GOLDEN PEAK MINERALS INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED FEBRUARY 28, 2015

AND FEBRUARY 28, 2014

(UNAUDITED)

Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited financial statements have been prepared by management and approved by the Audit Committee.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute to Chartered Accountants for a review of interim financial statements by an entity's auditors.

GOLDEN PEAK MINERALS INC.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

EXPRESSED IN CANADIAN DOLLARS **UNAUDITED**

		Feb. 28, 2015		Aug. 31, 2014
ASSETS				
Current				
Cash	$	5,068	$	93,499
Amounts receivable		–		2,234
Prepaid expenses		–		–
		5,068		95,733
Exploration and evaluation asset (Note 4)		279,398		306,747
	$	284,466	$	402,480
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	28,638	$	144,498
Directors loan		–		14,000
		28,638		158,498
SHAREHOLDERS' EQUITY				
Share capital (Note 6)		992,259		741,967
Share subscriptions		–		100,000
Contributed surplus		212,129		212,129
Deficit		(948,560)		(810,114)
		255,828		243,982
	$	284,466	$	402,480

NATURE AND CONTINUANCE OF OPERATIONS (Notes 1 and 2 b)
COMMITMENTS (Notes 4 and 9)

Authorized for issuance on behalf of the Board on April 16, 2015

"Robert Coltura " Director

"Jerry A. Minni " Director

GOLDEN PEAK MINERALS INC.

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

EXPRESSED IN CANADIAN DOLLARS **UNAUDITED**

	Three months ended February 28, 2015	Three months ended February 28, 2014	Six months ended February 28, 2015	Six month ended February 28, 2014
EXPENSES				
Consulting	$ –	$ –	$ 16,500	$ –
Investor communication	–	7,944	1,250	15,429
Management fees	15,000	15,000	30,000	30,000
Office and miscellaneous	3,364	3,645	6,687	7,845
Professional fees	8,587	17,200	45,625	22,440
Rent	5,465	5,432	11,466	10,921
Share-based payments	–	–	–	–
Transfer agent and filing fees	8,817	2,580	13,248	3,863
Travel	1,613	2,963	13,670	2,963
Net loss and comprehensive loss, end of period	$ (42,846)	$ (54,764)	$ (138,446)	$ (93,461)
Loss per share (basic and diluted)	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	10,474,527	8,900,000	10,474,527	8,900,000

GOLDEN PEAK MINERALS INC.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

EXPRESSED IN CANADIAN DOLLARS **UNAUDITED**

	Share Capital					
	Number of Shares	Amount	Share Subscription	Contributed Surplus	Deficit	Total
	$	$	$	$	$	$
Balance, August 31, 2014	8,950,000	741,967	100,000	212,129	(810,114)	243,982
Shares issued for cash	1,668,616	250,292	(100,000)	–	–	150,292
Comprehensive loss	–	–	–	–	(138,446)	(138,446)
Balance, February 28, 2015	10,618,616	992,259	–	212,129	(948,560)	255,828
Balance, August 31, 2013	8,900,000	738,967	–	212,129	(600,901)	350,195
Shares issued for exploration and evaluation asset	50,000	3,000	–	–	–	3,000
Comprehensive loss	–	–	–	–	(147,087)	(147,087)
Balance, February 28, 2014	8,950,000	741,967	–	212,129	(747,988)	206,108

GOLDEN PEAK MINERALS INC.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

EXPRESSED IN CANADIAN DOLLARS **UNAUDITED**

	Three months ended February 28, 2015	Three months ended February 28, 2014	Six months ended February 28, 2015	Six month ended February 28, 2014
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net loss for the period	$ (42,846)	$ (54,764)	$ (138,446)	$ (93,461)
Items not involving cash:				
Share based payments	–	–	–	–
	(42,846)	(54,764)	(138,446)	(93,461)
Changes in non-cash working capital balances:				
Amounts receivable	59	–	2,234	35,161
Accounts payable and accrued liabilities	14,007	36,227	(115,860)	(88,823)
Prepaid expenses	6,500	–	–	–
Cash used in operating activities	(22,280)	(18,537)	252,072	(147,123)
INVESTING ACTIVITY				
Exploration and evaluation asset expenditures	–	–	27,349	–
Cash used in investing activity	–	–	27,349	–
FINANCING ACTIVITIES				
Shares issued for cash, net of subscription receivable	–	–	150,292	–
Loan payable	–	500	(14,000)	500
Cash used in by financing activities	–	500	136,292	500
CHANGE IN CASH DURING THE PERIOD	(22,280)	(18,037)	(88,431)	(146,623)
CASH, BEGINNING OF PERIOD	27,348	18,171	93,499	146,757
CASH, END OF PERIOD	$ 5,068	$ 134	$ 5,068	$ 134
SUPPLEMENTAL DISCLOSURES				
Interest paid	$ –	$ –		$ –
Income taxes paid	$ –	$ –		$ –

1. NATURE AND CONTINUANCE OF OPERATIONS

Golden Peak Minerals Inc. ("the Company") was incorporated pursuant to the British Columbia Business Corporations Act on March 31, 2011. The address of the Company's corporate office and its principal place of business is 200 - 551 Howe Street, Vancouver, BC, V6C 2C2. The Company's shares are listed for trading on the TSX Venture Exchange under the symbol "GP".

The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired. At February 28, 2015, the Company had not yet determined whether the exploration and evaluation asset contains ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and mineral properties 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 of and 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 IAS 34 Interim Financial Reporting ("IAS34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They do not include all financial information required for full annual financial statements and should be read in conjunction with the Audited Financial Statements of the Company for the year ended August 31, 2014.

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") and Interpretation of the International Financial Reporting Interpretation Committee ("IFRIC").

The financial statements were authorized for issue by the Board of Directors on April 16, 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. The Company has incurred losses since its inception and had an accumulated deficit of $948,560 at February 28, 2015. The Company's ability to continue its operations and to realize 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 raises significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the company be unable to continue in business.

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 Notes 3(l) and 3(m). 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. 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. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

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 in profit or loss;

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

iii. the estimated value of the exploration and evaluation costs which are capitalized in the statements of financial position.

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;

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

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

v. The assessment of Company's ability to continue as a going concern, which is described in Note 1 and 2(b).

c) Deferred financing 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 asset

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 are 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 by 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 its mineral property contains economically recoverable reserves. Amounts capitalized to exploration and evaluation costs 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.

Recorded costs of exploration and evaluation assets 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Impairment (continued)

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 assets 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

Exploration and evaluation assets are reviewed at each reporting date for impairment or whenever events or changes in circumstances indicate that the carrying amount of the properties exceeds its recoverable amount. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of a 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 recoverable amount 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 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 of the 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 cost. 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 February 28, 2015, 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Share capital – flow-through shares

Exploration expenditures for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. At the time flow-through shares are issued, there maybe a potential premium paid on the flow-through shares calculated based on the difference between the share issuance price and the market price at the time of closing. A liability is recognized for the premium on the flow-through shares and is subsequently reversed and recorded as other income or deferred tax expense as the Company incurs qualifying Canadian exploration expenses. In instances where the Company has sufficient deductible temporary differences available to offset the deferred income tax liability created from renouncing qualifying expenditures, the realization of the deductible temporary differences will be shown as a deferred income tax recovery in operations in the period of renunciation.

i) 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 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.

j) 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. The weighted average number of common shares outstanding is adjusted retrospectively for changes in capitalization such as share splits, reverse splits, or cancellations of common shares.

k) 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 statement of financial position date, and includes any adjustments to tax payable or receivable in respect of previous years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Income taxes (continued)

Deferred income taxes are recorded using the 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 at the statement of financial position 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.

l) 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 fair value through profit or loss (“FVTPL”).

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized in 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. The Company has not classified any financial assets as other loans and receivables, held to maturity 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.

m) Financial liabilities

All financial liabilities are initially recorded at fair value and designated 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 cost using the effective interest method. The effective interest 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 and directors loans are classified as other financial liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Financial liabilities (continued)

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 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 earnings. The Company has no financial liabilities classified as FVTPL.

n) Adoption of new or amended accounting standards

On September 1, 2013, the Company adopted the following new accounting standards that were previously issued by the IASB. The adoption of these standards had no impact on the Company's financial statements.

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. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation - Special Purpose Entities* and parts of 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 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 existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers.*

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.

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. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Adoption of new or amended accounting standards (continued)

IFRIC 20 ***Stripping Costs in the Production Phase of a Surface Mine*** - IFRIC 20 addresses the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. Stripping activity may result in two types of benefits: i) inventory produced and ii) improved access to ore that will be mined in the future. Stripping costs associated with inventory production should be accounted for as a current production cost in accordance with IAS 2 Inventories, and those associated with improved access to ore should be accounted for as an addition to, or enhancement of, an existing asset.

Amendments to other standards - In addition, there have been other amendments to existing standards, including IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

o) New accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods noted below. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

Accounting standards effective for annual periods beginning on or after January 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.

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 or a cash-generating until ("CGU") for periods in which an impairment loss has been recognized or reversed. The amendments also address disclosure requirements applicable when and asset's or a CGU's recoverable 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. New accounting standards issued but not yet effective (continued)

Accounting standards effective for annual periods beginning on or after January 1, 2016

IFRS 10 *Consolidated Financial Statements* - In September 2014, amendments to IFRS 10 were issued to provide guidance on recognising gains and losses from the loss in control of a subsidiary in the parent's profit or loss.

IFRS 11 *Joint Arrangements* - In May 2014, an amendment to IFRS 11 was issued addressing guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendment now specifies the appropriate accounting treatment for such acquisitions and requires applying the principles in IFRS 3 – *Business Combinations,* when acquiring an interest in a joint operation that constitutes a business.

IAS 27 *Separate Financial Statements* - In August 2014, an amendment to IAS 27 permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Accounting standards effective for annual periods beginning on or after January 1, 2018

IFRS 9 *Financial Instruments* - In November 2009, as part of the IASB project to replace IAS 39 *Financial Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9 that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013, new general hedge requirements were added to the standard. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics

The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

(EXPRESSED IN CANADIAN DOLLARS)

4. EXPLORATION AND EVALUATION ASSET

Total costs incurred on exploration and evaluation asset are summarized as follows:

		February 28, 2015		August 31, 2014
Acquisition costs:				
Balance, beginning	$	39,250	$	36,250
Cash payment under the Agreement		–		–
Common shares issued under the Agreement		–		3,000
Balance, end of year		39,250		39,250
Deferred exploration expenditures:				
Balance, beginning		267,497		267,497
Surveying and assays		–		–
Government grant		(27,319)		27,319
Balance, end of year		240,178		267,497
Total exploration and evaluation assets	$	279,428	$	306,747

Columbia Shear Group Property

On May 9, 2011 and subsequently amended on September 17, 2012, the Company entered into an Option Agreement (the "Agreement"), to acquire a 100% undivided interest in 22 mineral claims located in the Victoria Mining Division, British Columbia. As consideration, the Company agreed to pay a total of $75,000 in cash, issue 125,000 common shares of the Company and incur $1,000,000 exploration expenditures as follows:

		Cash Payments		Exploration Expenditures	Number of Common Shares to be Issued
Upon execution of the Agreement (paid)	$	10,000	$	–	–
One year from the Agreement date (incurred)		–		100,000	–
Upon listing on April 10, 2013 (paid and issued)		15,000		–	75,000
Before April 10, 2014 (issued)		–		–	50,000
Before April 10, 2015 (incurred)		10,000		200,000	–
Before April 10, 2016		15,000		300,000	–
Before April 10, 2017		25,000		400,000	–
TOTAL	$	75,000	$	1,000,000	125,000

The Company agreed to pay the Optionor 3% of Net Smelter Returns on the Property. The Company also has the sole and exclusive option to purchase 2% of 3% of the Net Smelter Royalty at a purchase price of $500,000 per percentage point at any time starting on the date that the Property is put into commercial production. The purchase of the remaining 1% is negotiable after commercial production commences.

(EXPRESSED IN CANADIAN DOLLARS)

5. RELATED PARTY BALANCES AND TRANSACTIONS

During the period ended February 28, 2015 and 2014, the following amounts were incurred or paid to officers and directors and/or their related companies:

i) The Company paid $7,750 (2014: $9,400) for professional fees to a company controlled by a director and $9,000 (2014: $9,000) in rent to companies controlled by directors.

As at February 28, 2015 and 2014, the following balances were due to officers and directors and/or related companies:

i) Included in accounts payable is $22,911 (2014: $30,191) due to companies controlled by directors of the Company. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

ii) Loans of $Nil (2014: $14,000) were due to directors of the Company or companies controlled by directors of the Company. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

The remuneration of key management personnel during the periods ended February 28, 2015 and 2014 is summarized below:

		2014		2013
Key management compensation				
Management fees	$	30,000	$	30,000
Share-based payments	$	–	$	–

Key management includes directors and officers of the Company, including the Chief Executive Officer and Chief Financial Officer.

6. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares without par value.

During the period ended February 28, 2015:

During the period the Company issued 1,668,616 units pursuant to a private placement to net $250,292. Each unit consist of one common share and one share purchase warrant, each warrant is exercisable to purchase one additional common share for a period of two year at $0.20 per share.

(EXPRESSED IN CANADIAN DOLLARS)

6. SHARE CAPITAL (continued)

Securities held in escrow

Pursuant to the escrow agreement dated August 30, 2012, 1,900,000 common shares issued and outstanding were escrowed and are scheduled for release at 10% on the listing date and at 15% every six months from date of listing on the TSX Venture Exchange. As at February 28, 2015, 855,000 common shares remained in escrow.

Stock options

The Company adopted a Stock Option Plan (the "Plan") to grant incentive stock options to directors, officers, employees and consultants. 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 immediately when granted unless otherwise specified by the Board of Directors.

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

	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable, August 31, 2014 and February 28, 2015	420,000	$0.15

On September 13, 2012, the Company granted 420,000 stock options to a director and officer of the Company. The options are exercisable to purchase one common share each at $0.15 per share and expire on September 13, 2017. These options vested immediately on the grant date. The fair value of the options granted was $56,308.

Total share-based payments recognized for the fair value of the stock options granted, vested and approved by the shareholders during the period ended February 28, 2015 was $nil (2014: $Nil). The weighted average remaining contractual life of the outstanding and exercisable options at February 28, 2015 is 2.54 years.

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

	2015	**2014**
Share price	–	–
Risk – free interest rate	–	–
Expected life of options	–	–
Dividend rate	–	–
Forfeiture rate	–	–
Annualized volatility	–	–
Fair value per option granted	–	–

(EXPRESSED IN CANADIAN DOLLARS)

6. SHARE CAPITAL (continued)

Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Outstanding and exercisable, August 31, 2014	360,000	$0.15
Granted	1,668,616	$0.20
Outstanding and exercisable, February 28, 2015	2,028,616	$0.19

On April 10, 2013, the Company issued 360,000 agent warrants related to the IPO described. The agent warrants are exercisable at $0.15 per share and expire on April 10, 2015. The weighted average remaining contractual life of the warrants is 1.75 years.

7. 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 1 and 2(b)). The Company does not have any externally imposed capital requirements to which it is subject.

As at February 28, 2015, the Company had capital resources consisting of all components of shareholders' 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.

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 13, Fair Value Measurement, 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).

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Fair value of financial instruments

The Company's financial instruments include cash, accounts payable and directors loans. Cash is classified as FVTPL. Accounts payable and directors loans are classified as other financial liabilities. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

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 February 28, 2015:

Asset:	Level 1	Level 2	Level 3	Total
Cash	$ 5,068	–	–	$ 5,068

Financial risk management objectives and policies

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 assets or 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 financial institution.

(EXPRESSED IN CANADIAN DOLLARS)

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

(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 February 28, 2015, the Company had cash of $5,068 to settle accounts payable of $28,658 which fall due for payment within twelve months of the statement of financial position date.

Significant commitments in years subsequent to February 28, 2015 are as follows:

	<1 year	1 – 3 Years	Total
Accounts payable	$ 28,638	–	$ 28,638
Total	$ 28,638	–	$ 28,638

9. COMMITMENTS

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