CONFEDERATION MINERALS LTD.

Financial Statements

Year Ended June 30, 2015

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Confederation Minerals Ltd.

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Confederation Minerals Ltd.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

October 22, 2015

CONFEDERATION MINERALS LTD.
Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	June 30, 2015	June 30, 2014
		$	$
ASSETS			
Current assets			
Cash and cash equivalents		7,382	33,241
Short-term investment	5	-	221,588
Marketable securities	6	554,000	780,000
Receivables	7	1,932	16,374
Prepaid expenses		5,533	32,254
Total current assets		568,847	1,083,457
Non-current assets			
Exploration and evaluation assets	8	12,389,252	12,225,338
Total assets		12,958,099	13,308,795
LIABILITIES			
Current liabilities			
Payables and accruals	9	366,695	99,308
Loan payable	10	5,000	-
Total current liabilities		371,695	99,308
Total liabilities		371,695	99,308
EQUITY			
Equity attributable to shareholders			
Share capital	12	20,206,196	20,121,196
Reserves		2,535,967	2,535,967
Accumulated deficit		(10,339,616)	(9,649,363)
Accumulated other comprehensive income (loss)		183,857	201,687
Total equity		12,586,404	13,209,487
Total liabilities and equity		12,958,099	13,308,795

Nature of Operations and Continuance of Operations (note 1)
Commitments (note 16)
Events After the Reporting Period (note 18)

These financial statements are authorized for issue by the Board of Directors on October 22, 2015. They are signed on the Company’s behalf by:

On behalf of the Board:

“Denise Lok”	Director	*“Lawrence Dick”*	Director
Denise Lok		Lawrence Dick	

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

CONFEDERATION MINERALS LTD.
Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

For the Year Ended June 30,	Notes	2015	2014
		$	$
Expenses			
Consulting and management fees	13	534,018	727,500
Filing fees		22,158	21,201
Insurance		52,212	58,486
Meals and entertainment		530	8,967
Office expenses		25,796	46,828
Professional fees		19,777	41,692
Share-based payments	12	-	66,678
Shareholder information		21,678	87,152
Transfer agent fees		14,587	13,350
Travel and accommodation		-	34,598
Wages	13	46,057	192,785
Loss before undernoted		(736,813)	(1,299,237)
Interest and miscellaneous income		587	13,060
Unrealized loss from marketable securities	6	(16,000)	(160,000)
Forgiveness of debt	13	7,143	-
Gain on disposition of marketable securities	6	49,830	-
Loss before income tax		(695,253)	(1,446,177)
Income tax (expenses) recovery	11	5,000	(52,361)
Loss for the year		(690,253)	(1,498,538)
		(690,253)	(1,498,538)
Other comprehensive income (loss)			
Unrealized loss on marketable securities	6	(17,830)	(348,000)
Total comprehensive loss for the year		(708,083)	(1,846,538)

Loss per share (note 14)

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

CONFEDERATION MINERALS LTD.
Statements of Cash Flows
(Expressed in Canadian Dollars)

For the Year Ended June 30,	2015	2014
	$	$
Cash provided by (used in):		
Operating activities		
Net loss	(690,253)	(1,498,538)
Items not involving cash:		
Interest income	(587)	(13,060)
Share-based payments	-	66,678
Forgiveness of debt	(7,143)	-
Marketable securites issued for contract amendment	210,000	-
Marketable securities issued for directors' fees	12,000	-
Gain of disposition of marketable securities	(49,830)	-
Unrealized loss on share purchase warrants	16,000	160,000
Deferred income tax expense (recovery)	(5,000)	52,000
Changes in non-cash working capital:		
Receivables	14,442	32,784
Prepaid expenses	26,721	34,264
Accounts payable and accrued liabilities	254,996	(120,954)
	(218,654)	(1,286,826)
Investing activities:		
Sale of short-term investments	221,588	1,580,000
Proceeds from sale of marketable securities	25,000	-
Exploration and evaluation assets	(109,380)	(1,465,871)
Interest received	587	22,457
	137,795	136,586
Financing activities:		
Proceeds from shares issued	50,000	162,500
Loan payable	5,000	-
Share subscription received	-	750,000
	55,000	912,500
Net change in cash and cash equivalents	(25,859)	(237,740)
Cash and cash equivalents, beginning of year	33,241	270,981
Cash and cash equivalents, end of year	7,382	33,241

Supplementary cash flow information (note 15)

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

CONFEDERATION MINERALS LTD.
Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Common Shares Number of Shares	Amount	Reserves	Deferred Share Based Payment	Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholder`s Equity
		$	$	$	$	$	$
Balance - June 30, 2013	65,278,532	19,847,270	2,560,143	(14,678)	(8,150,825)	549,687	14,791,597
Common shares issued:							
- exercise of stock options	350,000	87,500	-	-	-	-	87,500
- exercise of warrants	500,000	75,000	-	-	-	-	75,000
- for mineral property interest	150,000	35,250	-	-	-	-	35,250
Reallocation on exercise of options	-	76,176	(76,176)	-	-	-	
Share-based payment	-	-	52,000	14,678	-	-	66,678
Loss for the year	-	-	-	-	(1,498,538)	-	(1,498,538)
Other comprehensive income (loss)	-	-	-	-	-	(348,000)	(348,000)
Balance - June 30, 2014	66,278,532	20,121,196	2,535,967	-	(9,649,363)	201,687	13,209,487
Common shares issued:							
- private placement	1,000,000	50,000	-	-	-	-	50,000
- for mineral property interest	500,000	35,000	-	-	-	-	35,000
Loss for the year	-	-	-	-	(690,253)	-	(690,253)
Other comprehensive income (loss)	-	-	-	-	-	(17,830)	(17,830)
Balance - June 30, 2015	67,778,532	20,206,196	2,535,967	-	(10,339,616)	183,857	12,586,404

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

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

The Company was incorporated on November 3, 2005 under the Business Corporations Act (British Columbia) as "Medina Ventures Inc.", changed its name to "Sienna Minerals Ltd." on April 26, 2006 and changed its name to Confederation Minerals Ltd. on April 11, 2007. The Company's principal business activity is the exploration of exploration and evaluation assets.

The amounts shown as exploration and evaluation assets represent net costs to date, less any amounts amortized and/or written off, and do not necessarily represent present or future values. The recoverability of these amounts and any additional amounts required to place these assets into commercial production are dependent upon certain factors. These factors include the existence of ore deposits sufficient for commercial production and the Company's ability to obtain the required additional financing necessary to develop these assets.

The Company has working capital as at June 30, 2015 of $197,152 and an accumulated deficit of $10,339,616. These financial statements have been prepared under the assumptions of a going-concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has incurred losses from inception and does not currently have the financial resources to complete development in the long-term. As at June 30, 2015, the Company had not advanced its properties to commercial production. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds from there and/or raise equity capital or borrowings sufficient to meet current and future obligations. These material uncertainties cast significant doubt about the Company's ability to continue as a going concern.

Failure to arrange adequate financing on acceptable terms and/or achieve profitability may have an adverse effect on the financial position, results of operations, cash flows and prospects of the Company. These financial statements do not give effect to adjustments to assets or liabilities that would be necessary should the Company be unable to continue as a going-concern.

The financial information is presented in Canadian Dollars (CDN$), which is the functional currency of the Company.

The head office and principal address of the Company are located at Suite 1980, 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9.

2. BASIS OF PRESENTATION

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collectively includes all applicable individual International Financial Reporting Standards and Interpretations approved by the International Accounting Standards Board (the "IASB"), and all applicable individual International Accounting Standards ("IASs") and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB, effective for the Company's reporting for the year ended June 30, 2015.

2. BASIS OF PRESENTATION (continued)

Basis of measurement

The financial statements have been prepared under the historical cost basis. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, demand deposits with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. There were no cash equivalents at June 30, 2015 and 2014.

b) Mineral Exploration and Evaluation Expenditures

Pre-exploration Costs

Pre-exploration costs are expensed in the year in which they are incurred.

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company transfers part of a mineral interest, as consideration, for an agreement by the transfee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

c) Foreign Currencies Translation and Transaction

The functional currency of the Company is measured using the currency of the primary economic environment in which the entity operates. The financial statement is presented in Canadian dollars.

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 the statement of loss in the period in which they arise.

d) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company performs impairment testing on each cash-generating unit.

An impairment loss is charged to profit or loss, except to the extent it reverses gains previously recognized in accumulated other comprehensive loss/income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial Instruments

Financial Assets

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

Loans and Receivables

These assets, including receivables, are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Available-for-Sale Financial Assets

Non-derivative financial assets that do not meet the definition of loans and receivables are classified as available-for-sale and comprise principally the Company’s strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in other comprehensive loss. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

On sale or impairment, the cumulative amount recognized in other comprehensive loss is reclassified from accumulated other comprehensive income (loss) to profit or loss.

Marketable securities (common shares) are classified as available for sale.

Fair Value through Profit and Loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on the fair value in accordance with Company's risk management strategy. Attributable transaction costs are recognized in profit and loss when incurred. Fair value through profit or loss are measured at fair value, and changes are recognized in profit or loss.

Marketable securities (warrants), cash and cash equivalents and short-term investments are classified as fair value through profit or loss.

Impairment on Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

Financial liabilities, including payables, accruals and loans payable, are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise payables and accruals. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

f) Provisions

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records, if any, the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities include restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration properties. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

g) Income Taxes

Income tax expense comprises current and deferred tax expense. Current tax and deferred tax expense are recognized in net income or loss except to the extent that they relate to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Flow-through Shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognised as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

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

i) Earnings / Loss Per Share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

j) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss over the remaining vesting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss. Options or warrants granted that relate to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

k) Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for the Company's fiscal years beginning on or after July 1, 2015. The following standards and interpretations are relevant to the Company's financial statements but are not yet effective:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is tentatively effective for the Company’s fiscal period beginning July 1, 2018.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss/income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. The Company believes it has adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 12.

5. SHORT-TERM INVESTMENT

As at June 30, 2015, the Company has short-term investment of $nil of principal (June 30, 2014 - $221,588 including interest of $1,588). The short-term investment had an annual yield of prime minus 1.8%

(Expressed in Canadian Dollars)

6. MARKETABLE SECURITIES

		Cost	June 30, 2015 Fair Value
		$	$
American Potash Corp (formerly Magna Resources Ltd.)			
- shares	4,300,000	229,143	430,000
- share purchase warrants	2,400,000	-	124,000
Balance		229,143	554,000

		Cost	June 30, 2014 Fair Value
		$	$
American Potash Corp (formerly Magna Resources Ltd.)			
- shares	8,000,000	426,313	640,000
- share purchase warrants	2,400,000	-	140,000
Balance		426,313	780,000

During the year ended June 30, 2015, the Company sold 500,000 shares for gross proceeds of $25,000. The Company distributed 3,000,000 shares at a fair value of $210,000 in return for contract amendments (note 13). The Company also distributed 200,000 shares at a fair value of $12,000 to directors of the Company.

The share purchase warrants were valued at $124,000 at June 30, 2015 (June 30, 2014 - $140,000) using the Black-Scholes pricing model using the following assumptions:

	June 30, 2015	June 30, 2014
Dividend yield	0%	0%
Risk-free interest rate	0.05%	1.07%
Estimated volatility	169.48%	182.62%
Expected life in years remaining	0.68	1.67

7. RECEIVABLES

At June 30, 2015 and June 30, 2014 the Company's receivables consist of GST – value added tax.

(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS

The exploration and evaluation assets of the Company are comprised as follows:

	June 30, 2013	Change	June 30, 2014	Change	June 30, 2015
	$	$	$	$	$
Newman Todd Project	10,817,065	1,408,273	12,225,338	163,914	12,389,252
	10,817,065	1,408,273	12,225,338	163,914	12,389,252

Newman Todd Project

	June 30, 2013	Change	June 30, 2014	Change	June 30, 2015
	$	$	$	$	$
Acquisition					
Cash payments	291,250	77,500	368,750	-	368,750
Share issuance	290,750	35,250	326,000	35,000	361,000
	582,000	112,750	694,750	35,000	729,750
Deferred exploration expenditure					
Advance payment	200,000	(200,000)	-	-	-
Assays and reports	1,178,386	149,712	1,328,098	35,768	1,363,866
Camp construction	115,276	-	115,276	-	115,276
Drilling	4,378,462	477,576	4,856,038	4,000	4,860,038
Environmental	121,425	163,272	284,697	6,639	291,336
Equipment installation	101,950	-	101,950	-	101,950
Field expenses	1,047,885	149,788	1,197,673	9,296	1,206,969
General administration	51,656	9,201	60,857	736	61,593
Metallurgy studies	75,706	41,791	117,497	15,985	133,482
Geological consulting	2,482,317	444,278	2,926,595	55,707	2,982,302
Permitting	2,706	783	3,489	783	4,272
Reclamation	10,000	-	10,000	-	10,000
Resource estimation	15,230	17,870	33,100	-	33,100
Surveys and geophysics	7,068	8,000	15,068	-	15,068
Travel and accommodation	446,998	33,252	480,250	-	480,250
	10,235,065	1,295,523	11,530,588	128,914	11,659,502
	10,817,065	1,408,273	12,225,338	163,914	12,389,252

Pursuant to an option agreement dated November 19, 2010 with Redstar Gold Corp. (“Redstar”), the Company was granted an option to acquire up to 70% of Redstar’s Newman Todd project (the “Newman Todd Project”), located in the Red Lake Mining District of Northern Ontario.

During the year ended June 30, 2014, the Company completed the option to earn a 50% interest in the Newman Todd Project by paying the last installment of $75,000 of the total $250,000 required to be paid, issuing 150,000 shares, the last tranche of a total of 500,000 shares issued, and completing its requirement to incur a cumulative of $5,000,000 of work expenditures on the Property.

(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS (continued)

During the year ended June 30, 2015 the Company completed the option to earn a further 20% interest, thereby increasing its overall interest to 70% by producing, at its own cost, a preliminary assessment of the Property and issuing a further 500,000 shares to Redstar valued at $35,000. The parties also have agreed to form a joint venture following the exercise of the option by the Company. The Property is subject to a two percent net smelter return and a fifteen percent net carried interest. The latter interest does not receive payment until capital expenditures have been recovered with interest.

The Company also owns an effective 35% interest in certain other claims adjacent to the Newman Todd Project.

Confederation Lake (Mitchell & Belanger) Claims, Ontario

The Company holds certain claims located in the Red Lake Mining District of Ontario. These claims have a nominal carrying value.

9. PAYABLES AND ACCRUALS

At June 30,	Note	2015	2014
		$	$
Trade		172,081	93,529
Due to related parties	13	194,614	5,779
		366,695	99,308

10. LOAN PAYABLE

During the year ended June 30, 2015, the Company received a shareholder loan for $5,000 which bears no interest and no set repayment term. The loan is payable upon demand by the lender.

11. INCOME TAXES

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

For the years ended June 30,	2015	2014
	$	$
Loss for the year from continuing operations before tax	(695,253)	(1,446,177)
Expected income tax (recovery)	(181,000)	(376,000)
Change in statutory and foreign exchange rates and other	(7,000)	(98,639)
Permanent differences and discontinued operations	(4,000)	39,000
Adjustment to prior years provision versus statutory tax returns	(1,000)	(65,000)
Change in unrecognized deductible temporary differences	188,000	553,000
Total income tax expense (recovery)	(5,000)	52,361
Current income tax expense (recovery)	-	361
Deferred income tax expense (recovery)	(5,000)	52,000

(Expressed in Canadian Dollars)

11. INCOME TAXES (continued)

The Canadian income tax rate increased during the year due to changes in the law that increased corporate income tax rates in Canada. The significant components of the Company's deferred tax assets and liabilities are as follows:

	2015	2014
	$	$
Deferred tax assets (liabilities)		
Capital loss carryforwards	34,000	30,000
Marketable securities	(34,000)	(30,000)
Net deferred tax assets not recognized	-	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2015	Expiry Date Range	2014
	$		$
Temporary differences			
Allowable capital losses	277,000	no expiry	292,000
Share issue costs	22,000	2034 to 2037	232,000
Non-capital losses available for future period	6,831,000	2016 to 2035	5,885,000

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

12. SHARE CAPITAL

a) Authorized:

Unlimited common shares with no par value

b) Issued Share Capital:

At June 30, 2015, there were 67,778,532 common shares issued and outstanding (June 30, 2014 – 66,278,532).

c) Common Shares:

Fiscal 2015

In April 2015, the Company issued 1,000,000 units at a price of $0.05 per unit for gross proceeds of $50,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of $0.05 per common share until April 26, 2016.

In February 2015, the Company issued 500,000 shares at a fair value of $0.07 per share for the Newman Todd project. See note 6 for details.

(Expressed in Canadian Dollars)

12. SHARE CAPITAL (continued)

Fiscal 2014

In July 2013, 350,000 shares were issued when 350,000 stock options were exercised for proceeds of $87,500.

In October 2013, the Company issued 150,000 shares at a fair value of $0.235 per share for the Newman Todd project. See Note 8 for details.

In November 2013, 500,000 shares were issued when 500,000 warrants were exercised for proceeds of $75,000.

d) Share-based Payments

The Company has a stock option plan whereby the Company is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option will not be less than the discounted market price of the common shares as permitted by the TSX Venture Exchange policies. The options can be granted for a maximum term of 5 years.

Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore in management's opinion, existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

During year ended June 30, 2015, the Company granted nil (2014 – 500,000) stock options with a weighted average exercise price per option granted of $nil (2014 – $0.24) and recorded share-based payment expense of $nil (2014 – $52,000).

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

	Number of Options Outstanding	Weighted Average Exercise Price ($)
Balance June 30, 2013	5,050,000	0.49
Granted, expired unexercised on July 4, 2014	500,000	0.24
Exercised	(350,000)	0.25
Forfeited	(200,000)	0.45
Balance June 30, 2014	5,000,000	0.48
Granted	-	-
Exercised	-	-
Forfeited	(850,000)	0.25
Balance June 30, 2015	4,150,000	0.53

(Expressed in Canadian Dollars)

12. SHARE CAPITAL (continued)

The options outstanding and exercisable at June 30, 2015, are as follows:

Number Outstanding	Exercise Price ($)	Remaining Contractual Life (Years)
300,000	0.25	0.38
1,050,000	0.45	0.60
250,000	0.69	0.66
150,000	0.84	1.07
2,000,000	0.57	1.59
400,000	0.54	1.71
4,150,000		1.19

The fair value of share options awarded to officers, directors and consultants was estimated on the dates of award using the Black-Scholes option pricing model with the following assumptions:

Options Year Ended June 30,	2015	2014
Dividend yield	-	0%
Risk-free interest rate	-	1.2%
Estimated volatility	-	114%
Expected life in years	-	1
Weighted average grant date value	-	0.104

f) Warrants

The Company issued 1,000,000 warrants during the year ended June 30, 2015

	Number of Warrants	Weighted Average Exercise Price ($)
Balance June 30, 2013	10,540,000	0.15
Exercised	(500,000)	0.15
Expired	(10,040,000)	0.15
Balance June 30, 2014	-	-
Granted	1,000,000	0.05
Exercised	-	-
Expired	-	-
Balance June 30, 2015	1,000,000	0.05

(Expressed in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS

The aggregate value of transactions recorded as consulting fees relating to key management personnel and entities which they have control or significant influence were as follows:

Services provided by:	Notes	Year Ended June 30, 2015	2014
		$	$
Lawrence Dick	(a)	60,006	120,000
Brian Bapty	(b)	12,500	150,000
Primarius Capital Corp.	(c)	60,006	120,000
Baron Global Financial Canada Ltd.	(d)	120,000	120,000

(a) Lawrence Dick, the CEO of the Company provided management services throughout the year.
(b) Brian Bapty, the former President of the Company received management salaries for the year.
(c) Primarius Capital Corp. is a privately held corporation controlled by a former director, which provided consulting services to the Company.
(d) Pursuant to a management and advisory agreement with Baron Global Financial Canada Ltd. ("Baron"), Baron agreed to act as corporate advisor and Chief Financial Officer of the Company in return for a monthly fee.

During the year ended June 30, 2015, Kent Ausburn and Scott Parsons, former directors of the Company, each received 100,000 shares of American Potash as compensation for director's fees. The Company recorded a value of $6,000 for each 100,000 shares disbursed from the Company.

In March 2012 the Company entered into agreements with three different related parties to provide business consulting services. Each of the three consultants will be paid a monthly fee of $10,000 for an indefinite term. If any of the consulting agreements are terminated, the party will receive $240,000.

During the year ended June 30, 2015, these consulting agreements were amended to a monthly fee of $1 per month and no termination amount payable. In return each party received 1,000,000 shares of American Potash at a fair value of $70,000. As part of the amended agreements the amount owing to each consultant was capped at $50,000 which resulted in a forgiveness of debt in the amount of $7,143.

The following table outlines the Company's related party payables:

At June 30,	2015	2014
	$	$
Lawrence Dick	50,006	-
Brian Bapty	-	1,306
Baron Global Financial Canada Ltd.	94,602	4,473
Primarius Capital Corp	50,006	-

(Expressed in Canadian Dollars)

14. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the year ended June 30, 2015 and 2014 was as follows:

Year Ended June 30,	2015	2014
Loss for the year:	($690,253)	($1,498,538)
Weighted average number of common shares outstanding	66,640,176	66,046,614
Basic and diluted loss per share	($0.01)	($0.02)

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS:

Supplementary disclosure of non-cash investing and financing activities during the year ended June 30, 2015 and 2014 were as follows:

For the Year Ended June 30,	2015	2014
	$	$
Shares issued for exploration and evaluation asset payment	35,000	35,250
Mineral property expenditures included within accounts payable	39,686	20,152

16. COMMITMENTS

In March 2012 the Company entered into agreements with three different related parties to provide business consulting services. Each of the three consultants will be paid a monthly fee of $10,000 for an indefinite term. If any of the consulting agreements are terminated, the party will receive $240,000. During the year ended June 30, 2015, these consulting agreements were amended to a monthly fee of $1 per month and no termination amount payable.

17. SEGMENT INFORMATION

The Company has one reportable operating segment, being the acquisition and exploration of exploration and evaluation assets within Canada.

18. EVENTS AFTER THE REPORTING PERIOD

In August 2015, the Company sold 1,000,000 shares of American Potash at $0.05 per share for $50,000.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Interest Rate Risk

The Company's interest rate risk mainly arises from changes in the interest rates on cash. Cash generates interest based on market interest rates. At June 30, 2015, the Company was not subject to significant interest rate risk.

Foreign Exchange Rate Risk

The Company is not subject to significant foreign exchange risk as all of the Company's operations are located in Canada.

Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's credit risk arises primarily with respect to money market investments.

The Company manages its credit risk by investing only in high quality financial institutions.

The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash and amounts receivable.

Liquidity Risk

The Company manages liquidity risk by maintaining adequate cash balances. If necessary, the Company may raise funds through the issuance of debt, equity or sale of non-core assets. The Company ensures that there is sufficient capital to meet its obligations by continuously monitoring and reviewing actual and forecasted cash flows, and match the maturity profile of financial assets to development, capital and operating needs.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash, short-term investments and shares of Potash are measured at fair value using Level 1. Potash warrants are measured at fair value using Level 2. The carrying value of receivables, and payables, accruals and loan payable approximates their fair value due to the current nature of those financial instruments.

20. CAPITAL MANAGEMENT

The Company manages its capital, being the components of shareholders' equity, and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company has historically relied on the equity markets to fund its activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.