# OXFORD RESOURCES INC.
(Formerly Highpointe Exploration Inc.)

## CONDENSED INTERIM FINANCIAL STATEMENTS

## FOR THE THREE MONTHS ENDED

## DECEMBER 31, 2014 AND 2013

## EXPRESSED IN CANADIAN DOLLARS

**NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2014**

The accompanying unaudited condensed interim financial statements of Oxford Resources Inc. (the “Company”) for the period ended December 31, 2014, have been prepared by, and are the responsibility of, the Company’s management.

The Company’s independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of the condensed interim statements by an entity’s auditor

**OXFORD RESOURCES INC.**
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**
(Expressed in Canadian Dollars)

| | December 31, 2014 | September 30, 2014 |
|---|---|---|
| | unaudited | |
| **ASSETS** | | |
| CURRENT | | |
| Cash | $ 60,664 | $ 17,693 |
| Amounts receivable | 9,192 | 2,466 |
| Short-term investments | - | 12,000 |
| TOTAL ASSETS | $ 69,856 | $ 32,159 |
| **LIABILITIES** | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | $ 144,720 | $ 244,391 |
| Due to related parties (Note 7) | 70,419 | 103,207 |
| TOTAL CURRENT LIABILITIES | 205,139 | 347,598 |
| **SHAREHOLDERS' EQUITY** | | |
| Share capital (Note 8) | 3,161,422 | 2,851,827 |
| Equity reserves | 296,463 | 292,127 |
| Deficit | (3,603,168) | (3,459,393) |
| TOTAL SHAREHOLDERS' EQUITY | (145,283) | (315,438) |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | $ 69,856 | $ 32,159 |

Nature of operations and going concern (Note 1)

Approved on behalf of the Board on February 10, 2015

*/s/Mitchell Adam*
Director

*/s/Stephen Butrenchuk*
Director

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

**OXFORD RESOURCES INC.**
**CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**
(Expressed in Canadian Dollars)

| | Three months ended December 31, | |
|---|---|---|
| | **2014** | **2013** |
| EXPENSES | | |
| Audit and accounting | $ 16,500 | $ 24,500 |
| Consulting | 59,000 | 3,000 |
| Legal | (2,193) | 844 |
| Management | 40,000 | 35,000 |
| Office and miscellaneous | 6,699 | 11,479 |
| Rent | (1,100) | 13,356 |
| Registration and transfer fees | 5,122 | 6,661 |
| Share based compensation | 4,336 | - |
| Travel | 13,421 | - |
| Amortization | - | 2,380 |
| Loss before other items | (141,785) | (97,220) |
| Realized loss on sale of investment | (1,990) | - |
| NET LOSS AND COMPREHENSIVE LOSS | $ (143,775) | $(97,220) |
| LOSS PER SHARE, BASIC AND DILUTED | $ (0.01) | $ (0.02) |
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING | 22,772,700 | 4,963,374 |

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

# OXFORD RESOURCES INC.
## CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

| | Three months ended December 31, 2014 | 2013 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net loss | $ (143,775) | $ (97,220) |
| Items not affecting cash | | |
| Amortization | - | 2,380 |
| Share based compensation | 4,336 | - |
| Realized loss on investment | 1,990 | - |
| Changes in non-cash working capital items | | |
| Amounts receivable | (6,726) | 237 |
| Prepaid expenses | - | (75) |
| Deposits | - | (12) |
| Accounts payable and accrued liabilities | (99,671) | 53,926 |
| Due to related parties | (32,788) | 40,799 |
| **Net cash used in operating activities** | (276,634) | 35 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Issuance of share capital | 309,595 | - |
| **Net cash from financing activities** | 309,595 | - |
| **CASH FLOWS PROVIDED BY INVESTING ACTIVITIES** | | |
| Investments | 10,010 | - |
| **Net cash used in investing activities** | 10,010 | - |
| Change in cash and cash equivalents during the period | 42,971 | 35 |
| Cash and cash equivalents, beginning of period | 17,693 | 5,244 |
| **Cash and cash equivalents, end of period** | $ 60,664 | $ 5,279 |
| **SUPPLEMENTAL INFORMATION** | | |
| NON CASH FINANCING AND INVESTING ACTIVITIES | | |
| Exploration and evaluation expenditures included in accounts payable | $ - | $ 231 |

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

**OXFORD RESOURCES INC.**
**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**
**FOR THE THREE MONTHS ENDED DECEMBER 31, 2014**
(Expressed in Canadian Dollars)

| | **Number of shares** | **Share Capital** | **Equity Reserves** | **Deficit** | **Total equity** |
|---|---|---|---|---|---|
| Balance at September 30, 2013 | 4,963,374 | $ 2,051,073 | $ 212,769 | $(1,867,658) | $ 396,184 |
| Comprehensive loss for the period | - | - | - | (97,220) | (97,220) |
| Balance at December 31, 2013 | 4,963,374 | 2,051,073 | 212,769 | (1,964,878) | 298,964 |
| Shares issued for cash | 6,000,000 | 300,000 | - | - | 300,000 |
| Shares issued for exploration and evaluation assets | 5,000,000 | 500,000 | - | - | 500,000 |
| Shares issued for debt | 607,152 | 30,358 | - | - | 30,358 |
| Gain on debt settlement | - | (6,072) | - | - | (6,072) |
| Share issue costs | - | (23,532) | - | - | (23,532) |
| Share based compensation | - | - | 79,358 | - | 79,358 |
| Comprehensive loss for the period | - | - | - | (1,494,515) | (1,494,515) |
| Balance at September 30, 2014 | 16,570,526 | 2,851,827 | 292,127 | (3,459,393) | (315,439) |
| Shares issued for cash | 15,850,000 | 317,000 | - | - | 317,000 |
| Share issue costs | - | (7,405) | - | - | (7,405) |
| Share based compensation | - | - | 4,336 | - | 4,336 |
| Comprehensive loss for the period | - | - | - | (143,775) | (143,775) |
| Balance at December 31, 2014 | 32,420,526 | $ 3,161,422 | $ 296,463 | $ (3,603,168) | $ (145,283) |

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

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Oxford Resources Inc. (the "Company") was incorporated on November 19, 2009, under the British Columbia Business Corporations Act as Highpointe Exploration Inc. The Company changed its name to Oxford Resources Inc. on November 8, 2013. The Company's principal business activities include the acquisition, exploration and development of mineral properties. The head office, principal address and records and registered office of the Company are located at Suite 810 – 789 West Pender Street, Vancouver, British Columbia, Canada V6C 1H2.

The Company incurred a loss of $143,775 and $97,220 for the three months ended December 31, 2014 and 2013 respectively, and had an accumulated deficit of $3,603,168 at December 31, 2014, which has been funded primarily by the issuance of equity. In addition, the Company has a working capital deficiency of $145,283. These factors raise significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon the ability to fund its existing acquisition and exploration commitments on its resource properties when they come due, which would cease to exist if the Company decides to terminate its commitments. The Company may be able to generate working capital to fund its operations by the sale of its resource properties or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These condensed interim financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

## 2. BASIS OF PRESENTATION

### (a) Statement of Compliance and Basis of Presentation

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Subject to certain IFRS transition elections, the Company has consistently applied the same accounting policies throughout the years presented, as if the policies have always been in effect.

These condensed interim financial statements should be read in conjunction with the Company's September 30, 2014, annual financial statements.

These condensed interim financial statements were reviewed by the Audit Committee and approved and authorized for issuance by the Board of Directors on February 10, 2015.

### (b) Measurement basis and functional currency

These condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments classified at fair value through profit or loss which are stated at their fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting. All amounts are expressed in Canadian dollars unless otherwise stated. The functional currency of the Company and its subsidiary is the Canadian dollar.

## 3. SIGNIFICANT ACCOUNTING POLICIES

**Short-term investments**

Short-term investments are classified as fair value through profit or loss and recorded at fair value with realized and unrealized gains and losses recognized in income or loss.

**Exploration and evaluation assets**

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures 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.

Mineral property acquisition costs and exploration and evaluation expenditures are recorded at cost. When shares are issued as part of mineral property exploration costs, they are valued at the closing share price at the earlier of the date the counterparty's performance is complete or the issuance date. Payments related to a property acquired under an option or joint venture agreement, where payments are made at the sole discretion of the Company, are recorded upon payment.

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

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 mines under construction.

General exploration costs not related to specific properties and general administrative expenses are charged to operations in the year in which they are incurred. Exploration and evaluation assets are classified as intangible assets.

**Impairment of non-financial assets**

Exploration and evaluation assets are reviewed for indications of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated. Impairment of an exploration and evaluation assets is generally considered to have occurred if one of the following factors are present: the rights to explore have expired or are near to expiry with no expectation of renewal, no further substantive expenditures are planned, exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered, the carrying amount is unlikely to be recovered in full by development or by sale. The recoverable amount is the greater of the asset's fair value less costs to sell and its 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 current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

When an impairment loss reverses in a subsequent period, the carrying amount of the related asset is increased to the revised estimate of the recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset previously. Reversals of impairment losses are recognized in the statement of comprehensive loss in the period the reversals occur.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Leasehold improvements**

Leasehold improvements that qualify for recognition as an asset are initially recorded at cost and depreciated over the lease term. The lease was cancelled on March 31, 2014. There was no amortization recorded in the three months ended December 31, 2014 (2013 - $2,380).

**Government assistance**

B.C. mining exploration tax credits for certain exploration expenditures incurred in B.C. are treated as a reduction of the exploration and development costs of the respective exploration and evaluation assets. Until such time that there is significant certainty with regard to collections and assessments, the Company will record any recovered tax credits at the time of receipt. No gain or loss is realized during the exploration stage until all carrying costs of the specific interest have been offset.

**Provisions**

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**Decommissioning liabilities**

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or on-going production. Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs are charged against operations through depreciation of the asset and unwinding of the discount on the provision.

Depreciation is included in operating costs while the unwinding of the discount is included as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset.

The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against operations as extraction progresses.

Changes in the measurement of a liability, which arises during production, are charged against operating profit. The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

At December 31, 2014, the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Long-lived assets**
The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of mineral property and deferred exploration costs may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset.

**Share issue costs**
Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are expensed.

**Flow-through shares**
Canadian tax legislation permits a company to issue flow-through instruments whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company.

Flow-through shares are recognized in share capital based on the fair value attributed to common shares without a flow-through feature. The difference ("premium") between the amount recognized in common shares and the amount the investors pay for the flow-through shares is recognized as a flow-through share related liability which is reversed as the Company incurs qualify exploration expenditures. The amount recognized as a flow-through share related liability represents the difference between the fair value of the common shares and the amount the investor pays for the flow-through shares.

**Share-based payments**
The stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of equity settled stock options awarded to employees defined under IFRS 2 (i.e. employees for legal and tax purpose, directors and certain consultants) is determined as of the date of grant. The fair value of stock options awarded to non-employees defined under IFRS 2 is determined as of the date of delivery of service. Both types of stock option issuances are recognized as share-based compensation expense and are included in general and administrative expenses in the statement of comprehensive income, over the vesting period of the stock options, with a corresponding increase to equity.

The fair value of stock options is determined using the Black-Scholes option pricing model with market related inputs as of the date of grant or the date of delivery of service. Stock options with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values. Changes to the estimated number of awards that will eventually vest are accounted for prospectively.

**Comprehensive loss**
Comprehensive loss reflects net loss and other comprehensive loss for the period. Other comprehensive loss includes changes in unrealized foreign currency translation amounts arising from self-sustaining foreign operations, unrealized gains and losses on available-for-sale assets and changes in the fair value of derivatives designated as cash flow hedges to the extent they are effective.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Basic and diluted loss per share**

Basic loss per share is computed by dividing the loss for the year by the period average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. Diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

**Income taxes**

The Company utilizes the asset and liability method of accounting for income taxes. Under the liability method, deferred income taxes are recognized to reflect the expected deferred tax consequences arising from temporary differences between the carrying value and the tax bases of the deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred tax assets are recognized only to the extent that it is probable that future taxable income will be available against which deductions and tax losses can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**Financial instruments**

**Financial assets**

Financial assets are classified into one of four categories:
- Fair value through profit or loss (“FVTPL”);
- Held-to-maturity (“HTM”);
- Loans and receivables; and
- Available for sale (“AFS”)

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

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

Held to maturity (“HTM”)

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company’s management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Loans and receivables

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

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**
**Financial Instruments (continued)**

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

**Financial liabilities**
Financial liabilities are classified into one of two categories:
- Fair value through profit or loss; and
- Other financial liabilities

Fair value through profit or loss
This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities
This category consists of liabilities carried at amortized cost being the effective interest method. The Company's accounts payable and due to related parties are classified as other financial liabilities.

**Related party transactions**

Parties are considered to be related, if one party has the ability, directly or indirectly, to control, jointly control or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

**Recent accounting pronouncements**

The mandatory adoption of the following new and revised accounting standards on September 1, 2013 had no significant impact on the Company's financial statements for the years presented.

*IFRS 10 Consolidated Financial Statements - IFRS 10* requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 replaces SIC-12 Consolidation - Special Purpose Entities and parts of the previous IAS 27 Consolidated and Separate Financial Statements.

*IFRS 11 Joint Arrangements* - IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or a joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under IFRS 11, proportionate consolidation is no longer permitted.

*IFRS 12 Disclosure of Interests in Other Entities* - IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Recently adopted IFRS standards and interpretations (continued)**

*IFRS 13 Fair Value Measurement* - IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also establishes disclosures about fair value measurement.

*IAS 1 Presentation of Financial Statements* - In June 2011, the IASB issued an amendment to IAS 1, which requires entities to separately present items in other comprehensive income based on whether or not they may be reclassified to profit or loss in future periods.

*IAS 27 Separate Financial Statements* - As a result of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 has been reissued to only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

*IAS 28 Investments in Associates and Joint Ventures* - As a consequence of the issuance of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended to provide accounting guidance for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 is applied by all entities that are investors with joint control of, or significant influence over, an investee.

*IFRIC 20 Production Stripping Costs* - In October 2011, the IASB issued IFRIC 20, which requires the capitalization and depreciation of stripping costs in the production phase if an entity can demonstrate (i) that it is probable future economic benefits will flow to the entity, (ii) the component of the ore body for which the access has been improved is identifiable, (iii) the costs related to the stripping activity associated with that component can be reliably measured.

**Accounting Standards and Amendments Issued But Not Yet Effective**

Certain new accounting standards and interpretations have been published that are not mandatory for the September 30, 2014 year. These standards have been assessed to not have a significant impact on the Company's financial statements.

The following accounting policies will be adopted by the Company effective October 1, 2014:

IAS 32 *Financial Instruments: Presentation* – In December 2011, the IASB issued an amendment to clarify the meaning of the offsetting criterion and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. Earlier application is permitted when applied with corresponding amendment to IFRS 7.

IAS 36 *Impairment of Assets* – In May 2013, the IASB issued an amendment to address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

*IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets* - In May 2014, the IASB issued amendments to IAS 16 and IAS 38. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Accounting Standards and Amendments Issued But Not Yet Effective (continued)**

*IFRIC 21 Levies* - In May 2013, the IASB issued IFRIC 21, Levies ("IFRIC 21"), an interpretation of IAS 37, Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. Management is currently evaluating the impact the final interpretation is expected to have on the Company's consolidated financial statements.

*The following standard will be adopted by the Company effective October 1, 2017:*

*IFRS 15 Revenue from Contracts with Customers* - In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

*The following standard will be adopted by the Company effective October 1, 2018:*

*IFRS 9 – Financial Instruments* - The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018.

Management is currently evaluating any impact that the above standards may have on the Company's financial statements and this assessment has not yet been finished.

## 4. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make certain accounting judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on past experience and other factors perceived to be relevant and probable when the judgments were made. Estimates are reviewed on an ongoing basis and the changes to the accounting estimates are accounted prospectively. Significant areas requiring the use of management estimates include the determination of impairment of exploration and evaluation assets, asset retirement obligations, deferred income tax assets and liabilities, and assumptions used in valuing options and warrants in share-based compensation calculations. Actual results could differ from the estimates made.

## 5. SHORT-TERM INVESTMENTS

As at December 31, 2014 and September 30, 2014, short-term investments consist of Nil and 100,000 common shares of Amarc Resources Ltd ("Amarc") respectively. The common shares of Amarc were acquired as part of the agreement described in Note 6 at a fair value of $5,000. As at September 30, 2014 the fair value of the Amarc common shares was $12,000. These investments are classified as fair value through profit or loss and recorded at fair value with realized and unrealized gains and losses recognized in income.

**EXPRESSED IN CANADIAN DOLLARS**

## 6. EXPLORATION AND EVALUATION ASSETS

The Company's interest in exploration and evaluation assets consists of:

| **Chilcotin Belle claims (formerly Tasco)** | December 31, 2014 $ | September 30, 2014 $ |
|---|---|---|
| Balance, beginning of year | - | 652,998 |
| | | |
| Acquisition costs | | |
| Proceeds form the sale of property in cash | - | (75,000) |
| Proceeds from the sale of property in shares | - | (5,000) |
| Write-off acquisition costs | - | (23,000) |
| Subtotal – additions during the period | - | (103,000) |
| Deferred exploration expenditures | | |
| Geological consulting | - | 10,231 |
| BC Mineral Tax credit recovery | - | (150) |
| Write-off exploration expenditures | - | (560,079) |
| Subtotal – additions during the period | - | (549,998) |
| Balance, end of period | - | - |
| | | |
| **Aley Creek claims** | | |
| Balance, beginning of year | - | - |
| | | |
| Acquisition costs | | |
| Cash | - | 10,000 |
| Common shares issued | - | 500,000 |
| Write-off mineral property | - | (510,000) |
| Subtotal – additions during the period | - | - |
| Balance, end of period | - | - |
| | | |
| **Balance all properties, end of period** | - | - |

**Aley Creek claims**
Pursuant to an acquisition agreement dated March 11, 2014. The Company was granted an option to acquire 100% undivided interest in the Aley Creek claims located in the Omenica Mining District of northeastern British Columbia. In order to acquire the claims, the Company agreed to make a payment of $10,000 in cash and issue 5,000,000 shares. (Note 7)

The Company was required to incur approximately $33,608 on or before September 25, 2014 in exploration expenditures or pay double the equivalent sum in cash in lieu of work, in order to retain title to the claim. Due to lack of funds the Company elected not to explore the property further and consequently lost title to the claims.

**EXPRESSED IN CANADIAN DOLLARS**

## 6. EXPLORATION AND EVALUATION ASSETS (Continued)

**Chilcotin Belle claims (formerly Tasco claims)**

Pursuant to an agreement dated February 5, 2010, the Company was granted an option to acquire a 100% undivided interest in the Tasco Claims located in Clinton Mining District, B.C. In order to earn its interest in the property, the Company agreed to make cash payments of $160,000, issue 100,000 common shares and incur $2,600,000 in exploration expenditures.

On May 9, 2013 the optionor agreed to accept 120,000 shares in lieu of a cash payment that was due on June 6, 2013. A total of 140,000 shares were therefore issued, comprising of the 120,000 shares plus the 20,000 that were due from the original agreement.

On December 10, 2013 the Company entered into a Mineral Property Option and Joint Venture Agreement (“Chilcotin Belle Agreement”) with Amarc Resources Ltd. (“Amarc”) in relation to the Chilcotin Belle property (formerly known as the Tasco property), located in central British Columbia, Canada. Under the Chilcotin Belle Agreement, Amarc will acquire an 80% ownership interest in the Chilcotin Belle property by making cash payments to the Company totaling $125,000, issuing 300,000 shares to the Company and by completing approximately $1.86 million in exploration expenditures on the Chilcotin Belle property on or before November 30, 2015. The mineral claims are subject to an underlying 2% net smelter returns royalty, which can be acquired by Amarc for $4 million. Upon exercise of the option by Amarc, the two parties will form an 80:20 joint venture to further develop the Chilcotin Belle property.

On July 24, 2014, the Company amended its joint venture agreement with Amarc regarding the Tasco property. In exchange for a $50,000 payment made on July 4, 2014 to the Company and a 1% net smelter returns royalty, Oxford sold its remaining 20% option to the property.

## 7. RELATED PARTY TRANSACTIONS AND BALANCES

The following expenses were incurred with directors, officers, and companies controlled by officers and directors of the Company:

| Key Management Compensation | Three months ended December 31, 2014 $ | Three months ended December 31, 2013 $ |
|---|---|---|
| Management and director fees | 40,000 | 45,000 |
| Consulting | 1,000 | 3,000 |
| Total Key Management Compensation | 41,000 | 48,000 |

In the three months ended December 31, 2014 the Company was charged $1,000 for consulting services by one company controlled by a relative of a director.

As at December 31, 2014, $70,419 (September 30, 2014 - $103,207) was owed to related parties. The amount owing was non-interest bearing, unsecured and due on demand.

EXPRESSED IN CANADIAN DOLLARS

## 8. SHARE CAPITAL

### (a) Authorized and issued

Unlimited common shares without par value.
On October 23, 2013, the Company approved a consolidation of its issued share capital on the basis of up to five old common shares for one new common share. The consolidation took effect on November 8, 2013. Prior to the consolidation the Company had 24,816,869 common shares issued and outstanding. At September 30, 2013 after the consolidation, the Company had 4,963,374 common shares issued and outstanding.

Three months ended December 31, 2014
On November 25, 2014 the Company completed a non-brokered private placement of 15,850,000 units at a price of $0.02 per unit for gross proceeds of $317,000. Each unit consisted of one common share and one common share warrant. Each warrant entitles the holder to purchase one additional common share at the price of $0.05 until November 25, 2015. Share issue costs of $5,600 were incurred and attributable to finder's fees. The Company also issued 280,000 finder's warrants, exercisable at the price of $0.05 until November 25, 2015.

Year ended September 30, 2014
On January 29, 2014 the Company completed a non-brokered private placement of 4,600,000 units at a price of $0.05 per unit for gross proceeds of $230,000. Each unit consisted of one common share and one common share warrant. Each warrant entitles the holder to purchase one additional common share at the price of $0.07 until January 29, 2016. Shares issue costs of $13,000 were incurred and attributable to finder's fees.

On February 26, 2014 the Company issued 1,400,000 units at a price of $0.05 per unit for gross proceeds of $70,000. Each unit consisted of one common share and one common share warrant. Each warrant entitles the holder to purchase one additional common share at the price of $0.07 until February 26, 2016. Shares issue costs of $5,000 were incurred and attributable to finder's fees.

On March 26, 2014 the Company issued 5,000,000 common shares in connection with the acquisition of the Aley Creek claims pursuant to the property option agreement. (Note 5)

On July 25, 2014, the Company issued a total of 607,152 common shares to a creditor at a fair value of $0.035 per share in settlement of certain indebtedness.

### (b) Stock Options

The Company has a rolling stock option plan (the "Plan") whereby the Company may grant stock options to executive officers and directors, employees and consultants at an exercise price to be determined by the board of directors, provided the exercise price is not lower than the market value on the date of grant. The Plan provides for the issuance of up to 10% of the Company's issued common shares as at the date of grant with each stock option having a maximum term of five years. The board of directors has the exclusive power over the granting of options and their vesting provisions.

| Stock option transactions are summarized as follows: | Number of Options | Weighted Average Exercise Price |
|---|---|---|
| Balance, September 30, 2013 | 58,000 | $ 0.75 |
| Options granted | 1,000,000 | $ 0.10 |
| Balance, September 30, 2014 | 1,058,000 | $ 0.14 |
| Options granted | - | - |
| Balance, December 31, 2014 (outstanding and exercisable) | 1,058,000 | $ 0.14 |

EXPRESSED IN CANADIAN DOLLARS

## 8. SHARE CAPITAL

### (b) Stock Options (Continued)

The following table summarizes information about stock options outstanding at December 31, 2014:

| Weighted average exercise price | Weighted average remaining life | Number outstanding | Number exercisable | Expiry date |
|---|---|---|---|---|
| $ 0.75 | 0.90 | 58,000 | 58,000 | November 25, 2015 |
| $0.10 | 2.21 | 1,000,000 | 1,000,000 | March 18, 2017 |

### c) Warrants

| | Number of Warrants | Weighted average exercise price $ |
|---|---|---|
| Balance, September 30, 2012 | 1,434,959 | 0.60 |
| Issued as part of financing | 420,000 | 0.50 |
| Expired | (1,016,464) | 0.43 |
| Balance, September 30, 2013 | 838,495 | 0.75 |
| Issued as part of financing | 6,000,000 | 0.07 |
| Expired | (20,000) | 0.50 |
| Expired | (418,495) | 1.00 |
| Balance, September 30, 2014 | 6,400,000 | 0.10 |
| Issued as part of financing | 15,850,000 | 0.05 |
| Agent warrants issued as finders fees | 280,000 | 0.05 |
| Balance, December 31, 2014 | 22,530,000 | 0.06 |

At December 31, 2014, the Company's warrants that are exercisable are as follows:

| Weighted average remaining life | Number | Weighted average exercise price $ | Expiry Date |
|---|---|---|---|
| 0.14 years | 400,000 | 0.50 | February 19, 2015 |
| 1.08 years | 4,600,000 | 0.07 | January 29, 2016 |
| 1.16 years | 1,400,000 | 0.07 | February 26, 2016 |
| 0.90 years | 16,130,000 | 0.05 | November 25, 2015 |
| 0.94 years | 22,530,000 | 0.06 | |

### d) Escrow shares

The Company entered into an escrow agreement on November 25, 2010. Pursuant to the agreement, 549,000 shares were subject to escrow trading restrictions and the policies of the TSX-V, and are released on a staged basis, with 10% released on November 25, 2010, and 15% released every six months thereafter for a period of thirty-six months.

As at December 31, 2014, nil (September 30, 2014 – nil) common shares remained in escrow.

EXPRESSED IN CANADIAN DOLLARS

## 9. CAPITAL MANAGEMENT

The capital of the Company consists of the items included in shareholder's equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Company's objective for capital management is to plan for the capital required to support the Company's ongoing acquisition and exploration of its exploration and evaluation assets and to provide sufficient funds for its corporate activities.

The Company is in the exploration stage and is currently unable to self-finance its operations. The Company has historically relied on equity financings to finance its operations. In order to carry out the planned exploration programs and to pay for administrative cost, the Company will spend its existing working capital and raise additional funds as required. To effectively manage the Company's capital requirements, the Company's management has a planning and budgeting process in place.

## 10. FINANCIAL INSTRUMENTS AND RISK

The Company’s financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and amounts due to related parties. The carrying value of these financial instruments approximates their fair values due to their immediate or short-term maturity.

The following table summarizes the carrying values of the Company's financial instruments:

| | December 31, 2014 $ | September 30, 2014 $ |
|---|---|---|
| Held for trading (i) | 60,664 | 17,693 |
| Other financial liabilities (ii) | 203,029 | 308,919 |

(i) Cash
(ii) Accounts payable and due to related parties

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
Level 3 - Inputs that are not based on observable market data

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy:

| | Level 1 $ | Level 2 $ | Level 3 $ | Total $ |
|---|---|---|---|---|
| Cash | 60,664 | - | - | 60,664 |

**i) Credit risk**

Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company manages credit risk by investing its cash with a large Canadian chartered bank. The maximum exposure to credit risk at the reporting date is the carrying value of the Company’s cash.

## 10. FINANCIAL INSTRUMENTS AND RISK (continued)

### ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. The Company does not have any interest bearing financial instruments.

### iii) Currency risk

The Company does not have significant foreign exchange risk as all of its transactions are in Canadian dollars.

### iv) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise the funds required through future equity financings, asset sales or exploration option agreements, or a combination thereof. The Company has no regular cash flow from its operating activities. The Company manages its liquidity risk by forecasting cash flow requirements for its planned exploration and corporate activities and anticipating investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of annual budgets and significant expenditures and commitments. Failure to realize additional funding, as required, could result in the delay or indefinite postponement of further exploration and development of the Company's properties.