

HANDA COPPER CORPORATION

(AN EXPLORATION STAGE COMPANY)

Consolidated Financial Statements

January 31, 2015

(Expressed in Canadian dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Handa Copper Corporation:

We have audited the accompanying consolidated financial statements of Handa Copper Corporation, which comprise the consolidated statement of financial position as at January 31, 2015, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Handa Copper Corporation as at January 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

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

Other Matter

The consolidated financial statements of Handa Copper Corporation for the year ended January 31, 2014, were audited by another auditor who expressed an unmodified opinion on those statements on May 1, 2014.

A handwritten signature in black ink that reads "DMCL".

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, Canada
May 27, 2015

HANDA COPPER CORPORATION
(AN EXPLORATION STAGE COMPANY)

Consolidated statements of financial position
(Expressed in Canadian dollars)

	January 31, 2015	January 31, 2014 (Note 3)	January 31, 2013 (Note 3)
Assets			
<i>Current assets</i>			
Cash (Note 4)	\$ 35,352	\$ 95,946	\$ 414,745
Short-term investments	300,000	2,000,286	2,500,007
Due from related parties	-	-	57,892
Other receivables (Note 5)	7,134	50,279	46,900
Total current assets	342,486	2,146,511	3,019,544
<i>Non-current assets</i>			
Equipment (Note 6)	37,880	49,441	3,295
Exploration and evaluation assets (Note 7)	576,127	1	179,278
Total non-current assets	614,007	49,442	182,573
Total assets	\$ 956,493	\$ 2,195,953	\$ 3,202,117
Liabilities and Shareholders' Equity			
<i>Current liabilities</i>			
Accounts payable and accrued liabilities (Note 8)	\$ 179,464	\$ 123,809	\$ 110,843
Total current liabilities	179,464	123,809	110,843
<i>Shareholders' equity</i>			
Share capital (Note 10)	5,734,207	5,734,207	5,734,207
Share-based payment reserve (Note 10)	966,389	965,298	952,164
Foreign exchange translation reserve (Note 10)	(181,857)	(179,169)	(172,432)
Accumulated deficit	(5,741,710)	(4,448,192)	(3,422,665)
Total Shareholders' equity	777,029	2,072,144	3,091,274
Total liabilities and shareholders' equity	\$ 956,493	\$ 2,195,953	\$ 3,202,117

Subsequent events (Note 17)

Signed, "Marek Kreczmer", Director

Signed, "Darryl Yea", Director

See accompanying notes to the consolidated financial statements.

HANDA COPPER CORPORATION
(AN EXPLORATION STAGE COMPANY)

Consolidated statements of comprehensive loss

(Expressed in Canadian dollars)	Years ended January 31,	
	2015	2014
	(Note 3)	
<hr/>		
Operating expenses:		
Depreciation (Note 6)	\$ 11,561	\$ 6,315
Directors fees (Note 9)	31,350	13,750
Exploration costs (Note 7)	733,148	158,666
Filing and regulatory fees	41,058	27,717
Impairment charge on exploration and evaluation asset (Note 7)	1	179,277
Investor relations, promotion and advertising	16,377	27,704
Office and administration	19,294	18,303
Professional and consulting fees	91,897	74,167
Share based payments (Note 10)	1,091	12,628
Site investigation costs	-	337,309
Wages and management fees (Note 9)	332,545	198,780
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Loss from operations	1,278,322	1,054,616
Other income (expense):		
Finance income	13,079	29,089
Write off VAT receivable	(28,275)	-
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Net loss	(1,293,518)	(1,025,527)
<hr/>		
Other comprehensive loss		
Exchange differences of translating foreign operations	(2,688)	(6,737)
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Total loss and comprehensive loss	\$ (1,296,206)	\$ (1,032,264)
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Loss per common share, basic and diluted (Note 15)	\$ (0.15)	\$ (0.12)
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See accompanying notes to the consolidated financial statements.

HANDA COPPER CORPORATION
(AN EXPLORATION STAGE COMPANY)

Consolidated statements of changes in equity

(Expressed in Canadian dollars)	Common Shares		Share-based payment reserve	Foreign exchange translation reserve	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount				
	#	\$				
Balance as at January 31, 2013 (Notes 3 and 10)	8,469,180	5,734,207	952,164	(172,432)	(3,422,665)	3,091,274
Share-based payment (Note 10)	-	-	13,134	-	-	13,134
Comprehensive loss	-	-	-	(6,737)	(1,025,527)	(1,032,264)
Balance as at January 31, 2014 (Notes 3 and 10)	8,469,180	5,734,207	965,298	(179,169)	(4,448,192)	2,072,144
Share-based payment (Note 10)	-	-	1,091	-	-	1,091
Comprehensive loss	-	-	-	(2,688)	(1,293,518)	(1,296,206)
Balance as at January 31, 2015	8,469,180	5,734,207	966,389	(181,857)	(5,741,710)	777,029

See accompanying notes to the consolidated financial statements.

HANDA COPPER CORPORATION
(AN EXPLORATION STAGE COMPANY)

Consolidated statements of cash flows

(Expressed in Canadian dollars)	Years ended January 31,	
	2015	2014 (Note 3)
Cash flows from operating activities		
Loss for the year	\$ (1,293,518)	\$ (1,025,527)
Items not affecting cash:		
Share-based payments	1,091	12,628
Depreciation	11,561	6,315
Impairment charge on exploration and evaluation asset	1	179,277
Write off VAT receivable	28,275	-
	(1,252,590)	(827,307)
Changes in working capital:		
Other receivables	14,870	(3,379)
Due to related party	-	55,755
Accounts payable and accrued liabilities	55,655	8,937
Net cash used in operating activities	(1,182,065)	(765,994)
Cash flows from financing activities		
Net cash provided by financing activities	-	-
Cash flows from investing activities		
Redemption of short term investments	1,700,286	500,000
Purchase of equipment	-	(52,461)
Exploration and evaluation assets	(576,127)	-
Net cash provided by investing activities	1,124,159	447,539
Effect of foreign exchange rates on cash	(2,688)	(344)
Decrease in cash	(60,594)	(318,799)
Cash, beginning of year	95,946	414,745
Cash, end of year	\$ 35,352	\$ 95,946

Supplemental Cash Flow Information (Note 16)

See accompanying notes to the consolidated financial statements.

NOTE 1 - NATURE OF OPERATIONS

Handa Copper Corporation (the “Company”) was incorporated under the laws of the Province of British Columbia on November 10, 2009. The Company is a junior mineral exploration company engaged in the acquisition, exploration and development of prospective precious, base metal and other mineral exploration projects worldwide. Its registered records office is located at Suite 1500, 701 West Georgia Street, Vancouver, BC, V7Y 1C6. The Company is listed on the TSX Venture exchange (“TSX-V”) under the symbol ‘HEC’.

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. As at January 31, 2015 the Company had not advanced its properties 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 mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. 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. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statement of financial position.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”), International Accounting Standards (“IAS”), and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) issued by the International Accounting Standards Board (“IASB”).

The policies applied in these consolidated financial statements are based on IFRS issued and effective as at the date the Board of Directors approved these financial statements for issue.

The consolidated financial statements were authorized for issue by the Board of Directors (the “Board”) on May 27, 2015.

Basis of Measurement

The consolidated financial statements have been prepared on the historical cost convention, except for financial assets classified as and fair value through profit and loss (“FVTPL”) which are measured at fair value. These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information and are presented in Canadian dollars.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its wholly owned subsidiary, Hana Botswana (Pty) Ltd. (“Hana Botswana”). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company balances have been eliminated upon consolidation.

The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to use estimates, judgments and assumptions that affect the reported amounts of assets, liabilities and expenses.

i) Impairment assessment of exploration and evaluation assets

In accordance with the Company's accounting policy each asset is evaluated every reporting period to determine whether there are any indications of impairment. If any such indications exist, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use.

The most significant assets assessed include exploration and evaluation assets. Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective assets. Changes in any assumptions used to determine impairment testing could materially affect the result of the analyses.

ii) Decommissioning and restoration provisions

Decommissioning and restoration costs are a normal consequence of exploration. The Company's accounting policy requires the recognition of such provisions when the obligation occurs. The initial provisions are periodically reviewed during the life of the project to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of the projects. The ultimate magnitude of these costs is uncertain, and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience on other sites. The expected timing of expenditure can also change.

iii) Determination of the fair value of share-based compensation

The fair value of stock options granted is computed to determine the relevant charge to income and liability if applicable. In order to compute this fair value the Company uses the Black-Scholes Option Pricing Model that inherently requires the Company to make various estimates and assumptions in relation of the expected life of the award, expected volatility, risk-free rate and forfeiture rates.

Changes in any of these inputs could cause a significant change in the share-based compensation expense charged in a period. The assumptions with the greatest potential impact on the calculations are volatility, forfeiture rates and the expected life.

iv) Deferred tax assets and liabilities

The determination of the Company's tax expense and deferred tax liabilities involves significant estimation and judgement by management. In determining these amounts, management interprets tax legislation in a variety of jurisdictions and makes estimates of the expected timing of the reversal of deferred tax assets and liabilities. The Company is subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes. The Company provides for such differences, where known, based on management's best estimate of the probable outcome of these matters.

v) Functional currency

The determination of a subsidiary's functional currency often requires significant judgement where the primary economic environment in which they operate may not be clear. This can have a significant impact on the consolidated results of the Company based on the foreign currency translation method required.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

The functional currency of each entity 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 subsidiary is the Botswana Pula.

Transactions and balances:

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

Foreign operations:

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recognized in other comprehensive income and recorded in the Company's foreign currency translation reserve in equity. These differences are recognized in the profit or loss in the period in which the operation is disposed.

Exploration and evaluation expenditures

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the direct costs related to the acquisition of exploration and evaluation assets. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued.

Exploration and evaluation expenditures incurred prior to the establishment of technical feasibility and commercial viability of extracting mineral resources and a decision to proceed with development are charged to operations as incurred (Note 3).

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation expenditures (continued)

- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource 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.

Share-based payments

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 option 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.

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.

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 group 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.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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 to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

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 group 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 non-financial 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. Any reversal of impairment cannot increase the carrying value of the asset 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.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

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 the related asset 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 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 the related asset 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. These changes are recorded directly to the related asset with a corresponding entry to the provision.

The increase in the restoration provision due to the passage of time is recognized as interest expense.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to the statement of comprehensive 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the statement of comprehensive loss.

Depreciation is calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The depreciation rates applicable to each category of equipment are as follows:

Class of property, plant and equipment	Depreciation rate
Computer equipment	30%
Vehicles	20%

New accounting standards and interpretations

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after February 1, 2015 or later periods. The following new standards, amendments and interpretations that have not been early adopted in these financial statements, are not expected to have a material effect on the Company's future results and financial position:

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

Other accounting stands or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

NOTE 3 – CHANGE IN ACCOUNTING POLICY

During the year the Company retrospectively changed its accounting policy for exploration and evaluation expenditures under IFRS 6- Exploration and Evaluation of Mineral Resources. The Company previously elected to capitalize costs relating to the exploration and evaluation of properties. The Company has changed its policy to expense these costs as it is felt this policy provides more useful information to the users of these financial statements. The Company has applied the change in the accounting policy on a retrospective basis and has therefore made a restatement as follows:

The financial statement impact as at January 31, 2013 is as follows:

	As previously reported	Restatement	Restated
Exploration and evaluation asset	\$ 1,849,140	\$ (1,669,862)	\$ 179,278
Accumulated deficit	(1,752,803)	(1,669,862)	(3,422,665)

NOTE 3 – CHANGE IN ACCOUNTING POLICY (continued)

The financial statement impact as at January 31, 2014 is as follows:

	As previously reported	Restatement	Restated
Consolidated statement of financial position			
Exploration and evaluation asset	\$ 1	\$ -	\$ 1
Accumulated deficit	(4,448,192)	-	(4,448,192)
Consolidated statement of comprehensive loss			
Exploration costs	-	158,666	158,666
Impairment charge on exploration and evaluation asset	2,007,805	(1,828,528)	179,277
Net loss	(2,695,389)	1,669,862	(1,025,527)
Comprehensive loss	(2,702,126)	1,669,862	(1,032,264)
Loss per share, basic and diluted (i)	(0.06)	(0.06)	(0.12)
Consolidated statement of cash flows			
Cash flows from operating activities	(667,931)	(98,063)	(765,994)
Cash flows provided by financing activities	349,476	98,063	447,539

(i) The change in loss per share includes the impact of the consolidation of common shares on a 5:1 basis effective August 14, 2015 (Note 10).

NOTE 4 – CASH

The Company's cash position at January 31, 2015 totalling \$35,352 (2014; \$95,946) was denominated in the following currencies:

	January 31, 2015	January 31, 2014
Cash at bank – Canadian dollars	\$ 32,143	\$ 89,810
Cash at bank – U.S. dollars	603	744
Cash at bank – Botswana Pula	2,606	5,392
	\$ 35,352	\$ 95,946

NOTE 5 – OTHER RECEIVABLES

	January 31, 2015	January 31, 2014
GST Receivable	\$ 3,102	\$ 3,378
VAT Receivable	-	26,339
Other Receivable (Note 9)	4,032	20,562
Total Other Receivables	\$ 7,134	\$ 50,279

NOTE 6 – EQUIPMENT

Cost	Computer Equipment	Vehicles	Total
Balance, January 31, 2013	\$ 3,562	\$ -	\$ 3,562
Additions	-	52,461	52,461
Balance, January 31, 2014	3,562	52,461	56,023
Additions	-	-	-
Balance, January 31, 2015	\$ 3,562	\$ 52,461	\$ 56,023

Amortization	Computer Equipment	Vehicles	Total
Balance, January 31, 2013	\$ (267)	\$ -	\$ (267)
Charge for the year	(1,069)	(5,246)	(6,315)
Balance, January 31, 2014	(1,336)	(5,246)	(6,582)
Charge for the year	(1,069)	(10,492)	(11,561)
Balance, January 31, 2015	\$ (2,405)	\$ (15,738)	\$ (18,143)

Carrying amounts	Computer Equipment	Vehicles	Total
Balance, January 31, 2014	\$ 2,226	\$ 47,215	\$ 49,441
Balance, January 31, 2015	\$ 1,157	\$ 36,723	\$ 37,880

NOTE 7 – EXPLORATION AND EVALUATION ASSETS

A summary of acquisition costs included in exploration and evaluation assets are as follows:

	Kuke Project	Mabadou	Banda-Kayes	Divine and Matabana	Total
Balance, January 31, 2013	\$ 179,278	\$ -	\$ -	\$ -	\$ 179,278
Impairment	(179,277)	-	-	-	(179,277)
Balance, January 31, 2014	1	-	-	-	1
Acquisition costs	-	232,739	232,738	110,650	576,127
Impairment	(1)	-	-	-	(1)
Balance, January 31, 2015	\$ -	\$ 232,739	\$ 232,738	\$ 110,650	\$ 576,127

A summary of exploration and evaluation expenditures included in comprehensive loss are as follows:

	Kuke Project	Mabadou	Banda-Kayes	Divine and Matabana	Total
Wages, administration and professional fees	\$ 81,061	\$ -	\$ -	\$ -	\$ 81,061
Assaying and geochemical	(10,615)	-	-	-	(10,615)
Share-based payment (Note 10)	506	-	-	-	506
Drilling	64,696	-	-	-	64,696
Camp and field costs	23,018	-	-	-	23,018
Total for the year ended January 31, 2014	\$ 158,666	\$ -	\$ -	\$ -	\$ 158,666

NOTE 7 – EXPLORATION AND EVALUATION ASSETS (continued)

	Kuke Project	Mabadou	Banda- Kayes	Divine and Matabana	Total
Wages, administration and professional fees	\$ -	\$ 274,806	\$ 274,807	\$ -	\$ 549,613
Camp and field costs	-	14,902	14,903	-	29,805
Travel	-	76,865	76,865	-	153,730
Total for the year ended January 31, 2015	\$ -	\$ 366,573	\$ 366,575	\$ -	\$ 733,148

Botswana, Africa

The Company acquired its interest in the Kuke Property in 2010 when it acquired Hana Botswana. Hana Botswana holds eleven prospecting licenses in Botswana, known as the Kuke Property, which is located northeast of the town of Maun, Botswana. The Company has discontinued all further exploration in Botswana.

Republic of Congo, Africa

Mabadou and Banda-Kayes

On April 19, 2014, the Company entered into acquisition and earn-in agreements (the “Option Agreements”) with Renaissance Copper Limited (“Renaissance”) and Nirvana Minerals Limited (“Nirvana”), whereby the Company acquired 20% of the outstanding shares of each of Renaissance and Nirvana for aggregate consideration of US\$400,000, plus permitting fees and other charges of US\$24,125 levied by the Government of the Republic of Congo. Renaissance and Nirvana are the indirect owners of the Mabadou and Banda-Kayes projects located in the Republic of Congo, respectively. The Company has the option to earn up to a 100% interest in each of these companies as follows:

The Option Agreements each have the same terms, but are independent of each other and are not cross-conditional. Each Option Agreement provides the Company with an irrevocable and exclusive option to each interests in each project as summarized below:

- First Option – an initial 20% interest in consideration for a cash payment of US\$200,000 for each project (paid);
- Second Option – a further 30% interest by proving the first inferred copper resource on the property within 32 months of a Research Permit for each project being signed by the President of the Republic of Congo;
- Simultaneously with the exercise of the Second Option in each project the Company shall be obliged to pay an amount of US\$200,000, earning a further 1% interest (total 51%) interest in each project; and Third Option – the Company will earn a further 49% interest (total 100%) in each project upon making a cash payment of US\$3,000,000, which payment will be due following: (i) completion of a Bankable Feasibility Study, to occur within 24 months after the exercise of the Second Option; and (ii) the issue of a mining permit for the project. Upon the execution of the Third Option, each Vendor will retain 1.455% production royalty in its respective project.

Divinie and Makabana

On April 19, 2014, the Company entered into a letter agreement with Ishara Investment Limited (“Ishara”) to acquire up to 100% interest in the Divinie and Makabana Prospecting Authorizations (the “Authorizations”) in the Republic of Congo. Ishara has submitted applications to the Government of Republic of Congo for these Authorizations, which were issued effective July 17, 2014. Upon 30 days after these Authorizations are issued, a definitive acquisition and earn-in agreement shall be executed.

The Company paid deposits of US\$50,000 for each of the Authorizations, which are to be applied toward the first option payment when due. As at the date of these financial statements, a definitive agreement has not been completed.

NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	January 31, 2015	January 31, 2014
Accounts payable	\$ 137,235	\$ 83,809
Accounts due to related parties (Note 9)	19,229	-
Accrued liabilities	23,000	40,000
	<u>\$ 179,464</u>	<u>\$ 123,809</u>

NOTE 9 – DUE TO RELATED PARTIES

At January 31, 2015, \$19,229 (2014 - \$Nil) is payable to a company controlled by a director of the Company and is included in accounts payable and accrued liabilities (Note 8). At January 31, 2015, \$2,936 is receivable from a related party (2014 - \$Nil) and is included in other receivables (Note 5).

The Company incurred the following transactions with directors and companies that are controlled by directors of the Company:

	Years ended January 31,	
	2015	2014
Directors fees	\$ 31,350	\$ 13,750
Management fees	276,930	169,700
	<u>\$ 308,280</u>	<u>\$ 183,450</u>

Key management personnel compensation

	Years ended January 31,	
	2015	2014
Management fees	\$ 249,598	\$ 169,700
Share-based payments	-	5,053
	<u>\$ 249,598</u>	<u>\$ 174,803</u>

NOTE 10 – SHARE CAPITAL

(a) *Authorized*

The Company's authorized capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

On August 15, 2014, the Company received the approval of the TSX-V for the consolidation of its issued and outstanding common shares on the basis of one new common share for every five common shares currently issued and outstanding. The Company's shares commenced trading on the TSX-V on a consolidated basis; there are 8,469,180 common shares issued and outstanding:

	Number of Shares	Amount (\$)
Balance, January 31, 2014	42,345,900	5,734,207
Balance, January 31, 2015 post-consolidation	8,469,180	5,734,207

All share and per share references in these financial statements have been reflected on a post-consolidation basis.

NOTE 10 – SHARE CAPITAL (continued)

(b) *Stock Options*

The Company has a stock option plan for the purchase of common shares for its directors, officers, and employees (the “Plan”). The maximum number of shares which may be issuable pursuant to options granted under the Plan shall be that number equal to 10% of the Company’s issued share capital from time to time or such additional amount as may be approved from time to time by the shareholders of the Company. The options are non-assignable and non-transferable and may be granted for a term not exceeding five years. There is no cash settlement alternative provision for the options. The exercise price of the options is fixed by the board of directors of the Company at the time of grant, subject to all applicable regulatory requirements.

	Number of Stock Options	Weighted Average Exercise Price (\$)
Balance, January 31, 2013	554,000	2.40
Forfeited	(128,000)	2.50
Balance, January 31, 2014	426,000	2.36
Forfeited	(46,000)	2.34
Balance, January 31, 2015	380,000	2.36

A summary of the Company’s outstanding and exercisable stock options as of January 31, 2015 is as follows:

Number of Options	Expiry Date	Weighted average remaining contractual life (in years)	Exercise price \$
350,000	May 6, 2016	1.26	2.50
30,000	October 22, 2017	2.72	0.75
380,000		1.38	

(c) *Share-based Compensation*

For the years ended January 31, 2015 and 2014, the Company recorded compensation cost on the stock options granted to employees, officers and directors. For the purposes of estimating the fair value of options using the Black-Scholes Option Pricing Model, certain assumptions are made such as expected dividend yield, forfeiture rates, volatility of the market price of the Company’s shares, risk-free interest rates and expected average life of the options.

During the years ended January 31, 2014 and 2015, there were no stock options granted. For the year ended January 31, 2015, the Company charged to the consolidated statement of comprehensive loss a total of \$1,091 (2014 - \$12,628) of share-based payment expense and \$Nil (2014 - \$506) of exploration costs, representing the vesting of the fair value of options granted during the year ended January 31, 2013.

(d) *Reserves*

Share based payment reserve is used to recognize the value of stock option grants and share warrants net of amounts transferred on exercising of the related options and warrants.

The foreign exchange translation reserve is used to record unrealized exchange differences arising on translation of foreign operations that have a functional currency other than the Company’s reporting currency.

HANDA COPPER CORPORATION
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
January 31, 2015
(Expressed in Canadian dollars)

NOTE 11 – INCOME TAXES

(a) Income Taxes

As at January 31, 2015, the deferred tax assets are not recognized on the following temporary differences as it is not probable that sufficient future taxable profit will be available to utilize such assets:

	January 31, 2015	January 31, 2014
Unrecognised Deferred Tax Assets		
Tax loss carry forwards	\$ 3,411,000	\$ 2,587,000
Share issue costs	1,000	59,000
Equipment	18,000	7,000
Exploration and evaluation assets	304,000	-
	<u>\$ 3,734,000</u>	<u>\$ 2,653,000</u>

(b) Income tax expense

The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the combined federal and provincial statutory income tax rates of 26% (2014 – 25%) to net loss as follows:

	Years ended January 31,	
	2015	2014
Net loss	\$ (1,293,518)	\$ (1,025,527)
Expected income tax recovery based on statutory rate	\$ (336,000)	\$ (256,000)
Non-deductible items	55,000	49,000
Effect of change in tax rate	(19,000)	-
Temporary income tax differences not recognized	300,000	207,000
	<u>\$ -</u>	<u>\$ -</u>

(c) The following unused tax losses and temporary differences which have not been recognized, as it is not probable that taxable profits will be available against which they can be utilized, expire as follows:

Country	Amount	Expiry Date
Canada	\$ 4,000	2030
Canada	107,000	2031
Canada	506,000	2032
Canada	440,000	2033
Canada	360,000	2034
Canada	1,303,000	2035
Botswana	691,000	No expiry
	<u>\$ 3,411,000</u>	

NOTE 12 – FINANCIAL INSTRUMENT RISK EXPOSURE AND RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The main types of risks are credit risk, liquidity risk and market risk. These risks arise from the normal course of operations and all transactions are undertaken as a going concern. 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 cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk primarily associated to cash, short-term investments, and other receivables. The carrying amounts of assets included on the statement of financial position represent the maximum credit exposure. The Company limits exposure to credit risk and liquid financial assets through maintaining its cash and short-term deposits with institutions of high credit worthiness.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages its capital in order to meet short term business requirements, after taking into account cash flows from operations, expected capital expenditures and its holdings of cash. The Company believes that these sources should be sufficient to cover the likely short term requirements. In the long term, the Company may have to issue additional shares to ensure there is sufficient capital to meet long term objectives. The Company's cash is invested in business bank accounts and available on demand for its programs. All financial liabilities, being accounts payable, are payable within a 90 day period and are to be funded from cash on hand.

Market Risk

The significant market risks to which the Company is exposed are foreign exchange risk, interest rate risk and commodity price risk. These are further discussed below:

Foreign Exchange Risk

The functional currency of the Company is the Canadian dollar while the Botswana Pula is the functional currency of Hana Botswana. The carrying amounts of the financial assets and financial liabilities denominated in currencies other than the functional currencies are subject to current rate fluctuations and any resulting gain or loss is included as a component of net loss for the period. The Company is not exposed to significant foreign exchange risk.

Interest Rate Risk

The Company's interest rate risk mainly arises from the interest rate impact on its cash and short-term investments. Short-term investments earns interest based on market interest rates. Based on short-term investments outstanding at January 31, 2015, with other variables unchanged, a 1% change in the interest rate would affect its net loss by approximately \$30 (2014: \$20,000) The Company's financial liabilities are not exposed to interest rate risk.

Commodity Price Risk

The value of the Company's exploration and evaluation assets are related to the price of copper and silver and other minerals and the outlook for these minerals. The Company does not have any hedging or other commodity based risks respecting its operations. Copper and silver and other mineral prices historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities, and certain other factors related specifically to commodity prices.

NOTE 12 – FINANCIAL INSTRUMENT RISK EXPOSURE AND RISK MANAGEMENT (continued)

Fair Value

The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in IFRS 13, Financial Instruments: Fair Value Measurement (“IFRS 13”).

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs which are supported by little or no market activity. As required by IFRS 13, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Categories of Financial Instruments

The Company’s financial instruments include cash, short-term investments, due from related parties, other receivables, and accounts payable and accrued liabilities. The significance of the inputs used in determining fair value measurements of the Company’s financial instruments is provided below:

		January 31, 2015		
		Level 1	Level 2	Level 3
Cash	FVTPL	\$ 35,352	\$ -	\$ -
Short-term investments	FVTPL	300,000	-	-
		\$ 335,352	\$ -	\$ -

		January 31, 2014		
		Level 1	Level 2	Level 3
Cash	FVTPL	\$ 95,946	\$ -	\$ -
Short-term investments	FVTPL	2,000,286	-	-
		\$ 2,096,232	\$ -	\$ -

NOTE 13 – CAPITAL MANAGEMENT

The Company manages its cash, short-term investments, and share capital as capital. It is management’s objective to safeguard its capital in order that it will be able to continue as a going concern in the best interests of all stakeholders.

The Company’s investment policy is to hold cash in interest bearing bank accounts and highly liquid short-term interest bearing investments with maturities of one year or less which can be liquidated at any time without penalties.

The Company currently has no source of revenues. As such, the Company is dependent upon external financings to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to restrictions on the use of its capital. There were no changes in the Company's approach to capital management during the year.

NOTE 14 – SEGMENTED INFORMATION

The Company operates in one reportable segment, being the acquisition, exploration and development of mineral properties.

Segmented information relating to the Company' geographical location is summarized in the table below:

	January 31, 2015			Total
	Canada	Congo	Botswana	
Current assets	\$ 339,880	\$ -	\$ 2,606	\$ 342,486
Exploration and evaluation assets	-	576,127	-	576,127
Equipment	1,157	-	36,723	37,880
Accounts payable and accrued liabilities	(98,425)	-	(81,039)	(179,464)
	\$ 242,612	\$ 576,127	\$ (41,710)	\$ 777,029

	January 31, 2014			Total
	Canada	Congo	Botswana	
Current assets	\$ 2,114,781	\$ -	\$ 31,730	\$ 2,146,511
Exploration and evaluation assets	-	-	1	1
Equipment	2,226	-	47,215	49,441
Accounts payable and accrued liabilities	(51,457)	-	(72,352)	(123,809)
	\$ 2,065,550	\$ -	\$ 6,594	\$ 2,072,144

NOTE 15 – LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following data:

	January 31, 2015	January 31, 2014
Net Loss for the year	\$ (1,293,518)	\$ (1,025,527)
Weighted average number of common shares outstanding	8,469,180	8,469,180

The basic loss per share is determined by dividing the net loss for the year by the weighted average number of shares outstanding during the year. Common share equivalents were considered to have an anti-dilutive impact on the loss per share calculations and accordingly have been excluded for the years 2015 and 2014.

The loss per share for the year ended January 31, 2015 was \$(0.15) (2014: \$ (0.12))

NOTE 16 – SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental Disclosure of Non-Cash Financing and Investing Activities:

	January 31, 2015	January 31, 2014
Interest received in cash	\$ 12,179	\$ 28,379
Income taxes paid	\$ -	\$ -
Exploration and evaluation assets included in accounts payable	\$ -	\$ 64,632

NOTE 17 – EVENTS OCCURRING AFTER THE REPORTING DATE

- a) On March 20, 2015, the Company completed a non-brokered private placement offering raising gross proceeds of \$644,179 by the issuance of 9,410,000 units at \$0.06 per unit and 1,105,263 units at \$0.072 per unit.

Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share at an exercise price of \$0.12 per share for a period of 36 months from closing, subject to the Company's right to accelerate the expiry of the warrants if the daily volume weighted average trading price of the common shares of the Company on the TSX-V is equal to, or exceeds \$0.36 for a period of 20 consecutive trading days during the term of the warrant. No broker or finder fees were paid in connection with the offering.

All securities issued in the offering are subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation, expiring on July 20, 2015.

- b) On April 15, 2015, the Company granted 1,360,000 stock options to directors, employees and consultants, which are exercisable at \$0.15 per share for a period of 2 years.