,599)**	**$ 1,233,169**
Comprehensive loss		-	-	-	-	-	(398,618)	(398,618)
Shares issued for cash – private placement		7,375,981	529,642	(9,000)	-	576,754	-	1,097,396
Share issue costs - finder units		207,667	(14,924)	-	-	14,924	-	-
Warrants exercised		500,000	50,000	-	-	-	-	50,000
Balance at November 30, 2013		**44,201,827**	**$ 17,839,568**	**$ -**	**$ 1,611,625**	**$ 2,757,971**	**$ (20,227,217)**	**$ 1,981,947**
Balance at June 1, 2014	9	**88,336,907**	**$ 23,039,736**	**$ 384,776**	**$ 3,125,172**	**$ 3,414,199**	**$ (27,751,955)**	**$ 2,211,928**
Comprehensive loss		-	-	-	-	-	(1,179,727)	(1,179,727)
Shares issued for cash – private placement		10,894,833	893,347	(384,776)	-	465,479	-	974,050
Share issue costs - finder units		539,334	(22,803)	-	-	22,803	-	-
Warrants exercised		1,000,000	100,000	-	-	-	-	100,000
Shares cancelled		(1,000,000)	(100,000)	-	-	-	-	(100,000)
Stock-based compensation		-	-	-	122,968	-	-	122,968
Balance at November 30, 2014		**99,771,074**	**23,910,280**	**-**	**3,248,140**	**3,902,481**	**(28,931,682)**	**2,129,219**

Arian Resources Corp.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian dollars - unaudited)

		Three months ended		Six months ended	
		November 30, 2014	**November 30, 2013**	**November 30, 2014**	**November 30, 2013**
	Notes				
Operating activities					
Loss for the period		$ (613,113)	$ (127,433)	$ (1,179,727)	$ (398,618)
Adjustments for non-cash items:					
Amortization	6	15,220	1,542	21,731	2,994
Stock based compensation		-	-	122,968	-
Changes in non-cash working capital items:					
Receivables		111,336	103,767	(294,387)	(3,911)
Prepaid expenses		(287,844)	(291,241)	(223,470)	(269,416)
Due to related parties		(28,217)	-	2,247	-
Accounts payable and accrued liabilities		1,168,456	4,389	1,030,426	(228,664)
Net cash flows from (used in) operating activities		365,838	(308,976)	(520,212)	(897,615)
Investing activities					
Expenditures on exploration and evaluation assets	7	(923,144)	(58,378)	(1,209,008)	(442,381)
Expenditures on equipment		(371,462)	(3,599)	(384,436)	(3,599)
Net cash flows used in investing activities		(1,294,606)	(61,977)	(1,593,444)	(445,980)
Financing activities					
Warrants exercised		-	-	100,000	50,000
Shares issued for cash	9	705,000	656,396	1,358,826	1,106,396
Shares to be issued	9	-	-	(384,776)	(9,000)
Shares cancelled		(100,000)	-	(100,000)	-
Loan from related party		-	(56,025)	-	(111,560)
Net cash flows from financing activities		605,000	600,371	974,050	1,035,836
Increase (decrease) in cash and cash equivalents		(323,768)	229,418	(1,139,607)	(307,759)
Cash and cash equivalents, beginning		389,163	132,276	1,205,002	669,453
Cash and cash equivalents, ending		**$ 65,395**	**$ 361,694**	**$ 65,395**	**$ 361,694**

1. Nature and continuance of operations

Arian Resources Corp. (the "Company") was incorporated in British Columbia on January 24, 2007. Arian Resources Corp. changed its name on December 18th, 2012. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "ARC". The Company's principal activity is the exploration and evaluation of mineral properties.

The head office, principal and registered address and records office of the Company are located at 1199 West Hastings Street, Suite 800, Vancouver, British Columbia, Canada, V6E 3T5.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at November 30, 2014 the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its exploration and evaluation activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and/or private placement of common shares.

2. Significant accounting policies and basis of preparation

The consolidated financial statements were authorized for issue on January 28, 2015 by the directors of the Company.

Statement of compliance

The consolidated financial statements of the Company comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of preparation

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Consolidation

The consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

		Percentage owned*	
	Country of incorporation	**November 30, 2014**	**November 30, 2013**
Golden Touch Resources Australia Pty Ltd.	Canada	100%	100%
Balkan Resources Shpk ("BRS")	Albania	100%	-
JAB Resources Ltd. ("JAB")	Australia	100%	100%
JAB Resources, Shpk ("SHPK")	Albania	100%	100%

*Percentage of voting power is in proportion to ownership.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

2. Significant accounting policies and basis of preparation (Continued)

Significant estimates

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the useful lives of equipment, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, provisions for restoration and environmental obligations and contingent liabilities.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- The determination of whether an acquisition constitutes a business combination or an acquisition of assets;
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses; and
- the determination of the functional currency of the parent company and its subsidiaries.

Foreign currency translation

The functional currency of each of the Company's subsidiaries is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentation currency. The functional currency of the subsidiaries of the Company has also been determined to be the Canadian dollar.

<u>Transactions and balances:</u>

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive loss in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

2. Significant accounting policies and basis of preparation (Continued)

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Share-based payments

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

2. Significant accounting policies and basis of preparation (Continued)

Financial instruments (Continued)

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive loss, except for impairment losses and foreign exchange gains and losses. Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Impairment of assets

The carrying amount of the Company's assets (which include equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

2. Significant accounting policies and basis of preparation (Continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other 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 mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were 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.

Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

2. Significant accounting policies and basis of preparation (Continued)

Equipment (Continued)

Equipment is recorded at cost less accumulated amortization. Half year rule is applied to the first year of acquisition. Amortization is provided on a straight line basis over the estimated useful lives of the assets as follows:

Equipment	**Useful life / depreciation rate**
Office furniture	5 years
Computers	40% to 66%
Motor Vehicle	30%
Leasehold improvements	30%
Exploration Equipment	20%

3. Cash and cash equivalents

	November 30, 2014	**May 31, 2014**
Cash at bank	$ 65,395	$ 1,205,002
	$ 65,395	$ 1,205,002

4. Receivables

The components of accounts receivable are as follows:

	November 30, 2014	**May 31, 2014**
Value added taxes receivable	$ 60,497	$ 96,936
Other receivable	7,556	-
Receivable from a director (Note 10)	375,658	45,542
	$ 443,711	$ 142,478

5. Prepaid expenses

The prepaid expenses for the Company are broken down as follows

	November 30, 2014	**May 31, 2014**
Advertising	$ 12,500	$ 50,000
Consulting	60,000	25,000
Insurance	5,150	15,450
Internet	417	1,667
Rent deposit	21,575	51,586
Exploration advances	288,866	21,335
	$ 388,508	$ 165,038

6. Equipment

	Office Furniture	Computers	Leasehold improvements	Motor Vehicles	Exploration equipment	Total
Cost:						
At June 1, 2014	$ 88,826	$ 10,651	$ -	$ 35,634	$ -	$ 135,111
Additions	12,256	-	12,974	-	359,206	384,436
At November 30, 2014	$ 101,082	$ 10,651	$ 12,974	$ 35,634	$ 359,206	$ 519,547
Depreciation:						
At June 1, 2014	13,056	3,489	-	5,345	-	21,890
Charge for the period	7,686	698	1,423	2,943	8,980	21,730
At November 30, 2014	20,742	4,187	1,423	8,288	8,980	43,620
Net book value:						
At November 30, 2014	**$ 80,340**	**$ 6,464**	**$ 11,551**	**$ 27,346**	**$ 350,226**	**$ 475,927**

	Office Furniture	Computers	Leasehold improvements	Motor Vehicles	Exploration equipment	Total
Cost:						
At June 1, 2014	$ 23,189	$ 9,961	$ -	$ -	$ -	$ 33,150
Additions	65,637	690	-	35,634	-	101,961
At November 30, 2014	88,826	10,651	-	35,634	$ -	135,111
Depreciation:						
At June 1, 2014	2,318	1,785	-	-	-	4,103
Charge for the period	10,738	1,704	-	5,345	-	17,787
At November 30, 2014	13,056	3,489	-	5,345	-	21,890
Net book value:						
At November 30, 2014	**$ 75,770**	**$ 7,162**	**$ -**	**$ 30,289**	**$ -**	**$ 113,221**

7. Exploration and evaluation assets

	Total for the period ended November 30, 2014	Total for year ended May 31, 2014
Property acquisition costs		
Balance, beginning	$ 16,364,741	$ 14,865,658
Additions – cash	-	520,783
Additions – shares	-	978,300
Balance, ending	16,364,741	16,364,741
Balance, beginning	2,671,477	1,905,068
Costs incurred during period:		
Assay	6,112	12,534
Drilling and related costs	573,465	428,624
Field and camp costs	45,125	-
Geological consulting	413,077	289,608
Salaries and wages	155,609	-
Travel and accommodation	15,620	35,643
	1,209,008	766,409
Balance, ending	3,880,485	2,671,477
Impairment		
Balance, beginning	(17,848,945)	(15,736,878)
Write-down due to impairment	-	(2,112,067)
Balance, ending	(17,848,945)	(17,848,945)
Total	**$ 2,396,281**	**$ 1,187,273**

JAB

JAB's principal assets were the 100% owned Albanian Exploration Projects, four exploration permits, located in Northern Albania. The Albanian Exploration Projects are held through JAB's wholly owned subsidiary SHPK, an Albanian registered company. During the year ended May 31, 2013, the four permits held by SHPK expired and were not renewed; however one permit area, the Kacinar Gold Project, is included in a new gold exploration permit obtained after May 31, 2013. Therefore the asset was written down resulting in impairment of $1,014,318.

On June 22, 2012, Mediterranean Resources Ltd. announced that after undertaking extensive due diligence it has resolved not to proceed with its previously announced transaction to acquire all of the issued and outstanding shares of Golden Touch Resources Australia Pty Ltd. A break fee of $50,000 was paid to the Company and included in other income.

On April 11, 2013, the Company entered into an option and investment agreement with Sinomine International Exploration (Hong Kong) Holding Co. Ltd. ("Sinomine"), whereby Sinomine has the option to acquire 10%-60% interest in SHPK. The agreement was approved by the TSX-V in April 2013.

To earn the first 10% interest ("First Option"), Sinomine must complete the following:

a) Complete the securities purchase described above on the date that Sinomine elects to proceed with the option and investment agreement ("Completion Date") (issued)(Note 9); and
b) Incur $1,000,000 in expenditures on or before the first anniversary of the Completion Date.

7. Exploration and evaluation assets (Continued)

JAB (Continued)

To earn an additional 20% interest ("Second Option"), Sinomine must complete the following:

a) Exercise the First Option; and
b) Incur an additional $2,000,000 in expenditures on or before the second anniversary of the Completion Date.

To earn an additional 30% interest ("Third Option"), Sinomine must complete the following:

a) Exercise the Second Option; and
b) Incur an additional $3,000,000 in expenditures on or before the third anniversary of the Completion Date.

Pursuant to the agreement with Sinomine, the Company applied for a gold exploration permit for the Kacinar Gold Project. The Company applied to the Albanian National Licensing Centre ("NLC") for the final issuance of the permit and was granted the permit during the year ended May 31, 2014. During the year ended May 31, 2014, the Company paid $370,783 to the NLC in connection with the Kacinar Gold Project.

On September 19, 2013, Sinomine subscribed for 4,375,981 units of the Company, equal to 9.9% of the issued and outstanding common shares at that date, at $0.15 per share for gross proceeds of $656,397, all of which are to be spent on the Kacinar Gold Project. Each unit consists of one common share and one share purchase warrant, which is exercisable at $0.25 per share for 5 years (Note 9).

As of the date of these financial statements, Sinomine has not yet elected to proceed with the option agreement.

Pursuant to the gold exploration permit for the Kacinar Gold Project, the Company must incur the following expenditures:

a) 33,176,000 Albanian Lek (CAD $345,030) during the first year by June 21, 2014 (incurred);
b) 22,067,000 Albanian Lek (CAD $229,497) during the second year by June 21, 2015; and
c) 109,439,000 Albanian Lek (CAD $1,138,166) during the third year by June 21, 2016.

During the year ended May 31, 2014, the Company fully impaired the Kacinar Gold Project, resulting in impairment of $2,112,067, as it has no immediate plans to continue its exploration.

During the year ended May 31, 2014, SHPK won the bid for a copper exploitation permit known as the Iballja Copper Project. No costs were capitalized during the year ended May 31, 2014 in relation to this project.

Acquisition of BRS

During year the ended May 31, 2014, the Company entered into an option agreement whereby the Company has an option to acquire the issued and outstanding shares of BRS that owns the Perlat exploitation permit that is located in Albania. The property is permitted for mining for 25 years, with a 10 year renewal option.

In consideration for the option, the Company must:

a) Issue 5,000,000 common shares of the Company on closing (issued with a fair value of $900,000);
b) Pay $2,000,000 on June 30, 2015;
c) Pay $2,000,000 on December 30, 2016;
d) On the date that concentrate emanating from the property covered by the exploitation permit is accepted by a smelter, pay $3,000,000, plus
    i) Pay $3,000,000; or
    ii) Issue 3,000,000 common shares; and

7. Exploration and evaluation assets (Continued)

Acquisition of BRS (Continued)

e) Grant the optionor a 2.5% net smelter royalty interests in the property.

The Company issued 435,000 finders' shares with a fair value of $78,300 in connection with this acquisition.

As part of the agreement, the Company paid $150,000 to settle a debt payable by the optionor. The agreement stipulates that the optionor must reimburse the Company for this debt settlement; however the Company has no plans to demand payment and the $150,000 has been recognized as an acquisition cost.

Pursuant to the exploration permit for the Perlat property, the Company must make the following expenditures on the property:

a) 4,819,745 Albanian Lek (CAD $81,325) during the first year by May 27, 2015;
b) 45,410,000 Albanian Lek (CAD $472,264) during the second year by May 27, 2016; and
c) 4,728,255 Albanian Lek (CAD $49,174) during the third year by May 27, 2017.

On August 18, 2014, the Company entered into an option agreement whereby Sinomine has the option to earn a majority interest in the Perlat property pursuant to the following terms (Note 14):

a) The Company must fund a $3,000,000 work program to be carried out by Sinomine by December 31, 2014, to be paid as follows:
    i) $300,000 within 30 days of closing (paid subsequent to May 31, 2014);
    ii) $500,000 before September 30, 2014;
    iii) $1,000,000 when 5,000 metres of drilling is complete, anticipated to be by December 15, 2014; and
    iv) $1,200,000 when Sinomine has completed all geological work, by March 31, 2015;
b) Sinomine must produce a prefeasibility report and a valuation report on the Perlat property by March 31, 2015;
c) Upon conclusion of the work program, Sinomine must decide whether to partner for production by April 30, 2015;
    i) If Sinomine decides to proceed, it must inform the Company in writing and a partnership agreement will be drawn up by May 30, 2015;
    ii) If Sinomine decides to proceed, the Company shall receive credit for the $3,000,000 investment in the joint venture; and
    iii) If Sinomine decides not to proceed, the Company shall receive a 10% discount on the $3,000,000 investment, which will be refunded to the Company.

8. Accounts Payable and accrued liabilities

	November 30, 2014	**May 31, 2014**
Accounts payable	$ 1,470,438	$ 542,109
Accrued liabilities	-	24,600
	$ 1,470,438	$ 566,709

9. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At November 30, 2014 there were 99,771,074 issued and fully paid common shares (May 31, 2014 – 88,336,907).

Private placements

Period ended November 30, 2014

On November 24, 2014, the Company completed the first tranche of a non-brokered private placement of 4,700,000 units at $0.15 per unit for gross proceeds of $705,000. Each unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder to subscribe for one common share of the Company at an exercise price of $0.25 per share for a period of five years. The fair value of the attached warrants was $204,765. In connection to the private placement the Company paid a finder's fee of 70,000 units with a total fair value of $10,500, of which $7,450 was allocated to share issue costs and $3,050 to warrant reserve. These finder’s units have the same terms as the private placement units. The private placement and finder’s warrants were valued using the Black Scholes Option Pricing Model assuming a risk-free interest rate of 1.03%, an expected life of 5 years, annualized volatility of 162-163%, and a dividend rate of 0%.

During the six months ended November 30, 2014, the Company completed a non-brokered private placement of 6,194,834 units at $0.15 per unit for gross proceeds of $929,225. Each unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder to subscribe for one common share of the Company at an exercise price of $0.25 per share for a period of two years. The fair value of the attached warrants was $260,714. In connection to the private placement the Company paid a finder's fee of 469,334 units with a total fair value of $70,400, of which $50,647 was allocated to share issue costs and $19,753 to warrant reserve. These finder’s units have the same terms as the private placement units. The private placement and finder’s warrants were valued using the Black Scholes Option Pricing Model assuming a risk-free interest rate of 1.12-1.10%, an expected life of 2 years, annualized volatility of 197-199%, and a dividend rate of 0%.

Year ended May 31, 2014

During the year ended May 31, 2014, the Company completed a non-brokered private placement of 27,449,326 units at $0.15 per unit for gross proceeds of $4,117,399. Included in the private placement were 4,375,981 units issued to Sinomine pursuant to the option and investment agreement (Note 7). Each unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder to subscribe for one common share of the Company at an exercise price of $0.25 per share for a period of two to five years. The fair value of the attached warrants was $1,968,036. In connection to the private placement the Company paid a finder's fee of 1,011,401 units with a total fair value of $151,710, of which $83,240 was allocated to share issue costs and $68,470 to warrant reserve. These finder’s units have the same terms as the private placement units. An additional 24,000 finder’s warrants were issued with a fair value of $3,600, which are exercisable at $0.25 per share for a period of five years. Cash share issue costs of $16,357 were incurred for this private placement. The private placement and finder’s warrants were valued using the Black Scholes Option Pricing Model assuming a risk-free interest rate of 1.05-2.02%, an expected life of 2-5 years, annualized volatility of 162-176%, and a dividend rate of 0%.

9. Share capital (Continued)

Issued share capital (Continued)

On June 21, 2013 the Company completed a debt settlement consisting of 200,000 units with a fair value of $30,000 for settlement of $30,000 of debt. Each unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder to subscribe for one common share of the Company at an exercise price of $0.25 per share for a period of five years. The fair value of the attached warrants was $14,373 and were valued using the Black Scholes Option Pricing Model assuming a risk-free interest rate of 1.86%, an expected life of 5 years, annualized volatility of 165%, and a dividend rate of 0%.

On March 28, 2014, the Company issued 5,000,000 common shares with a fair value of $900,000 in conjunction with the acquisition of BRS. In connection to the acquisition, the Company paid a finder's fee of 435,000 shares with a fair value of $78,300 (Note 7).

During the year ended May 31, 2014, the Company issued 18,123,001 common shares upon exercise of 18,123,001 warrants. Of the total, 17,515,334 warrants were exercised at $0.10 per share for proceeds of $1,751,533 and 607,667 warrants were exercised at $0.25 per share for proceeds of $151,917 for total proceeds of $1,903,450. Upon exercise, the previously recorded fair value of these warrants of $806,573 was reclassified from warrant reserve to share capital.

In June and July 2014, the Company closed a non-brokered private placement of 6,194,833 units at $0.15 per unit for gross proceeds of $929,225. Each unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder to subscribe for one common share of the Company at an exercise price of $0.25 per share for a period of two years. In connection to the private placement the company paid a finder's fee of 469,334 units with the same terms as the private placement units.

Total stock-based compensation for the six months period ended November 30, 2014 was $122,968 (2013 - $Nil). The fair value was determined using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	Period ended November 30, 2014	Period ended November 30, 2013
Expected life of options	2-5 years	-
Annualized volatility	162% - 205%	-
Risk-free interest rate	1.091% - 1.43%	-
Dividend rate	0%	-

Basic and diluted loss (income) per share

The calculation of basic and diluted loss (income) per share for the six months period ended November 30, 2014 was based on the loss attributable to common shareholders of $1,179,727 (2013 - $398,168) and the weighted average number of common shares outstanding of 66,258,977 (2013 – 38,511,484).

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not

9. Share capital (Continued)

Stock options (Continued)

exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant.

On May 13, 2013, the Company granted 3,600,000 stock options to directors, officers, and employees of the Company with an exercise price of $0.20 and a term expiring on May 13, 2023. The options vested when the Company received approval of the grant from the Company's shareholders, which occurred during the year ended May 31, 2014. Therefore, $711,684 was recognized as stock-based compensation during the year ended May 31, 2014.

On July 3, 2013, the Company granted 400,000 stock options to directors and officers of the Company with an exercise price of $0.20 and a term expiring on July 3, 2023. During the year ended May 31, 2014, stock-based compensation of $75,353 was recognized.

On September 19, 2013, the Company granted 400,000 stock options to employees of the Company with an exercise price of $0.20 and a term expiring on September 19, 2023. During the year ended May 31, 2014, stock-based compensation of $67,654 was recognized.

On February 18, 2014, the Company granted 1,500,000 stock options to directors with an exercise price of $0.23 and a term expiring on February 18, 2019. During the year ended May 31, 2014, stock-based compensation of $322,742 was recognized.

On March 24, 2014, the Company granted 1,800,000 stock options to directors, officers, and employees of the Company with an exercise price of $0.20 and a term expiring on March 24, 2019. During the year ended May 31, 2014, stock-based compensation of $336,114 was recognized.

On July 1, 2014, the Company granted 600,000 stock options to directors, officers, and employees of the Company with an exercise price of $0.20 and a term expiring on July 1, 2019. During the six months period ended November 30, 2014, stock-based compensation of $48,635 was recognized.

On August 26, 2014, the Company granted 1,200,000 stock options to directors, officers, and employees of the Company with an exercise price of $0.20 and a term expiring on August 26, 2016. During the six months period ended November 30, 2014, stock-based compensation of $74,333 was recognized.

The changes in options during the six months period ended November 30, 2014 are as follows:

	November 30, 2014		May 31, 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	7,700,000	$ 0.21	3,880,000	$ 0.34
Options granted	1,800,000	0.20	4,100,000	0.20
Options cancelled	-	-	(280,000)	2.15
Options outstanding, ending	9,500,000	$ 0.20	7,700,000	$ 0.21
Options exercisable, ending	9,500,000	$ 0.20	7,700,000	$ 0.21

9. Share capital (Continued)

Stock options (Continued)

A summary of the Company's options outstanding as at November 30, 2014 is as follows:

Options Outstanding	Price per Share	Expiry date
3,600,000	$0.20	May 31, 2023
400,000	$0.20	July 3, 2023
400,000	$0.20	September 19, 2023
1,500,000	$0.23	February 18, 2019
1,800,000	$0.20	March 24, 2019
600,000	$0.20	July 1, 2019
1,200,000	$0.20	August 26, 2016
9,500,000		

The options outstanding as at November 30, 2014 have a weighted average remaining contractual life of 5.95 years (May 31, 2014 – 7.19 years).

Warrants

The changes in warrants during the six months period ended November 30, 2014 are as follows:

	November 30, 2014		May 31, 2014	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning	43,792,059	$0.20	33,881,597	$2.25
Warrants granted	11,434,167	0.25	28,684,727	0.25
Warrants exercised	(1,000,000)	0.10	(18,123,001)	0.10
Warrants expired	(290,333)	0.55	(651,264)	3.00
Warrants outstanding, ending	53,935,893	$0.21	43,792,059	$0.20
Warrants exercisable, ending	53,935,893	$0.21	43,792,059	$0.20

9. Share capital (Continued)

Warrants (Continued)

The following table summarizes the warrants outstanding at November 30, 2014:

Number of warrants	Exercise price		Expiry date
13,816,999	$	0.10	February 1, 2018
3,207,667	$	0.25	June 25, 2018
4,375,981	$	0.25	September 19, 2018
19,186,066	$	0.25	March 21, 2016
1,915,013	$	0.25	May 24, 2016
5,873,333	$	0.25	June 24, 2016
790,834	$	0.25	July 11, 2016
4,770,000	$	0.25	November 21, 2019
53,935,893			

The warrants outstanding have a weighted average remaining contractual life of 2.49 years.

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

Warrant reserve

The warrant reserve records the fair value of warrants issued until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital.

10. Related party transactions

Related party balances

The following amounts are due (receivable) to related parties:

		November 30, 2014		May 31, 2014
Companies controlled by directors of the Company	$	54,986	$	19,300
Directors of the Company		115,179		15,075
	$	170,165	$	34,375

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

10. Related party transactions (Continued)

Key management personnel compensation

	For the three months ended		For the six months ended	
	November 30, 2014	November 30, 2013	November 30, 2014	November 30, 2013
Management fees	$ 49,500	$ 43,500	$ 114,000	$ 108,502

11. Financial risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and cash equivalents held in bank accounts. The majority of cash and cash equivalents is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its receivables. This risk is minimal for receivables consisting mainly of refundable government goods and services taxes.

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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's subsidiaries are exposed to currency risk as they incur expenditures that are denominated in Australian dollars and the Euro while their functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

11. Financial risk and capital management (Continued)

The following is an analysis of Canadian dollar equivalent of financial assets and liabilities that are denominated in Australian dollars:

	November 30, 2014	May 31, 2014
Cash and cash equivalents	$ 341	$ 341
Receivables	194	194
Accounts payable	(17,294)	(17,294)
	$ (16,759)	$ (16,759)

As at November 30, 2014 with other variables unchanged, a +/- 10% change in the Australian dollar to Canadian dollar exchange rate would impact the Company's net loss by $1,676.

Foreign exchange risk

The following is an analysis of Canadian dollar equivalent of financial assets and liabilities that are denominated in Euro:

	November 30, 2014	May 31, 2014
Cash and cash equivalents	$ 31,806	$ 20,815
Receivables	289,575	(7,230)
Prepaid expenses	21,576	-
Accounts payable	(634,538)	(22,561)
	$ (291,581)	$ (8,976)

As at November 30, 2014 with other variables unchanged, a +/- 10% change in the Euro to Canadian dollar exchange rate would impact the Company's net loss by $29,158.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash equivalents as these instruments have original maturities of three months or less and are therefore exposed to interest rate fluctuations on renewal.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of share capital and working capital.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements.

11. Financial risk and capital management (Continued)

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	November 30, 2014	May 31, 2014
Fair value through profit and loss:		
Cash and cash equivalents	$ 65,395	$ 1,205,002
Receivables	443,711	142,478
	$ 509,106	$ 1,347,480

Financial liabilities included in the statement of financial position are as follows:

	November 30, 2014	May 31, 2014
Non-derivative financial liabilities:		
Accounts payable	$ 1,470,438	$ 542,109
Due to related parties	170,165	34,375
	$ 1,640,603	$ 576,484

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of 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 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash and cash equivalents are classified as level 1.

12. Segmented information

Operating segments

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties.

Geographic segments

The Company's non-current assets are located in the following countries:

	As at November 30, 2014		
	Canada	Albania	Total
Equipment	$ 49,740	$ 426,187	**$ 475,927**
Exploration and evaluation assets	-	2,396,281	**2,396,281**
	$ 49,740	$ 2,822,468	$ 2,872,208

12. Segmented information (Continued)

Geographic segments (Continued)

	As at May 31, 2014		
	Canada	**Albania**	**Total**
Equipment	$ 55,300	$ 57,921	**$ 113,221**
Exploration and evaluation assets	-	1,187,273	**1,187,273**
	$ 55,300	$ 1,245,194	$ 1,300,494

13. Subsequent Event

a) On December 5, 2014, the Company has closed the second and final tranche of its previously announced non-brokered private placement. The second tranche consisted of 300,000 units at a price of $0.15 per unit for gross proceeds of $45,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.25 until December 3, 2019.

b) On December 22, 2014, the Company arranged loans in the amount of up to $420,000 from two individual lenders, including a director of the Company. The loans are unsecured, have a term of one year from the date of the advance of funds, and bear interest at a rate of 15% per year. Each lender will receive common shares of the Company having a value equal to 20% of the principal loan amount, i.e. a value of $0.05 per common share.

c) On December 31, 2014, the Company arranged additional loan of $130,000 from two directors of the Company. The loans are unsecured, have a term of one year from the date of the advance of funds, and bear interest at a rate of 15% per year. Each lender will receive common shares of the Company having a value equal to 20% of the principal loan amount, i.e. a value of $0.05 per common share.

d) On January 16, 2015, the Company and Sinomine Resource Exploration Co. Ltd. (“Sinomine”) completed the 12-hole drill program of 5,000 metres for evaluation of development potential of the Perlat high-grade copper-gold-silver-zinc project in Albania. Sinomine successfully completed raised $37 million USD from its initial public offering on the Shenzhen Stock Exchange on December 30, 2014.

e) On January 24, 2015, the Company announced the arrangement of non-brokered private placement of up to 20 million units at a price of $0.05 per unit, for gross proceeds of up to $1 million. Each unit comprises one common share and one share purchase warrant. Each share purchase warrant entitles the holder to acquire one additional common share for a period of five years at a price of 10 cents. The Company has also entered into an agreement to settle up to $509,620 of debt through the issuance of common shares at a price of $0.05 per share.