UNIVERSAL VENTURES INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2014 AND 2013

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

11th floor, 1050 West Pender Street, Vancouver, BC, Canada V6E 3S7

Tel: 604. 714. 3600 Fax: 604. 714. 3669 Web: manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Universal Ventures Inc.

We have audited the accompanying financial statements of Universal Ventures Inc. which comprise the statements of financial position as at December 31, 2014 and 2013, the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Universal Ventures Inc. as at December 31, 2014 and 2013, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 2(b) in the financial statements, which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Universal Ventures Inc. to continue as a going concern.

Manning Elliott LLP

CHARTERED ACCOUNTANTS
Vancouver, British Columbia
April 30, 2015

UNIVERSAL VENTURES INC.

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014 AND 2013

EXPRESSED IN CANADIAN DOLLARS

		2014		2013
ASSETS				
Current				
Cash	$	219,888	$	267,650
Amounts receivable		1,479		2,583
Prepaid expenses		4,883		2,878
		226,250		273,111
Exploration and evaluation asset (Note 4)		422,131		419,477
Reclamation bond		5,000		5,000
	$	653,381	$	697,588
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 5)	$	5,120	$	4,620
SHAREHOLDERS' EQUITY				
Share capital (Note 6)		1,141,548		1,011,563
Contributed surplus		198,274		225,107
Deficit		(691,561)		(543,702)
		648,261		692,968
	$	653,381	$	697,588

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)
GOING CONCERN (Note 2(b))
COMMITMENTS (Notes 4 and 11)
SUBSEQUENT EVENT (Note 12)

Authorized for issuance on behalf of the Board on April 30, 2015:

"Jerry Minni" Director

"Charalambos Katevatis" Director

UNIVERSAL VENTURES INC.

STATEMENTS OF COMPREHENSIVE LOSS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

EXPRESSED IN CANADIAN DOLLARS

		2014		**2013**
Expenses				
Advertising and promotion	$	3,434	$	2,829
Management fees (Note 5)		54,000		36,000
Office and miscellaneous		1,738		3,991
Professional fees (Note 5)		47,858		51,887
Rent (Note 5)		6,731		17,262
Share-based payments (Notes 5 and 6)		8,152		-
Transfer agent and filing fees		17,452		14,898
Travel		8,494		2,661
Net loss and comprehensive loss	$	(147,859)	$	(129,528)
Loss per share (basic and diluted)	$	(0.02)	$	(0.02)
Weighted average number of common shares outstanding		8,041,183		7,818,443

UNIVERSAL VENTURES INC.

STATEMENTS OF CHANGES IN EQUITY

DECEMBER 31, 2014 AND 2013

EXPRESSED IN CANADIAN DOLLARS

	Common Shares				
	Number of Shares	**Amount**	**Contributed Surplus**	**Deficit**	**Total**
		$	$	$	$
Balance as at December 31, 2012	7,818,443	1,011,563	225,107	(414,174)	822,496
Comprehensive loss	-	-	-	(129,528)	(129,528)
Balance as at December 31, 2013	7,818,443	1,011,563	225,107	(543,702)	692,968
Shares issued for exploration and evaluation asset	100,000	45,000	-	-	45,000
Shares issued on exercise of stock options	200,000	84,985	(34,985)	-	50,000
Share-based payments	-	-	8,152	-	8,152
Comprehensive loss	-	-	-	(147,859)	(147,859)
Balance as at December 31, 2014	8,118,443	1,141,548	198,274	(691,561)	648,261

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

UNIVERSAL VENTURES INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

EXPRESSED IN CANADIAN DOLLARS

	2014	2013
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the year	$ (147,859)	$ (129,528)
Items not involving cash:		
Share-based payments	8,152	-
	(139,707)	(129,528)
Changes in non-cash working capital balances:		
Amounts receivable	1,104	40,467
Prepaid expenses	(2,005)	1,141
Accounts payable and accrued liabilities	500	(119,216)
Cash used in operating activities	(140,108)	(207,136)
INVESTING ACTIVITIES		
Exploration and evaluation assets	42,346	(13,918)
Purchase of reclamation bond	-	(5,000)
Cash used in investing activities	42,346	(18,918)
FINANCING ACTIVITIES		
Proceeds from exercise of stock options	50,000	-
Cash provided by financing activities	50,000	-
CHANGE IN CASH DURING THE YEAR	(47,762)	(226,054)
CASH, BEGINNING OF YEAR	267,650	493,704
CASH, END OF YEAR	$ 219,888	$ 267,650

NON-CASH TRANSACTIONS AND SUPPLEMENTAL INFORMATION

	2014	2013
Shares issued for exploration and evaluation asset	$ 45,000	$ -
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Universal Ventures Inc. ("the Company") was incorporated pursuant to the British Columbia Business Corporations Act on December 21, 2010 as Magic Ventures Inc. The Company changed its name to Universal Ventures Inc. on January 4, 2011. The Company's shares are listed for trading on the TSX Venture Exchange under the symbol "UN". The address of the Company's corporate office and its principal place of business is 600-666 Burrard Street, Vancouver, British Columbia, Canada V6C 3P6.

The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired.

The Company is an exploration stage company and is in the process of acquiring and exploring its interest in the TIB property. At December 31, 2014, the Company had not yet determined whether the property contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development, and upon future profitable production from the properties or realizing proceeds from their disposition.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements are prepared in accordance with accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The financial statements were authorized for issue by the Board of Directors on April 30, 2015.

b) Going concern

These financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. At December 31, 2014, the Company had incurred a net loss of $147,859 (2013: $129,528) and an accumulated deficit of $691,561 which have been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future, which indicates the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be 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 financial statements.

c) Functional currency

The functional and presentation currency of the Company is the Canadian dollar.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Measurement basis

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in paragraph 3(k) and 3(l). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Significant accounting estimates and judgments

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses for the periods reported. The estimates and associated assumptions are based on historical experience, current and future economic conditions and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, and may change if new information becomes available. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods if the revision affects both the current and future periods.

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

Critical accounting estimates

i. the inputs used in accounting for share-based payments;

ii. the assessment of indications of impairment of exploration and evaluation assets and related determination and write-down of the assets, where applicable; and

iii. the recognition of provisions for restoration, rehabilitation and environmental obligations.

Critical accounting judgments

i. the determination of categories of financial assets and financial liabilities identified as financial instruments, which involves judgments or assessments made by management;

ii. the determination of whether it is likely that future economic benefits associated with the exploration and evaluation expenditures capitalized will flow to the Company, which may be based on assumptions about future events or circumstances; and

iii. the determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets.

c) Deferred finance costs

Professional, consulting and regulatory fees as well as other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be more likely than not. Share issue costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Exploration and evaluation assets

All expenditures related to the cost of exploration and evaluation of mineral resources including acquisition costs for interests in mineral claims are capitalized as exploration and evaluation assets and classified as intangible assets. General exploration costs not related to specific mineral properties are expensed as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, capitalized costs of the related property are reclassified as mining assets and upon commencement of commercial production, are amortized using the units of production method over estimated recoverable reserves. Impairment is assessed at the level of cash-generating units. Management regularly assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property 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 or budgeted, exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered, indications that in an area with development likely to proceed the carrying amount is unlikely to be recovered in full be development or sale.

The recoverability of mineral properties and capitalized exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to exploration and evaluation costs as do not necessarily reflect present or future values.

Exploration costs renounced due to flow-through share subscription agreements remain capitalized, however, for corporate income tax purposes, the Company has no right to claim these costs as tax deductible expenses.

When mineral properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain in profit or loss.

Recorded costs of exploration and evaluation are not intended to reflect present or future values of resource properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount.

Payments on mineral property option agreements are made at the discretion of the Company and, accordingly, are recorded on a cash basis.

The Company’s entitlement to mineral exploration tax credits are accounted for on a cash basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Impairment

(i) Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against the asset impaired. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

Non-financial assets are regularly reviewed for impairment or whenever events or changes in circumstances indicate that the carrying amount of reserve properties may exceed its recoverable amount. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of the value in use and fair value less costs to sell. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the carrying amount of an asset exceeds the recoverable amount an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

When an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

f) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probably 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 of time value of money 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. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance costs. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

As 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) 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 mineral property.

h) Share-based payments

The Company has an equity-settled share-based compensation plan. Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value is measured at grant date, using the Black-Scholes option pricing model, and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Consideration received on the exercise of stock options is recorded in share capital and the related share based payment in contributed surplus is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity. For those options that expire or are forfeited after vesting, the recorded value is transferred to deficit.

i) Basic and diluted loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

j) Income taxes

Income tax on profit or loss comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the financial position date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the balance sheet liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Financial assets

All financial assets are initially recorded at fair value and classified upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At December 31, 2014 and 2013, the Company has not classified any financial assets as held to maturity, loans and receivables or available for sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

l) Financial liabilities

All financial liabilities are initially recorded at fair value and classified upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss. The Company has no financial liabilities classified as FVTPL.

m) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) New accounting standards

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after January 1, 2014, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

New accounting standards adopted effective January 1, 2014:

i. 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.

ii. IFRIC 21 Levies - IFRIC 21 was issued in May 2013 and provides 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 activity or event ("obligating event") described in the relevant legislation that triggers the payment

iii. Amendments to IAS 36 Impairment of Assets - IAS 36 was amended in May 2013 which restricts the requirement to disclose the recoverable amount of an asset or cash generating unit ("CGU") to periods in which an impairment loss has been recognized or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less cost of disposal. The amendments are effective for annual periods beginning on or after January 2014 and should be applied retrospectively.

The adoption of the above new standards and the amendments to other standards did not have a significant impact on the Company's consolidated financial statements.

New accounting standards effective for annual periods on or after January 1, 2015:

i. IAS 1 Presentation of Financial Statements - In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements.

ii. IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - In May 2014, the IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) New accounting standards (continued)

New accounting standards effective for annual periods on or after January 1, 2018:

i. IFRS 9 Financial Instruments - IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 is effective for annual periods beginning on or after January 2018 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

EXPRESSED IN CANADIAN DOLLARS

4. EXPLORATION AND EVALUATION ASSET

TIB Project

On March 8, 2011, the Company entered into an Option Agreement, which was subsequently amended on February 22, 2012 (the "Agreement") with an individual, who became a director of the Company, and a non-related third party (the "Optionors"), whereunder the Company was granted an irrevocable and exclusive option to acquire a 100% interest in 22 contiguous mineral claims located in the Alberni Mining Division, British Columbia. To exercise the option, the Company must pay an amount of $137,500 in cash, issue 500,000 common shares to the Optionors and incur a minimum of $300,000 in exploration expenditures, in accordance with the following schedule:

Date for Completion	Cash Payment	Number of Common Shares to be Issued	Minimum Exploration Expenditures to be Incurred
Upon execution of the Agreement (paid)	$ 7,500	–	$ –
On or before March 8, 2012 (paid and incurred)	10,000	–	100,000
On or before March 8, 2013 (paid)	10,000	–	–
On or before March 8, 2014 (paid and issued)	15,000	100,000	–
On or before March 8, 2015 (note 12)	15,000	100,000	–
On or before March 8, 2016	30,000	100,000	–
On or before March 8, 2017	50,000	200,000	–
Any time prior to earning the option	–	–	200,000
Total	$137,500	500,000	$ 300,000

In accordance with the terms of the Agreement, the Optionors will retain a 2% net smelter returns royalty (the "NSR") in respect of the Property. The Company has the option to purchase the NSR at any time during a five year period commencing from the date upon which the Property is put into commercial production in consideration of the payment of $1,000,000 per percentage point.

Total costs incurred on the Company's exploration and evaluation asset are summarized as follows:

	2014	2013
Acquisition costs:		
Balance, beginning	$ 27,500	$ 17,500
Cash payment under the Agreement	15,000	10,000
Shares issued under the Agreement	45,000	-
Balance, ending	87,500	27,500
Deferred exploration expenditures:		
Balance, beginning	391,977	388,059
Geologist fees, survey and assays	1,971	3,918
Exploration tax credit	(59,317)	-
Balance, ending	334,631	391,977
Total costs, end of the year	$ 422,131	$ 419,477

EXPRESSED IN CANADIAN DOLLARS

5. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party 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 or obligations between related parties.

The following amounts are due to related parties as at December 31, 2014 and 2013:

	2014	2013
	$	$
Accounts payable and accrued liabilities	4,600	4,620

The amounts are due to companies controlled by directors of the Company. The amounts are non-interest bearing, unsecured and are due upon demand.

The Company had the following related party transactions during the years ended December 31, 2014 and 2013:

	2014	2013
	$	$
Exploration and evaluation asset acquisition costs (i)	30,000	5,000
Professional fees	25,950	20,500
Rental Income	(18,925)	(7,105)

(i) The Company has capitalized acquisition costs of $30,000, which consists of a cash payment of $7,500 and the issuance of 50,000 common shares with a fair vale of $22,500.

The acquisition costs and professional fees are paid to directors or companies they control. Rental income is received from a company with directors in common. The rental income has been offset against rental expense on the statements of comprehensive loss.

Key management personnel receive compensation in the form of short-term employee benefits. Key management personnel include the directors and officers of the Company. The remuneration of key management during the years ended December 31, 2014 and 2013 is as follows:

	2014	2013
	$	$
Management fees	54,000	36,000
Share-based payments	8,152	-
Total	62,152	36,000

6. SHARE CAPITAL AND CONTRIBUTED SURPLUS

Authorized

The Company is authorized to issue 100,000,000 common shares without par value.

Issued and outstanding

As at December 31, 2014, the issued share capital comprised of 8,118,443 (2013: 7,818,443) common shares.

During the year ended December 31, 2014:

a) The Company issued 100,000 common shares pursuant to the TIB Project Option Agreement with a fair value of $45,000.

b) The Company issued 200,000 common shares pursuant to the exercise of stock options for gross proceeds of $50,000.

The Company did not issue any common shares during the year ended December 31, 2013.

Securities held in escrow

Pursuant to the escrow agreements, 2,200,000 common shares issued and outstanding were escrowed and are scheduled for release at 10% on the listing date and at 15% on every six months from date of listing. At December 31, 2014, 660,000 common shares (2013: 1,320,000 common shares) remained in escrow.

Stock options

The Company grants incentive stock options as permitted pursuant to the Company's Stock Option Plan (the "Plan") approved by the shareholders on December 31, 2011 which complies with the rules and policies of the TSX Venture Exchange. Under the plan, the aggregate number of common shares which may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date including options granted prior to the adoption of the Plan. Options granted may not exceed a term of 10 years, and the term will be reduced to one year following the date of death of the optionee. All options vest when granted unless otherwise specified by the Board of Directors.

EXPRESSED IN CANADIAN DOLLARS

6. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

Stock options (continued)

A Summary of the Company's stock options is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable, December 31, 2012 and 2013	650,000	$0.29
Granted	50,000	$0.36
Exercised	(200,000)	$0.25
Expired	(150,000)	$0.25
Outstanding and exercisable, December 31, 2014	350,000	$0.33

On April 28, 2014, the Company granted 50,000 stock options to a director of the Company. The options are exercisable to purchase one common share each at $0.36 per share and expire on April 28, 2016. The fair value of the options granted was $8,152.

Total share-based payments recognized for the fair value of the stock options granted, vested and approved by the shareholders during the year ended December 31, 2014 was $8,152 (2013: $nil). The weighted average remaining contractual life of the outstanding and exercisable options at December 31, 2014 is 2.52 years.

The following assumptions were used for the Black-Scholes valuation of stock options granted:

	2014
Share price	$0.40
Risk – free interest rate	1.06%
Expected life of options	2 years
Dividend rate	-%
Forfeiture rate	-%
Annualized volatility	68%

The fair value per option granted is $0.16 (2013 - $nil).

As at December 31, 2014, the Company had stock options outstanding to directors, officers and consultants as follows:

Stock options	Exercise Price	Expiry Date
50,000	$0.36	April 28, 2016
300,000	$0.33	September 21, 2017
350,000		

EXPRESSED IN CANADIAN DOLLARS

6. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

Warrants

A Summary of the Company's share purchase warrants are as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding and exercisable, December 31, 2012	-	-
Granted	280,000	$0.25
Exercised	(278,443)	$0.25
Outstanding and exercisable, December 31, 2013	1,557	$0.25
Expired	(1,557)	$0.25
Outstanding and exercisable, December 31, 2014	-	-

The Company had no outstanding warrants as at December 31, 2014.

7. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2014	2013
Combined statutory tax rate	26.00%	25.75%
Income tax recovery at combined statutory rate	$ (38,444)	$ (33,353)
Permanent differences and change in rates	(2,007)	(33,207)
Tax benefits not recognized	40,451	66,560
Provision for income taxes	$ -	$ -

Significant components of the Company's unrecognized deferred tax assets (liabilities) are as follows:

	2014		2013	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Non-capital loss carry forwards	$ 978,048	$ 254,292	$ 800,785	$ 208,204
Share issuance costs	37,555	9,765	112,666	29,293
Exploration and evaluation assets	(339,881)	(88,369)	(393,309)	(102,260)
Total gross deferred income tax assets	675,722	175,688	520,142	135,237
Less: unrecognized deferred income tax assets	(675,722)	(175,688)	(520,142)	(135,237)
Total deferred income tax assets	$ -	$ -	$ -	$ -

EXPRESSED IN CANADIAN DOLLARS

7. INCOME TAXES (continued)

As at December 31, 2014, the Company had $978,000 non-capital loss carry forwards available to reduce taxable income for future years. These losses expire as follows:

2031	$ 51,000
2032	584,000
2033	166,000
2033	177,000
	$ 978,000

8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern (see Note 2 (b)) in order to pursue the sourcing and exploration of mineral properties. The Company does not have any externally imposed capital requirements to which it is subject.

As at December 31, 2014, the Company had capital resources consisting of all components of shareholder's equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company will continue to rely on capital markets to support continued growth.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of financial instruments

The Company's financial instruments include cash and accounts payable. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

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

As at December 31, 2014:

	Level 1	Level 2	Level 3	Total
Cash	$ 219,888	-	-	$ 219,888

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk on cash, the Company places the instrument with a major financial institution.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at December 31, 2014, the Company had cash of $219,888 (2013: $267,650) to settle accounts payable of $5,120 (2013: $4,620) which fall due for payment within twelve months of the balance sheet date.

EXPRESSED IN CANADIAN DOLLARS

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

(iv) *Liquidity risk (continued)*

Significant commitments in years subsequent to December 31, 2014 are as follows:

	<1 year	**1 – 3 Years**	**Total**
Accounts payable	$ 5,120	-	$ 5,120

(v) *Commodity Price Risk*

The Company's ability to raise capital to fund exploration activities is subject to risks associated with fluctuations in the market price of mineral resources. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

10. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the years ended December 31, 2014 and 2013 was based on the loss attributable to common shareholders of $147,859 (2013– $129,528) and the weighted average number of common shares outstanding of 8,041,183 (2013 – 7,818,443). Stock options of 350,000 outstanding at December 31, 2014 were not included in the diluted loss per share calculation as the effect is anti-dilutive.

11. COMMITMENTS

The Company is committed to certain cash payments, share issuances and exploration expenditures as described in Note 4.

12. SUBSEQUENT EVENT

In April 2015, the Company entered into an amended agreement with Optionors of the TIB Project to extend the March 8, 2015 due date for the payment of $15,000 and issuance of 100,000 common shares of the by six months. In connection with the amendment, the Company also made a payment of $2,000 to the Optionors.