

BHK MINING CORP.
(formerly BHK Resources Inc.)
Financial Statements

December 31, 2014

Expressed in Canadian Dollars

Management's Responsibility

To the Shareholders of BHK Mining Corp. (formerly BHK Resource Inc.) (the "Company"):

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board of Directors is also responsible for recommending the appointment of the Company's external auditors.

MNP LLP is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

April 1, 2015

(signed)

Claus Andrup
CEO and Director

(signed)

Brian Richardson
CFO and Director



To the Shareholders of BHK Mining Corp.:

We have audited the accompanying financial statements of BHK Mining Corp. (formerly BHK Resource Inc.) (the “Company”), which comprise the statements of financial position as at December 31, 2014 and 2013, and the statements of operations and comprehensive loss, changes in shareholders’ equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

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

Auditors’ Responsibility

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

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

We believe that the audit evidence we have obtained 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 the Company as at December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Vancouver, British Columbia
April 1, 2015

MNP LLP

Chartered Accountants

ACCOUNTING › CONSULTING › TAX

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BHK MINING CORP.
(formerly BHK Resources Inc.)
Statements of Financial Position
Expressed in Canadian Dollars

As at	December 31, 2014	December 31, 2013
ASSETS		
Current		
Cash and cash equivalents	\$ 483,058	\$ 960,922
Other receivable (Note 3)	76	9,218
Prepaid and deposits	<u>2,095</u>	<u>3,050</u>
Total Current Assets	485,229	973,190
Equipment (Note 4)	568	1,137
Deferred financing costs (Note 10)	120,000	-
Deposit on investment (Note 10)	<u>26,590</u>	<u>26,590</u>
Total Assets	\$ 632,387	\$ 1,000,917
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 139,163	\$ 35,671
Due to a related party (Note 8)	<u>-</u>	<u>316</u>
Total Liabilities	139,163	35,987
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	1,012,174	1,012,174
Reserves (Note 5)	110,611	110,611
Deficit	<u>(629,561)</u>	<u>(157,855)</u>
Total Shareholder's Equity	<u>\$ 493,224</u>	<u>\$ 964,930</u>
Total Liabilities and Shareholder's Equity	\$ 632,387	\$ 1,000,917

Approved and authorized by the Board on April 1, 2015:

“Claus Andrup”

Director

“Brian Richardson”

Director

The accompanying notes are an integral part of these financial statements

BHK MINING CORP.
(formerly BHK Resources Inc.)
Statements of Operations and Comprehensive Loss
Expressed in Canadian Dollars

	Year ended December 31, 2014	Year ended December 31, 2013
EXPENSES		
Professional fees	\$ 185,486	\$ 47,994
Due diligence costs	103,005	-
Filing fees and related charges	20,504	10,281
Travel	124,306	9,559
Office expenses	36,681	3,855
Gain on foreign exchange	(14,692)	(5,173)
Bank charges	1,511	821
Consulting fees	19,110	709
Depreciation	568	568
Share-based payments (Note 5c)	<u>-</u>	<u>89,933</u>
Loss before other item	<u>476,479</u>	<u>158,547</u>
OTHER ITEM		
Interest income	<u>4,773</u>	<u>692</u>
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	\$ (471,706)	\$ (157,855)
LOSS PER SHARE, Basic and Diluted	\$ (0.03)	\$ (0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (Basic and Diluted)	<u>15,500,000</u>	<u>8,584,932</u>

The accompanying notes are an integral part of these financial statements

BHK MINING CORP.
(formerly BHK Resources Inc.)
Statements of Changes in Equity
Expressed in Canadian Dollars

	Share Capital Number	Share Capital Amount \$	Reserves \$	Deficit \$	Total Equity \$
Balance at December 10, 2012 (date of incorporation) and at December 31, 2012	-	-	-	-	-
Shares issued at \$0.05 per share	7,500,000	375,000	-	-	375,000
Shares issued at \$0.10 per share	8,000,000	800,000	-	-	800,000
Share issuance costs	-	(162,826)	20,678	-	(142,148)
Share based payments	-	-	89,933	-	89,933
Net loss and comprehensive loss for the year	-	-	-	(157,855)	(157,855)
Balance at December 31, 2013	15,500,000	1,012,174	110,611	(157,855)	964,930
Net loss and comprehensive loss for the year	-	-	-	(471,706)	(471,706)
Balance at December 31, 2014	15,500,000	1,012,174	110,611	(629,561)	493,224

The accompanying notes are an integral part of these financial statements

BHK MINING CORP.
(formerly BHK Resources Inc.)
Statements of Cash Flows
Expressed in Canadian Dollars

	Year ended December 31, 2014	Year ended December 31, 2013
Cash Flows From (Used In) Operating Activities		
Net loss for the year	\$ (471,706)	\$ (157,855)
Items not affecting cash:		
Depreciation	568	568
Share based payment	-	89,933
Changes in non-cash working capital items:		
Other receivable	9,142	(9,218)
Prepaid and deposits	955	(3,050)
Accounts payable and accrued liabilities	103,493	35,671
Due to a related party	(316)	316
Net cash used in operating activities	(357,864)	(43,635)
Cash Flows (Used In) Investing Activities		
Deposit on investment	-	(26,590)
Acquisition of office equipment	-	(1,705)
Net cash used in investing activities	-	(28,295)
Cash Flows From Financing Activities		
Issue of share capital, net of share issuance costs	-	1,032,852
Deferred financing costs	(120,000)	-
Net cash provided by financing activities	(120,000)	1,032,852
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(477,864)	960,922
CASH AND CASH EQUIVALENTS, Beginning of Year	960,922	-
CASH AND CASH EQUIVALENTS, End of Year	\$ 483,058	\$ 960,922

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

BHK MINING CORP.
(formerly BHK Resources Inc.)
Notes to Financial Statements
December 31, 2014
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

BHK Resources Inc. was incorporated under the Business Corporations Act (British Columbia) on December 10, 2012 and was classified as a Capital Pool Company as defined in the TSX Venture Exchange policy 2.4. The Company changed its name to BHK Mining Corp. (the "Company") effective January 21, 2015. On January 23, 2015, the Company completed its Qualifying Transaction ("QT" as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4). The QT consisted of the acquisition of Dome Ventures International Inc., which indirectly owns the Ndjole manganese gold exploration property in Gabon (the "Property"). The principal business of the Company is the exploration and evaluation of the Property. The Company's shares trade on the TSX-V under the symbol "BHK.V". Also see Note 10.

The head office of the Company is located at Suite 717, 1030 West Georgia Street, Vancouver, British Columbia, Canada V6E 2Y3. The registered office of the Company is located at Suite 2080, 777 Hornby Street, Vancouver, British Columbia, Canada V6Z 1S4. As at December 31, 2014 the Company did not have any subsidiaries. Subsequent to the completion of the QT, the Company owns 100% of Dome Ventures International Inc. and its 100% owned subsidiary Dome Gabon SARL which in turn has the exploration license for the Property.

The Company has adopted December 31st to be its fiscal year end. There was no operation from December 10, 2012 to December 31, 2012.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") which include International Accounting Standards and Interpretations ("IFRIC" and "SIC") adopted by the International Accounting Standards Board. IFRS has been applied since the Company's incorporation on December 10, 2012.

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Significant accounting judgments, estimates and assumptions

Estimates and assumptions

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are: deferred taxes, fair value of assets and liabilities, share based payments and warrants.

BHK MINING CORP.
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Notes to Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimates, which have the most significant effect on the amounts recognized in the financial statements:

Deferred taxes

The Company recognizes deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and that sufficient taxable income will be generated in the future to recover such deferred tax assets. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to expectations of deferred taxable income. Estimates of deferred taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize a net deferred tax assets recorded at the statements of financial position date could be impacted. In addition, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

Share based payments

Share based payments is based upon expected volatility, option life and estimated forfeiture rates that require significant judgment in their assessment.

Warrants

Warrant values are based upon expected volatility and warrant life estimates which require significant judgment in their assessment.

Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash and cash equivalents. There were no cash equivalents as at December 31, 2014.

Deferred financing costs

Costs directly identifiable with the raising of capital will be charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock or charged to operations if the shares are not issued.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

The Company grants stock options to buy common shares of the Company through its stock option plan as described in note 6c. The Company accounts for share-based payments using the fair value method. Under this method, compensation expense is measured at fair value on the date of grant using the Black-Scholes option pricing model, and is recognized as an expense or capitalized, depending on the nature of the grant, with a corresponding increase in equity, over the period that the grantees earn the options.

The Company recognizes share-based payment expense for the estimated fair value of stock options granted to both employees and non-employees. Accordingly, compensation costs are measured at fair value at the grant date and recognized over the expected vesting period.

The Black-Scholes valuation model was developed for use in estimating the fair value of traded options which are fully transferable and freely traded. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock options. Share-based payment calculations have no effect on the Company's cash position.

Equipment

Computer equipment is amortized based on the three year estimated useful lives using straight line method.

Comprehensive income/loss

Comprehensive income/loss is the change in the Company's shareholders' equity that results from transactions and other events from other than the Company's shareholders and includes items that would not normally be included in net earnings, such as unrealized gains and losses on available-for-sale investments. Certain gains and losses are presented in other "comprehensive income" until it is considered appropriate to recognize into net earnings.

Loss per share

The Company presents basic loss per share 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 because the effect is anti-dilutive.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets

Financial assets are classified into one of four categories:

- a) Fair value through profit or loss (“FVTPL”);
- b) Held-to-Maturity (“HTM”);
- c) Loans and receivables; and
- d) 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 classified its cash and cash equivalents as FVTPL which is measured at fair value.

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 costs 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 the statement of operations and comprehensive 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. The Company classified other receivable as loans and receivables which is measured at amortized cost.

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 the statement of operations and comprehensive loss.

Financial liabilities

Financial liabilities are classified into one of two categories:

- a) Fair value through profit or loss; and
- b) Other financial liabilities.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Fair value through profit or loss

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

Other financial liabilities

This category includes accounts payable and accrued liabilities and due to a related party, which are recognized at amortized cost.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For all financial assets objective evidence of impairment could include:

- a) significant financial difficulty of the issuer or counterparty; or
- b) default or delinquency in interest or principal payments; or
- c) it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Income taxes

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 expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

BHK MINING CORP.
(formerly BHK Resources Inc.)
Notes to Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

Deferred tax is recorded using the statements of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset 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.

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, 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.

Standards adopted

IAS 36 Impairment of assets

The amendments to IAS 36, issued in May 2013, require disclosure of the recoverable amount of impaired assets; and additional disclosures about the measurement of the recoverable amount when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014. The adoption of this amendments does not have a material impact on the Company's financial statements.

Standards issued but not yet effective

The Company has not yet applied the following new standards, interpretations or amendments to standards that have been issued as at December 31, 2014 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations and intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material, unless otherwise stated.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Standard issued by not yet effective (continued)

IFRS 2 Share-based payment

The amendments to IFRS 2, issued in December 2013 clarify the definition of “vesting conditions”, and separately define a “performance condition” and a “service condition”. A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The amendments are effective for share-based payment transactions for which the grant date is on or after July 1, 2014. The Company does not expect this amendment to have material impact on its financial statements.

IFRS 9 Financial instruments

IFRS 9 was issued in November 2009 and subsequently amended as part of an ongoing project to replace IAS 39 Financial instruments: Recognition and measurement. The standard requires the classification of financial assets into two measurement categories based on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The two categories are those measured at fair value and those measured at amortized cost. The classification and measurement of financial liabilities is primarily unchanged from IAS 39. However, for financial liabilities measured at fair value, changes in the fair value attributable to changes in an entity’s “own credit risk” is now recognized in other comprehensive income instead of in profit or loss. This new standard will also impact disclosures provided under IFRS 7 Financial instruments: disclosures.

In November 2013, the IASB amended IFRS 9 for the significant changes to hedge accounting. In addition, an entity can now apply the “own credit requirement” in isolation without the need to change any other accounting for financial instruments. The mandatory effective date of January 1, 2015 has been removed to provide sufficient time for preparers of financial statements to make the transition to the new requirements. The Company does not expect this amendment to have a material impact on its financial statements.

IAS 16 Property, plant and equipment and IAS 38 Intangible assets

The amendments to IAS 16 and IAS 38, issued in December 2013, clarify how an entity calculates the gross carrying amount and accumulated depreciation when a revaluation is performed. The amendments are effective for annual periods beginning on or after July 1, 2014. The Company does not expect this amendment to have a material impact on its financial statements.

IAS 24 Related party disclosures

The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014. The Company does not expect this amendment to have a material impact on its financial statements.

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3. OTHER RECEIVABLE

As at December 31, 2014 an arm's length company, Broome Capital Inc, ("Broome"), owed to the Company a total of \$76 (2013 - \$9,218) for amounts the Company paid on Broome's behalf. The amounts are unsecured, non-interest bearing and have no specific terms of repayments.

4. EQUIPMENT

As at December 31, 2014, the Company had equipment that consisted of computer equipment which cost \$1,705, has accumulated depreciation of \$1,137 and a net book value of \$568.

5. SHARE CAPITAL

a) Authorized share capital:

As at December 31, 2014, the authorized share capital of the Company was an unlimited number of common shares without par value.

b) Issued and outstanding share capital:

In February 2013, the Company issued 7,500,000 seed common shares at a price of \$0.05 per share.

On September 27, 2013 the Company completed its initial public offering of 3,000,000 common shares issued at a price of \$0.10 per share, resulting in gross proceeds to the Company of \$300,000 pursuant to a prospectus dated June 28, 2013 (the "IPO"). A cash commission of 10% of the gross proceeds of the offering was paid to the Company's agent, Macquarie Private Wealth Inc. ("Macquarie"), as well as a corporate finance fee of \$15,000 plus applicable taxes and reimbursement of legal and other expenses of \$14,404. These expenses along with the Company's \$48,851 of legal and other costs related to the IPO were recorded as share issuance costs. Refer to Note 5(d).

On October 11, 2013 the Company announced a non-brokered private placement of 5,000,000 shares at \$0.10 per share. This private placement was completed in two tranches, with 2,600,000 and 2,400,000 common shares issued on November 22, 2013 and December 27, 2013, respectively. \$33,839 of legal and other costs were recorded as share issuance costs.

c) Stock options

The Company has adopted a stock option plan (the "Stock Option Plan") under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding common shares.

Any common shares acquired pursuant to the exercise of options prior to the completion of the qualifying transaction must be deposited in escrow and will be subject to escrow until the final exchange bulletin is issued. The exercise price of each option is based on the market price of the Company's stock at the date of grant. The options can be granted for a term of up to ten years and vest as determined by the board of directors.

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5. SHARE CAPITAL (continued)

On September 27, 2013, concurrent with the IPO, the Company issued 1,050,000 stock options to directors and officers to be vested immediately. Each option will allow the holder to purchase one common share of the Company at an exercise price of \$0.10 per common share for a period of five years from the date the common shares commence trading on the TSX-V. Issuance of these options has been recorded as stock-based payments in the amount of \$89,933 based on a Black Scholes calculation using a risk-free interest rate of 1.40%, a volatility of 129.5%, an expected life of five years and no vesting period nor forfeitures.

The following Stock Options were outstanding as at December 31, 2014:

Expiry Date	Weighted Average Exercise Price	Number of Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Fair Value of Options
September 27, 2018	\$0.10	1,050,000	3.74	\$0.09

d) Agents' Warrants

In connection to the IPO, Macquarie received 140,000 non-transferable warrants to acquire up to 140,000 Shares at a price of \$0.10 per common share for a period of 24 months. Leede Financial Markets Inc. and Canaccord Genuity Corp. each received 80,000 non-transferable warrants to acquire up to 80,000 common shares at a price of \$0.10 per common share for a period of 24 months. Issuance of these warrants has been recorded as share issuance cost in the amount of \$20,678 based on a Black Scholes calculation using a risk-free interest rate of 1.14%, a volatility of 142.3%, an expected life of two years and no vesting period nor forfeitures.

The following Agent's Warrants were outstanding at December 31, 2014:

Expiry Date	Weighted Average Exercise Price	Number of Shares	Weighted Average Remaining Contractual Life (Years)	Weighted Average Fair Value of Agent's Warrants (per Warrant)
September 27, 2015	\$0.10	300,000	0.74	\$0.07

e) Escrowed shares

In accordance with the TSX Venture Exchange CPC policy guidelines, all seed shares issued at a price lower than the price of the Initial Public Offering (IPO) shares, all securities acquired by non-arm's length parties to the Company, and all securities acquired by a Control Person are held in escrow and will be released over a period of time. As at December 31, 2014, 11,965,000 common shares are held in escrow and will be released pro-rata to the shareholders as to 10% of the escrow shares upon issuance of a Final Exchange Bulletin by the TSX-V and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. These escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities. If a Final Exchange Bulletin is not issued the shares will not be released from escrow and if the Company is delisted, the shares will be cancelled.

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5. SHARE CAPITAL (continued)

All common shares acquired on exercise of stock options, granted to directors and officers prior to the completion of a Qualifying Transaction must also be deposited in escrow until the final exchange bulletin is issued.

6. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at December 31, 2014 the Company's shareholders' equity was \$493,224. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The capital for expansion was mostly from proceeds from the issuance of common shares. The net proceeds raised will only be sufficient to identify and evaluate a limited number of assets and businesses for the process of identifying and completing a QT. Additional funds may be required to finance the Company's QT.

7. FINANCIAL INSTRUMENTS AND RISK

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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 directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

At December 31, 2014, the Company's financial instruments consist of cash and cash equivalents, other receivable, accounts payable and accrued liabilities and due to a related party. The fair values of cash and cash equivalents, other receivable, accounts payable and accrued liabilities and due to a related party approximate their carrying values due to the relatively short-term to maturity. The fair value of cash and cash equivalents is based on level 1 inputs of the fair value hierarchy. The Company is exposed to a variety of financial instrument related risks. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk, the Company places these instruments with a high credit quality financial institution.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash and cash equivalents. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at December 31 2014, the Company had cash and cash equivalents of \$483,058 and had current liabilities of \$139,163.

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7. FINANCIAL INSTRUMENTS AND RISK (continued)

Interest rate risk

The Company has cash balances and is not exposed to any significant interest rate risk.

8. RELATED PARTY TRANSACTIONS

As at December 31, 2014 the Company owed a total of \$nil (2013 - \$316) to a director for amounts paid on the Company's behalf.

All amounts due to a related party were unsecured and have no specified terms of repayment. These transactions are in the normal course of operations on normal commercial terms and conditions and at market rates, which is the amount of consideration established and agreed to by the related parties.

9. INCOME TAXES

The following table reconciles the expected income taxes expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statement of operations and comprehensive loss for the year ended December 31, 2014 and 2013:

	December 31, 2014	December 31, 2013
Income (loss) before taxes	\$ (471,706)	(157,855)
Statutory tax rate of 26% (25.75%)	(122,644)	(40,653)
Non-deductible items	163	23,161
Change in enacted tax rate	-	(569)
Share issuance costs	(31,200)	(41,933)
Change in deferred tax asset not recognized	153,681	59,994
Total income taxes (recovery)	\$ -	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax assets (liabilities) at December 31, 2014 are comprised of the following:

	December 31, 2014	December 31, 2013
Non capital loss carryforwards	\$ 163,019	25,979
Equipment	296	148
Financing costs	50,361	33,868
	213,675	59,994
Deferred tax asset not recognized	(213,675)	(59,994)
Net deferred tax asset (liability)	\$ -	-

The Company has non capital loss carryforwards of approximately \$626,955 (2013:\$99,919) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in 2033 and 2034.

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9. INCOME TAXES (continued)

<u>Expiry</u>	
2033	\$ 99,919
2034	527,076
Total	\$626,995

The deferred tax assets have not been recognized because at this stage of the Company's development, it is not determinable that deferred taxable profit will be available against which the Company can utilize such deferred tax assets.

10. QUALIFYING TRANSACTION AND EVENTS SUBSEQUENT TO THE REPORTING PERIOD

On December 13, 2013, the Company signed a binding letter of agreement with Silver Bull Resources Inc. ("Silver Bull") to acquire all of the issued and outstanding securities of Dome International Global Inc. (the "Dome Securities"), a private British Virgin Islands company which holds, indirectly, a 100% interest in and to the Ndjole manganese and gold project located in Gabon.

As consideration for the Dome Securities, the Company will pay to Silver Bull an aggregate of \$1,934,640 (US\$1,500,000 plus US\$75,000 for expenses) of which \$26,590 (US\$25,000) was paid as a non-refundable deposit upon the execution of the letter of agreement. Upon the completion of the Qualifying Transaction ("QT"), Dome International Global Inc. will become a wholly owned subsidiary of the Company.

The Company will pay finders fees, upon completion of the QT, to David Underwood in the amount of US\$48,750 and to Richardson GMP Ltd. of C\$30,000. These fees are payable 50% in cash and 50% by way of 209,063 Company shares.

On January 21, 2015, the Company changed its name to BHK Mining Corp. and on January 23, 2015 it completed its Qualifying Transaction ("QT" as defined in the TSX Venture Exchange Policy 2.4). The QT consisted of the acquisition of Dome Ventures International Inc. ("Dome"), which indirectly owns the Ndjole manganese gold exploration property in Gabon. The Company paid \$1,934,640 (US\$1,500,000 plus US\$75,000 for expenses) of which \$26,590 (US\$25,000) was paid as a deposit prior to December 31, 2013. The Company paid finders fees related to the QT of US\$48,750 and C\$30,000, which was paid 50% in cash and 50% by the issuance of 209,063 common shares.

At the completion of the QT, 1,196,500 of the common shares of the Company held in escrow at December 31, 2014 were released from escrow in accordance with the terms of the escrow agreement. Please also refer to Note 5e.

On January 23, 2015, the Company raised gross cash proceeds of \$3,227,000 by the issuance of 16,135,000 common shares at a price of \$0.20 per share (the "Financing"). The Company issued 325,000 shares as a corporate finance fee and 777,150 warrants exercisable at \$0.20 per share for a period of 24 months and paid related commissions and expenses of \$304,687 related to the Financing of which \$120,000 was included in deferred financing costs at December 31, 2014.

At the completion of the Financing, the Company issued 1,600,000 common share purchase options to officers and directors of the Company. These options have an exercise price of \$0.20 per share and expire on January 23, 2020.