GOLDEN SHARE MINING CORPORATION

Consolidated financial report

Years ended December 31, 2014 and 2013

GOLDEN SHARE MINING CORPORATION

CONSOLIDATED FINANCIAL REPORT

Raymond Chabot Grant Thornton

Independent Auditor's Report

Raymond Chabot Grant Thornton LLP
Suite 2000
National Bank Tower
600 De La Gauchetière Street West
Montréal, Quebec H3B 4L8

Telephone: 514-878-2691
Fax: 514-878-2127
www.rcgt.com

To the Shareholders of
Golden Share Mining Corporation

We have audited the accompanying consolidated financial statements of Golden Share Mining Corporation, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013 and the consolidated statement of comprehensive loss, the consolidated statement of changes in equity (deficit) and the statement of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Golden Share Mining Corporation as at December 31, 2014 and 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2 to the consolidated financial statements which indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

Raymond Chabot Grant Thornton LLP[1]

Montréal, Québec
April 9, 2015

[1] CPA auditor, CA public accountancy permit no. A126822

GOLDEN SHARE MINING CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2014 and 2013 **(in Canadian dollars)**

	Notes	2014	2013
		$	$
ASSETS			
Current assets			
Cash		32,060	346,729
Guaranteed investments certificates	8	5,000	62,500
Other receivables	9	5,176	26,049
Prepaid expenses		22,404	43,631
Other financial assets	11	21,750	-
		86,390	478,909
Non-current assets			
Property and equipment	10	27,705	32,413
Other financial assets	11	-	56,000
		27,705	88,413
Total assets		114,095	567,322
LIABILITIES			
Current liabilities			
Trade and other payables	13	203,989	250,485
Other liabilities	14	-	8,473
Due to related companies		5,303	2,123
Total liabilities		209,292	261,081
EQUITY (DEFICIT)			
Share capital	14	18,383,475	17,895,940
Contributed surplus		2,810,276	2,716,937
Deficit		(21,267,198)	(20,309,636)
Accumulated other comprehensive income (loss)		(21,750)	3,000
Total equity (deficit)		(95,197)	306,241
Total liabilities and equity (deficit)		114,095	567,322

The accompanying notes are an integral part of the consolidated financial statements.

GOLDEN SHARE MINING CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Years ended on December 31, 2014 and 2013 **(in Canadian dollars)**

	Notes	2014	2013
		$	$
Expenses			
Exploration and evaluation expenditures	15	640,303	5,230,262
Administrative expenses	16	320,484	590,547
Financial expenses		1,202	2,721
Transaction costs		-	184,090
Loss (gain) on available-for-sale financial assets recycled in net loss	11	4,450	(2,585)
Gain on disposal of equipment		-	(10,770)
Loss before income taxes		966,439	5,994,265
Income taxes			
Income tax recovered		(404)	-
Deferred income taxes		(8,473)	-
		(8,877)	-
Net loss		957,562	5,994,265
Other comprehensive loss (income)			
Items that will be reclassified subsequently to net loss			
Available-for-sale-financial assets			
Net change in fair value		29,200	(5,585)
Reclassification to net loss		(4,450)	2,585
Total of other comprehensive loss (income)		24,750	(3,000)
Net loss and other comprehensive loss		982,312	5,991,265
Basic and diluted net loss per share		0.014	0.128
Weighted average number of common shares outstanding		68,735,080	46,949,903

The accompanying notes are an integral part of the consolidated financial statements.

GOLDEN SHARE MINING CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)

Years ended on December 31, 2014 and 2013 **(in Canadian dollars)**

	Notes	Share Capital		Accumulated Other Comprehensive Income (Loss)	Contributed surplus	Deficit	Total
		Number	$	$	$	$	$
Balance on January 1st, 2013		36,963,986	13,407,435	-	2,117,925	(14,315,371)	1,209,989
Shares issued for the acquisition of mining rights	14	640,000	66,000	-	-	-	66,000
Shares issued under the amalgamation transaction	4	22,364,690	3,913,821	-	412,067	-	4,325,888
Unit issued under a private placement	14	3,025,222	400,680	-	135,347	-	536,027
Shares issued for the payment of services	14	151,000	37,716	-	-	-	37,716
Shares issued as a finder's fee	14	149,097	29,861	-	-	-	29,861
Shares issued as an advance royalty payment	14	66,667	10,000	-	-	-	10,000
Broker warrants	14	-	(5,154)	-	5,154	-	-
Issue costs		-	(24,142)	-	-	-	(24,142)
Share-based payments	17	-	-	-	46,444	-	46,444
Transactions with owners		26,396,676	4,428,782	-	599,012	-	5,027,794
Net loss		-	-	-	-	(5,994,265)	(5,994,265)
Other comprehensive income (loss)							
Items that will be reclassified subsequently to net loss							
Available-for-sale financial assets							
Net change in fair value		-	-	5,585	-	-	5,585
Reclassification to net loss	11	-	-	(2,585)	-	-	(2,585)
Total other comprehensive income		-	-	3,000	-	-	3,000
Balance of shares issued and fully paid on December 31, 2013		63,360,662	17,836,217	3,000	2,716,937	(20,309,636)	246,518
Shares to be issued as a finder's fee	14	298,196	59,723	-	-	-	59,723
Balance of shares on December 31, 2013		63,658,858	17,895,940	3,000	2,716,937	(20,309,636)	306,241

GOLDEN SHARE MINING CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)

Years ended on December 31, 2014 and 2013 **(in Canadian dollars)**

	Notes	Share Capital		Accumulated Other Comprehensive Income (Loss)	Contributed surplus	Deficit	Total
		Number	$	$	$	$	$
Balance on January 1st, 2014		63,360,662	17,895,940	3,000	2,716,937	(20,309,636)	306,241
Shares issued for the acquisition of mining rights	14	3,690,000	176,150	-	-	-	176,150
Shares issued as a finder's fee	14	298,194	-	-	-	-	-
Unit issued under a private placement	14	4,444,444	306,661	-	93,339	-	400,000
Shares issued as an advance royalty payment	14	217,474	5,437	-	-	-	5,437
Issue costs		-	(713)	-	-	-	(713)
Transactions with owners		8,650,112	487,535	-	93,339	-	580,874
Net loss		-	-	-	-	(957,562)	(957,562)
Other comprehensive income (loss)							
Items that will be reclassified subsequently to net loss							
Available-for-sale financial assets							
Net change in fair value		-	-	(29,200)	-	-	(29,200)
Reclassification to net loss	11	-	-	4,450	-	-	4,450
Total other comprehensive loss		-	-	(24,750)	-	-	(24,750)
Balance on December 31, 2014		72,010,774	18,383,475	(21,750)	2,810,276	(21,267,198)	(95,197)

The accompanying notes are an integral part of the consolidated financial statements.

GOLDEN SHARE MINING CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended on December 31, 2014 and 2013 **(in Canadian dollars)**

	Notes	2014	2013
		$	$
OPERATING ACTIVITIES			
Net loss		(957,562)	(5,994,265)
Adjustments			
Exploration and evaluation expenditures acquired through the amalgamation	4	-	4,500,581
Income tax		(8,877)	-
Share-based payments		-	46,444
Property and equipment amortization		7,208	10,047
Gain on disposal of equipment		-	(10,770)
Loss (gain) on available-for-sale financial assets recycled in net loss		4,450	(2,585)
Share issued for the acquisition of mining rights		176,150	66,000
Shares issued for the payment of services		-	37,716
Shares issued as an advance royalty payment		5,437	10,000
		(773,194)	(1,336,832)
Change in working capital items	19	(3,992)	(139,369)
Cash flows from operating activities		(777,186)	(1,476,201)
INVESTING ACTIVITIES			
Cash acquired through the amalgamation	4	-	42,677
Guaranteed investments certificates		57,500	(32,500)
Equipment acquisitions		(2,500)	(1,501)
Proceed from disposal of equipment		-	39,676
Proceed from disposal of other long-term financial assets		5,050	17,585
Deposit to a related company		-	962,136
Cash flows from investing activities		60,050	1,028,073
FINANCING ACTIVITIES			
Due to related companies		3,180	(59,877)
Contributions to capital, net of amounts due		-	252,307
Shares issued under private placements		400,000	544,500
Issue costs		(713)	(24,142)
Cash flows from financing activities		402,467	712,788
Net change in cash		(314,669)	264,660
Cash, beginning of period		346,729	82,069
Cash, end of period		32,060	346,729
Interest received included in operating activities		546	2,395
Interest paid included in operating activities		(1,748)	(5,116)
Income tax recovered		404	-

The accompanying notes are an integral part of the consolidated financial statements.

NOTE 1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

Golden Share Mining Corporation and its subsidiaries (hereinafter "Golden Share" or the "Company") specialize in the acquisition and exploration of mineral resource properties and it has not yet determined whether its properties contain ore reserves that are economically recoverable.

Golden Share's shares are listed on the TSX Venture Exchange under the symbol GSH.V.

Golden Share is incorporated under the Canada Business Corporations Act. The address of Golden Share Mining Corporation registered office and its principal place of business is 145 Riviera Drive, Unit 7, Markham, Ontario, L3R 5J6.

These consolidated financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS"), have been approved and authorized for issue by the Board of Directors on April 9, 2015 in preparation of their filing.

NOTE 2. GOING CONCERN ASSUMPTION

These consolidated financial statements have been prepared on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated income nor cash flows from its operations. As at December 31, 2014, the Company has a deficit of $21,267,198 ($20,309,636 as at December 31, 2013) and a working capital deficiency of $122,902 (working capital of $217,828 as at December 31, 2013) which will not be sufficient to support the Company's needs for cash during the coming year. The Company will require additional funding to be able to advance and retain mining rigths interest and to meet ongoing requirements for general operations. These material uncertainties cast significant doubt regarding the Company’s ability to continue as a going concern.

The Company’s ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties and continued support of suppliers and creditors. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

The carrying amounts of assets, liabilities, revenues and expenses presented in the financial statements and the classification used in the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate. Those adjustments could be material.

NOTE 3. CHANGES IN ACCOUNTING POLICIES

New and revised standards that are effective for annual periods beginning on or after January 1, 2014.
A number of new and revised standards are effective for annual periods beginning on or after January 1, 2014. Information on these new standards is presented below.

IFRIC 21 Levies:
IFRIC 21 clarifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the government’s legislation. If this activity arises on a specific date within an accounting period then the entire obligation is recognised on that date. The same recognition principles apply in the annual and interim financial statements.

The adoption of this standard had no impact on the amounts recorded in the consolidated financial statements as at January 1, 2014 or on the comparative periods.

IAS 32 Financial Instruments: Presentation (“IAS 32”)
IAS 32 addresses inconsistencies when applying the offsetting criteria outlined in this standard. These amendments clarify certain of the criteria required to be met in order to permit the offsetting of financial assets and financial liabilities. The adoption of this amendment had no impact on the amounts recorded in the consolidated financial statements as at January 1, 2014 or on the comparative periods.

IAS 36 Impairment of Assets (“IAS 36”)
This amendment requires additional disclosure on the recoverable amount of an impaired cash generating unit (“CGU”). The adoption of this amendment had no impact on the amounts recorded in the consolidated financial statements as at January 1, 2014 or on the comparative periods.

GOLDEN SHARE MINING CORPORATION

NOTE 4. AMALGAMATION

On July 25, 2013, at special shareholder meetings, Silvore Fox Minerals Corp. ("Silvore Fox") and Golden Share Mining Corporation (''GSH'') shareholders have approved the amalgamation transaction under which Silvore Fox is merging with GSH on the basis of one share of the merged company for each five existing shares, warrants and options of Silvore Fox and GSH. After the amalgamation, the merged company adopted the name ''Golden Share Mining Corporation''.

For accounting purposes, the amalgamation has been accounted for in the consolidated financial statements as an acquisition of assets through the issuance of shares, with Silvore Fox identified as the acquirer. The transaction does not constitute a business combination as GSH did not meet the definition of a business under IFRS 3. Therefore, the comparative numbers and the amounts allocated to share capital are those of Silvore Fox. As part of the amalgamation, Silvore Fox issued an aggregate of 22,364,690 common shares at a deemed price of $0.175 per share for a consideration of $3,913,821.

As a result of the amalgamation, Silvore Fox acquired the net assets of GSH, which included a number of mineral properties in the exploration and evaluation stage as well as several other monetary and non-monetary assets and liabilities. Since GSH accounting policy is to expense all exploration and evaluation expenditures until the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the carrying amount of GSH mineral properties at the date of acquisition was nil. The carrying amount of the other assets and liabilities, which approximated their fair value, was such that the fair value of the net assets were in a net liabilities position at the acquisition date.

Given that the mineral properties were still in the exploration and evaluation stage, it was not possible to measure the fair value of the mineral properties received, the acquisition transaction has been measured using the fair value of the consideration transferred.

The excess of the consideration transferred over the fair value of the other assets and liabilities has been allocated to the mineral properties. However, since the company's accounting policy is to recognize all exploration and evaluation expenditures as expense until the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the excess amount has been recognized as an expense in the net loss of 2013.

The net liabilities assumed and expenses acquired were as follows:

	$
Cash	42,677
Guaranteed investment certificate	30,000
Trade and other receivables	16,814
Prepaid expenses	13,419
Other long term financial assets	68,000
Trade and other payables	(256,019)
Net liabilities assumed	(85,109)
Exploration and evaluation expenditures	4,500,581
Consideration transferred	4,415,472

The breakdown of the consideration transferred in equity instruments was as follows:

	Number	$
Common shares of the Amalgamated company attributed to shareholders of Golden Share	22,364,690	3,913,821
Common shares of the Amalgamated company to be issued as a finder's fee	447,293	89,584
Share options of the Amalgamated company attributed to shareholders of Golden Share	1,265,000	137,659
Warrants of the Amalgamated company attributed to shareholders of Golden Share	2,669,000	274,408
		4,415,472

The amounts for options and warrants were determined by measuring the fair value of options and warrants outstanding at the time of the qualifying transaction.

Outstanding options had a fair value of $137,659 and this fair value was estimated using the Black & Scholes valuation model using the following weighted assumptions: usefull life of 2.70 years, volatility of 148%, risk-free interest rate of 1.48%, exercise price of $0.65, share price of $0.175 and fair value of $0.11. The expected volatility was determined using the historical data of the Company according to the expected life of the options.

Outstanding warrants had a fair value of $274,408 and this fair value was estimated using the Black & Scholes valuation model using the following weighted assumptions: useful life of 2.86 years, volatility of 148%, risk-free interest rate of 1.61%, exercise price of $0.91, share price of $0.175 and fair value of $0.10. The expected volatility was determined using the historical data of the Company according to expected life of the warrants.

NOTE 5. SUMMARY OF ACCOUNTING POLICIES

Basis of preparation and evaluation of financial statements
The consolidated financial statements are prepared using the significant accounting policies described in the present note. These methods have been applied consistently to all periods presented in these consolidated financial statements.

Functional and presentation currency
The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiaries.

Basis of consolidation
The financial statements include the accounts of Golden Share Mining Corporation and its wholly-owned subsidiaries, Golden Fox Resources SpA and Golden Eagle Resources SpA, both resident of Chile.

All transactions and balances between the parent company and its subsidiaries are eliminated upon consolidation, including unrealized gains and losses on transactions between the companies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

Net earnings (loss) and other comprehensive income (loss) of a subsidiary acquired or disposed of during the reporting period are recognized from the effective date of the acquisition, or up to the effective date of disposal, as applicable.

Foreign currency translation
The monetary assets and liabilities in foreign currency are translated at the exchange rate in effect at the balance sheet date, whereas other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenues and expenses are translated at the average rate in effect during the year. Gains and losses are included in the earnings for the year.

Non-monetary items are not re-translated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Financial instruments

Recognition, initial measurement and derecognition
Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. The subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets
For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables;
- available-for-sale financial assets.

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at depreciated cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash, guaranteed investment certificate and interest and other amounts receivable, fall into this category of financial instruments.

GOLDEN SHARE MINING CORPORATION

NOTE 5. SUMMARY OF ACCOUNTING POLICIES (Continued)

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company's available-for-sale financial assets include marketable securities in quoted companies.

Available-for-sale financial assets are measured at fair value. Net change in fair value is recognized in other comprehensive income (loss) whitin equity, except for impairment losses, which are recognized in the earnings (loss). When the asset is derecognized, the cumulated net change in fair value recognized in other comprehensive income (loss) is reclassified to net earnings (loss) under "Gain (loss) on available-for-sale financial assets recycled in net earnings (loss)" if applicable and presented as a reclassification adjustment within other comprehensive income (loss).

Impairment charges are recognized in net earnings (loss) if applicable. Reversals of impairment losses are recognized in other comprehensive income (loss).

Financial liabilities at amortized cost
Financial liabilities at amortized cost represent financial liabilities not held for trading. Trade and other payables are classified in this category. They are initially measured at fair value less transaction costs. Subsequently, they are measured at amortized cost. The difference between the initial carrying amount and the redemption value is recognized in profit or loss over the duration of the contract using the effective interest rate method.

Basic and diluted loss per share
Basic loss per share is calculated by dividing the loss of each period presented attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share are calculated by adjusting the loss attributable to ordinary equity holders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares which include options and warrants. Dilutive potential common shares shall be deemed to have been converted into common shares at the beginning of the period or, if later, at the date of issue of the potential common shares.

For the periods presented, the diluted loss per share is equal to the basic loss per share of the anti-dilutive effect of the outstanding warrants and share options as they would have the effect of decreasing the loss per share, as described in Notes 14 and 17 respectively.

Cash
The cash includes cash held for exploration expenses that represents the balance on flow-through financing not spent. According to the restrictions imposed by these financing arrangements, the Company must dedicate these funds to the exploration and evaluation of mining properties. At December 31, 2014, the Company doesn't have cash held for exploration expenses.

Refundable Tax credits
The Company is entitled to a refundable tax credit on eligible exploration expenditures incurred by mining companies. Furthermore, the Company is entitled to refundable credit on duties for losses under the Mining Duties Act. This refundable credit on duties for losses is applicable on eligible exploration costs incurred in the Province of Quebec.

These refundable tax credits are recognized against exploration and evaluation expenditures incurred based on estimates made by management. The Company records these tax credits when there is reasonnable assurance with regards to collection and assessments and that the Company will comply with the conditions associated to them.

Exploration and evaluation expenditures
All of the Company's projects are currently in the exploration and evaluation phase.

Exploration and evaluation expenditures are costs incurred in the course of initial search of mineral deposits before the technical feasibility and commercial viability of the extraction have been demonstrated.

The costs directly related to the acquisition of the mineral property rights and the exploration expenditures incurred during the exploration and evaluation phase are expensed. The Company will capitalize its exploration expenditures under property and equipment once technical feasibility and commercial viability of extracting a mineral resource are demonstrated.

To date, neither the technical feasibility nor the commercial viability of a mineral resource has been demonstrated.

Although the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company’s titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

NOTE 5. SUMMARY OF ACCOUNTING POLICIES (Continued)

Disposal of interest in connection with the option agreement

On the disposal of interest in connection with the option agreement, the Company does not recognize expenses related to the exploration and evaluation performed on the property by the acquirer. In addition, the amounts received directly from the acquirer are recognized as a gain on the disposal of mining rights in net earning (loss).

Property and equipment

Property and equipment are stated at historical cost, less any accumulated amortization and any accumulated impairment losses. Historical cost includes all costs directly attributable to the acquisition.

Amortization of property and equipment is calculated, on components that have homogeneous useful lives, using the declining-balance basis to depreciate the initial cost over the following estimated useful lives:

Office furniture and equipment and field equipment	20%
Computer equipment	30%
Vehicules	30%

Useful lives, residual values, amortization rates and amortization methods are reviewed annually. Such a review takes into consideration the nature of the assets, their intended use and technological changes.

Gain or loss on disposal is determined by comparing the proceeds with the carrying amount and is recognized in net earnings (loss).

Provisions, contingent liabilities and contingent assets

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

The Company’s operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company’s operations are in compliance with current laws and regulations. Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

Income taxes

Generally, the tax expense recognized in net earnings (loss) comprises the amount of deferred tax and current tax not recognized in other comprehensive income (loss) or directly in equity.

When the Company will have current income tax assets or liabilities, these will comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from net earnings (loss) in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

However, since the Company is in the exploration phase and has no taxable income, tax expense recognized in net earnings (loss) is comprised only of deferred tax when applicable.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries is not recognized if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

NOTE 5. SUMMARY OF ACCOUNTING POLICIES (Continued)

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income or expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax expense in net earnings (loss), except where they relate to items that are recognized in other comprehensive income (loss) or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income (loss) or equity, respectively.

Equity

Share capital represents the amount received upon the share issuance and the share issue expenses net of any tax benefits on the earnings underlying these share issue expenses. If shares are issued when options and warrants are exercized, the share capital account also comprises the compensation cost previously recognized in contributed surplus. In addition, if the shares are issued as part of an option agreement, the shares represent the number of shares issued for the acquisition of mining rights multiplied by the shares' fair value according to the quoted price on the day of signature of the agreement.

Unit placements

Proceeds from unit placements are allocated proportionately between common shares and warrants according to their respective fair values.

Flow-through placements

Issuance of flow-through units represents in substance an issuance of common shares, warrants and the sale of the rights to tax deductions to the investors. When the flow-through units are issued, the sale of the rights to tax deductions is deferred and recognized as other liabilities in the statement of financial position. The proceeds received from the issuance of flow-through units are allocated between share capital, warrants and other liabilities using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance, secondly to the warrants according to the fair value estimated using the Black-Scholes model and finally, the residual value is allocated to the other liabilities. The liability component recognized initially on the issuance of shares is reversed on renouncement of the rights to tax deductions to the investors and when eligible expenses are incurred and recognized in net earnings (loss) in reduction to deferred income tax expense.

Other elements of the share capital

Contributed surplus includes compensation expenses related to share options and warrants until such equity instruments are exercised.

Deficit includes all current and prior period losses.

Accumulated other comprehensive income (loss) includes net change in fair value of available for sale financial assets.

Equity-settled share-based payments

The Company operates equity-settled share-based remuneration plans (share options plans) for its eligible directors, officers, employees and consultants. None of the Company's plans feature any options for a cash settlement. Occasionally, the Company issues warrants to brokers

All goods and services received in exchange for the grant of any share-based payments are measured at their fair value unless that fair value cannot be estimated reliably. If the Company cannot reliably estimate the fair value of the goods or services received, the Company shall measure the fair value indirectly by reference to the fair value of the equity instruments granted. For transactions with employees and others providing similar services, the Company measures the fair value of the services by reference to the fair value of the equity instruments granted.

Equity-settled share-based payments under Equity-settled share-based payments plans (except warrants to brokers) are ultimately recognized as an expense in the net earnings (loss) and the consideration is recognized as a credit to contributed surplus under Equity. Warrants issued to brokers are recognized as equity instrument issue costs and the consideration is recognized as a credit to contributed surplus under Equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting year, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if the number of share options ultimately exercised are different to that estimated on vesting.

NOTE 5. SUMMARY OF ACCOUNTING POLICIES (Continued)

Segmental reporting

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the Chairman and the Board of Directors. Management currently identifies only one operating segment, that is the exploration and evaluation of mineral resources in Canada.

NOTE 6. FUTURE CHANGES IN ACCOUNTING POLICIES

At the date of autorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company accounting policies for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's consolidated financial statements.

IFRS 9 Financial Instruments (“IFRS 9”)

The IASB recently released IFRS 9 "Financial Instruments" (2014), representing the completion of its project to replace IAS 39 "Financial Instruments: Recognition and Measurement". The new standard introduces extensive changes to IAS 39’s guidance on the classification and measurement of financial assets and introduces a new "expected credit loss" model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

The Company’s management have yet to assess the impact of IFRS 9 on these consolidated financial statements. The new standard is required to be applied for annual reporting periods beginning on or after 1 January 2018.

NOTE 7. ESTIMATES, JUDGMENTS AND ASSUMPTIONS

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. These judgments and estimates are continuously evaluated and are based on management’s experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the consolidated financial statements.

Judgments

The following are significant management judgments in applying the accounting policies of the Corporation that have the most significant effect on the consolidated financial statements.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company’s ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. If changes were made to management’s assessment regarding the Company’s ability to use future tax deductions, the Company could be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

Going concern

The evaluation of the Company's ability to continue as a going concern, to raise additional financing in order to cover its operating expenses and its obligations for the incoming year requires significant judgement based on past experience and other assumptions including the probability that future events are considered reasonnable according to circumstances. Please refer to Note 2 for further information.

Estimations

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company estimates the volatility of its own share, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model.

GOLDEN SHARE MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2014 and 2013

NOTE 8. GUARANTEED INVESTMENT CERTIFICATES

	2014	2013
	$	$
Guaranteed investment certificate, 0.80%	-	32,500
Guaranteed investment certificate, 1.40%	-	30,000
Guaranteed investment certificate, 0.80%, maturing in September 2015	5,000	-
	5,000	62,500

NOTE 9. OTHER RECEIVABLES

	2014	2013
	$	$
Goods and services tax receivable	4,286	24,602
Interest receivable	-	490
Other amounts receivable	890	957
	5,176	26,049

NOTE 10. PROPERTY AND EQUIPMENT

	Office furniture and equipment	Computer equipment	Vehicules	Field equipment	Total
	$	$	$	$	$
Cost					
Balance as at January 1st, 2013	6,410	9,439	83,173	44,000	143,022
Acquisitions	-	1,501	-	-	1,501
Disposals	-	-	(83,173)	-	(83,173)
Balance as at December 31, 2013	6,410	10,940	-	44,000	61,350
Acquisitions	-		-	2,500	2,500
Balance as at December 31, 2014	6,410	10,940	-	46,500	63,850
Accumulated amortization					
Balance as at January 1st, 2013	2,089	4,467	53,108	13,493	73,157
Amortization	1,069	1,717	1,159	6,102	10,047
Disposals	-	-	(54,267)	-	(54,267)
Balance as at December 31, 2013	3,158	6,184	-	19,595	28,937
Amortization	650	1,427		5,131	7,208
Balance as at December 31, 2014	3,808	7,611	-	24,726	36,145
Carrying amount					
Balance as at December 31, 2013	3,252	4,756	-	24,405	32,413
Balance as at December 31, 2014	2,602	3,329	-	21,774	27,705

Amortization for amounts totalling $2,077 and $5,131 ($3,945 and $6,102 in 2013) have been recorded under administrative fees and exploration and evaluation expenditures respectively.

GOLDEN SHARE MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2014 and 2013

NOTE 11. OTHER FINANCIAL ASSETS

	2014	2013
	$	$
Marketable securities in quoted companies, at fair value		
150,000 common shares of Vanstar Mining Resources Inc. (200,000 common shares in 2013)	6,750	28,000
600,000 common shares of Vantex Resources Ltd. (700,000 common shares in 2013)	15,000	28,000
	21,750	56,000

During the year ended December 31, 2013, the Company sold 300,000 common shares of Vantex Resources Ltd for total proceeds of $17,585. A gain on available-for-sale financial assets recycled in net loss of $2,585 was reclassed from the Accumulated Other Comprehensive Income (Loss) to net loss.

During the year ended December 31, 2014, the Company sold 100,000 common shares of Vantex Resources Ltd and 50,000 common shares of Vanstar Mining Resources Inc. for total proceeds of $5,050. A loss on available-for-sale financial assets recycled in net loss of $4,450 was reclassed from the Accumulated Other Comprehensive Income (Loss) to net loss.

NOTE 12. CREDIT FACILITY

The Company has credit cards for a maximum authorized amount of $5,000 ($30,000 in 2013) that bears interest at 19.99% annually, secured by a guaranteed investment certificate of $5,000 ($30,000 in 2013). The balance, as at December 31, 2014, is $666 and is included under "Trade and other payables."

NOTE 13. TRADE AND OTHER PAYABLES

	2014	2013
	$	$
Trade payables and accrued liabilities	203,870	246,695
Salaries and employee benefits	119	3,790
	203,989	250,485

NOTE 14. SHARE CAPITAL

Share capital

The share capital of the Company consists only of fully paid common shares and an unlimited number of common shares voting and participating, without par value.

Amalgamation

On July 25, 2013, as part of the amalgamation, the Company completed a five for one consolidation. All references to shares, warrants, options and per share amounts in these consolidated financial statements are references to post-amalgamation shares. As a result, comparative figures have been adjusted as if the amalgamation had occurred since inception. The Company issued 22,364,690 common shares in connection with the amalgamation as described in Note 4 and 447,293 common shares as a finder's fee, to be issued in three separate and equal tranches, as 149,097 common shares on the closing date, 149,098 common shares after six months and 149,098 common shares after one year. As at December 31, 2014, all common shares have been issued.

Transactions on share capital

In June 2013, the Company issued 40,000 common shares of the Company for the acquisition of mining rights for a total value of $6,000.

In July 2013, the Company issued a total of 151,000 common shares of the Company to the President, Vice-President Exploration and one of its directors to compensate temporary reductions voluntarily accepted in their remuneration and 149,097 common shares of the Company as a finder's fee in relation with the amalgamation transaction as described above.

In October 2013, the Company issued a total of 66,667 common shares of the Company as an advance royalty payment.

In December 2013, the Company completed private placements for total proceed of $544,500. The Company issued 803,000 flow-through shares of the Company at a price of $0.18 per share, 2,222,222 common shares of the Company at a price of $0.18 per share and 1,512,611 warrants of the Company. Each warrant entitles the holder to subscribe to one common share of the Company at a price of $0.27 per share, valid for 24 months following the issue. An amount of $135,347 related to the warrants was applied against contributed surplus and $8,473 in other liability.

In December 2013, the Company also issued 600,000 common shares of the Company for the acquisition of mining rights for a total value of $60,000.

GOLDEN SHARE MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2014 and 2013

NOTE 14. SHARE CAPITAL (Continued)

On January 29, 2014, the Company issued 149,097 common shares of the Company as a finder's fee.

On February 14, 2014 and February 28, 2014, the Company issued a total of 640,000 common shares of the Company for the acquisition of Berens River project's mining rights for a total value of $38,400.

On April 8, 2014, the Company issued 100,000 common shares of the Company for the acquisition of Monster Island project's mining rights for a total value of $5,000.

On May 21, 2014, the Company completed a private placement for total proceeds of $400,000. The Company issued 4,444,444 common shares of the Company at a price of $0.09 per share and 2,222,222 warrants of the Company. Each warrant entitles the holder to subscribe to one common share of the Company at a price of $0.15 per share, valid for 24 months following the issuance. An amount of $93,339 related to the warrants was applied against contributed surplus.

On May 27, 2014, the Company issued a total of 2,950,000 common shares of the Company for the acquisition of Turtlepond, Six Mile Lake, Hyndman and Macfile projects' mining rights for a total value of $132,750.

On July 29, 2014, the Company issued 149,097 common shares of the Company as the final payment for finder's fee.

On October 9, 2014, the Company issued a total of 217,474 common shares of the Company as an advance royalty payment $5,437.

Warrants

The following table shows the changes in warrants:

	2014		2013	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Outstanding on January 1st	6,346,388	0.70	4,334,999	0.60/0.75
Assumed as part of the amalgamation (Note 4)		-	2,669,000	0.91
Issued	2,222,222	0.15	1,564,611	0.27
Expired	(4,281,777)	0.88	(2,222,222)	0.60/0.75
Outstanding and exercisable	4,286,833	0.23	6,346,388	0.70

During the year ended December 31, 2014 , the Company issued 2,222,222 warrants (1,564,611 warrants including 52,000 broker warrants during the year ended December 31, 2013). The fair value of the warrants issued of $0.04 ($0.09 for the year ended December 31, 2013) was estimated using the Black-Scholes model and based on the following weighted average assumptions:

	December 31, 2014	December 31, 2013
Weighted average price at the grant date	$0.05	$0.13
Rate of return of dividends	- %	- %
Expected average volatility	165%	175%
Risk-free average interest rate	1.05%	1.07%
Expected average life (years)	2 years	2 years
Weighted average exercise price	$0.15	$0.27

The expected volatility was determined using the historical volatility of the Company’s share price according to each expected life of the warrants.

For the year ended December 31, 2013, an amount $5,154 was recorded against share capital as issue costs and credited to Contributed surplus when the broker warrants were granted.

GOLDEN SHARE MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2014 and 2013

NOTE 14. SHARE CAPITAL (Continued)

The number of outstanding warrants that could be exercised for an equal number of common shares is as follows:

		2014		2013
Expiration date	Weighted average exercise price	Number of warrants outstanding	Weighted average exercise price	Number of warrants outstanding
	$		$	
June 28, 2014	-	-	0.75	2,112,777
June 29, 2014	-	-	1.00	2,169,000
October 25, 2015	0.50	500,000	0.50	500,000
December 2, 2015	0.27	1,488,111	0.27	1,488,111
December 31, 2015	0.27	76,500	0.27	76,500
May 21, 2016	0.15	2,222,222	-	-
		4,286,833		6,346,388

NOTE 15. EXPLORATION AND EVALUATION EXPENDITURES

Below is a summary of the Company's exploration and evaluation expenditures incurred by property.

	2014	2013
	$	$
Acquisition costs		
Ontario properties		
Berens River	129,400	75,000
Hyndman	8,757	-
Macfile	8,757	-
Pick Lake	25,000	11,812
Shebandowan	1,615	-
Six Mile Lake	44,926	-
Turtlepond	70,310	-
	288,765	86,812
Quebec property		
Monster Island	10,010	-
Total of acquisition costs	**298,775**	**86,812**
Exploration expenditures		
Quebec properties		
Belleterre	-	897
Forsan	1,634	1,865
Malartic Lakeshore	5,000	1,724
Monster Island	6,638	-
	13,272	4,486
Ontario properties		
Berens River	202,628	375,994
Elwood	2,027	2,905
Hyndman	3,811	-
Larose	-	5,127
Macfile	1,713	-
Pick Lake	43,675	133,423
Shebandowan	58,973	61,599
Six Mile Lake	2,097	-
Turtlepond	1,622	-
	316,546	579,048
Nova Scotia property		
Coxheath	11,710	59,335
Total of exploration expenditures	**341,528**	**642,869**
Exploration and evaluation expenditures acquired through the amalgamation (Note 4)	-	4,500,581
Total of exploration and evaluation expenditures	**640,303**	**5,230,262**

NOTE 15. EXPLORATION AND EVALUATION EXPENDITURES (Continued)

Belleterre
The Belleterre property comprises the Chevrier Lake and Blondeau-Guillet properties.

Chevrier Lake
The Company owns a 100% interest in the Chevrier Lake property consisting of 8 claims located 2.5 km west of the town of Belleterre, in the province of Quebec.

The property is subject to a 1.5% net smelter return which the Company has the right to purchase for $1,000,000.

Blondeau-Guillet
The Company owns a 50% interest in the Blondeau-Guillet property consisting of 155 claims located 2.5 km west of the town of Belleterre, in the province of Quebec.

Expenses incurred to further develop the property will be shared by the Company and Niogold Mining Corporation, based on their respective interests.

The property is subject to a net smelter return of 1% to 2%.

Forsan
The Company owns a 100% interest in the Forsan property consisting of 50 claims located 45 km east of the town of Val d'Or, in the province of Quebec.

Under the option agreement signed on October 5, 2007, an additional 80,000 common shares should be issued at any time in the event that measured and indicated resources representing 250,000 ounces of gold or more could be defined and validated or produced by the Company and 80,000 additional common shares at any time in the event that measured and indicated resources representing 500,000 ounces of gold or more could be defined and validated or produced by the Company.

The property is subject to a 2% net smelter return which the Company has the right to purchase for $1,000,000 per 1% net smelter return bracket, or a total of $2,000,000 for the 2% net smelter return.

Malartic Lakeshore
The Company owns a 100% interest in the Malartic Lakeshore property consisting of 26 claims located 20 km west of the town of Val d'Or, in the province of Quebec.

Under the option agreement signed on October 5, 2007, covering 22 claims, an additional 30,000 common shares should be issued at any time in the event that measured and indicated resources representing 250,000 ounces of gold or more could be defined and validated or produced by the Company and 30,000 additional shares at any time in the event that measured and indicated resources representing 500,000 ounces of gold or more could be defined and validated or produced by the Company.

The property is subject to a 2% net smelter return which the Company has the right to purchase for $1,000,000 per 1% net smelter return bracket, or a total of $2,000,000 for the 2% net smelter return.

Monster Island
On April 9, 2014, the Company signed an option agreement for the acquisition of a 100% interest in the Monster Island property, composed of 20 claims located in the Chibougamau area of northwestern Quebec at the following conditions:

- By paying a total of $45,000, as $5,000 upon signature, $20,000 on the first anniversary date and $20,000 on the second anniversary date;
- By issuing a total of 450,000 common shares of the Company, as 100,000 shares upon signature, 150,000 shares on the first anniversary date and 200,000 shares on the second anniversary date;
- By incurring a total of $350,000 in exploration and evaluation expenditures, as $100,000 on or before the first anniversary date and $100,000 on or before the second anniversary date and $150,000 on or before the third anniversary date.

During the year ended December 31, 2014, the Company paid $5,000 in cash and issued a total of 100,000 common shares of the Company valued at $5,000.

Berens River
The Berens River property results in the consolidation of three distinct claim blocks acquired under different terms .

The Company first acquired an option agreement to acquire a 100% interest in one claim comprising 15 units located 200 km north of the town of Red Lake in the province of Ontario once all of the following conditions are met:

- By paying a total of $480,000, as $20,000 upon signature, $20,000 75 days following the signature, $40,000 no later than February 15, 2011, $50,000 no later than February 15, 2012, $50,000 no later than February 15, 2013, $100,000 no later than February 15, 2014 and $200,000 no later than February 15, 2015;

NOTE 15. EXPLORATION AND EVALUATION EXPENDITURES (Continued)

- By issuing a total of 200,000 of the Company's common shares, as 40,000 common shares upon signature, 40,000 common shares no later than February 15, 2011, 20,000 common shares no later than February 15, 2012, 20,000 common shares no later than February 15, 2013, 40,000 common shares no later than February 15, 2014 and 40,000 common shares no later than February 15, 2015.

In January 2013, the Company has amended the terms of this option agreement. Under the terms of the original agreement, no later than February 15, 2013 each of the two optionors was to receive $25,000 in cash and 10,000 common shares from the Company. Under the terms of the amended agreement, the two optionors have agreed to instead receive a total of $25,000 in cash and a total of 146,984 common shares of the Company.

In January 2014, the Company amended again the terms of the original agreement. Under the terms of the original agreement, no later than February 15, 2014 each of the two optionors was to receive $50,000 in cash and 40,000 common shares of the Company. Under the terms of the amended agreement, the two optionors have agreed to receive a first payment in cash of $25,000 on February 15, 2014 and to postpone the second payment in cash of $25,000 as follow:

	Optionor #1	Optionor #2
	$	$
March 2014	3,000	-
April 2014	2,000	-
May 2104	2,000	-
June 2014	2,000	-
July 2014	2,000	-
August 2014	2,000	-
September 2014	2,000	-
October 2104	2,000	-
November 2014	2,000	-
December 2014	2,000	-
January 2015	2,000	-
February 2015 (a)	2,000	26,250
	25,000	26,250

(a) A 5% interest is payable on the $25,000 payment to the second optionor.

The property is subject to a 2% net smelter return and the Company has the right to purchase 1% of the net smelter return for $2,000,000

Before the amalgation, GSH paid a total of $155,000 ($25,000 in 2013, $50,000 in 2012, $60,000 in 2011 and $20,000 in 2010) in cash and issued 246,984 (146,984 in 2013, 20,000 in 2012, 40,000 in 2011 and 40,000 in 2010) common shares for a total value of $120,246 ($36,746 in 2013, $8,500 in 2012, $34,000 in 2011 and $41,000 in 2010). After the amalgamation, the Company paid $71,000 in cash and issued a total of 40,000 common shares of the Company valued at $2,400.

The Company also entered into an option agreement with Favourable Lake Gold Corp. to acquire a 100% interest in 20 claims located comprising 220 units located 200 km north of the town of Red Lake in the province of Ontario, at the following conditions:

- By paying a total of $50,000 as $7,500 upon claim renewal, $7,500 on or before the earlier of February 28, 2013 or the date on which the Company and the Sandy Lake First Nation enter into a written agreement, $20,000 no later than the first anniversary date and $15,000 no later than the second anniversary date;

- By issuing a total of 100,000 common shares of the Company as 50,000 common shares of the Company upon claim renewal and 50,000 common shares of the Company on or before the earlier of February 28, 2013 or the date on which the Company and the Sandy Lake First Nation enter into a written agreement;

- By issuing, subject to certain conditions, such further number of common shares equal to the lesser of 600,000 common shares or $150,000 divided by the volume weighted average trading price of the common shares on the TSXV for the five trading day ending three trading days before the later of the first anniversary of the date of the option agreement and the date on which Golden Share has made the first two cash payments and issued the aforementionned 100,000 common shares. The Company may elect to, at its sole discretion, to make a cash payment of $150,000 in lieu of that issuance;

- By issuing, subject to certain conditions, such further number of common shares equal to the lesser of 600,000 common shares or $150,000 divided by the volume weighted average trading price of the common shares on the TSXV for the five trading day ending three trading days before the earlier of the second anniversary of the date of the option agreement and the issuance of such common shares. The Company may elect to, at its sole discretion, to make a cash payment of $150,000 in lieu of that issuance.

An additional 100,000 common shares shall be issued in the event that measured and indicated resources representing 250,000 ounces of gold or more could be defined and validated or a total of 250,000 ounces of gold are produced by the Company.

An additional 200,000 common shares shall be issued in the event that measured and indicated resources representing 500,000 ounces of gold or more could be defined and validated or a total of 500,000 ounces of gold are produced by the Company.

GOLDEN SHARE MINING CORPORATION

NOTE 15. EXPLORATION AND EVALUATION EXPENDITURES (Continued)

In February 2013, the terms of the option agreement were amended for the following conditions:

- By paying a total of $37,500 as $7,500 upon claim renewal, $15,000 on or before the earlier of February 28, 2013 or the date on which the Company and the Sandy Lake First Nation enter into a written agreement and $15,000 on or before December 16, 2013 which is the second anniversary date;

- By issuing a total of 200,000 common shares of the Company as 50,000 common shares of the Company upon claim renewal and 150,000 common shares of the Company on or before the earlier of February 28, 2013 or on the date on which the Company and the Sandy lake First Nation enter into a written agreement;

- By issuing, subject to certain conditions, such further number of common shares equal to the lesser of 600,000 common shares or $150,000 divided by the volume weighted average trading price of the common shares on the TSXV for the five trading day period ending on the earlier of February 28, 2014 or on the date on which the Company and the Sandy Lake First Nation enter into a written agreement. The Company may elect to, at its sole discretion, to make a cash payment of $150,000 in lieu of that issuance;

- By issuing, subject to certain conditions, such further number of common shares equal to the lesser of 600,000 common shares or $150,000 divided by the volume weighted average trading price of the common shares on the TSXV for the five trading day period ending on or before the second anniversary date of the option agreement. The Company may elect to, at its sole discretion, to make a cash payment of $150,000 in lieu of that issuance.

An additional 100,000 common shares shall be issued in the event that measured and indicated resources representing 250,000 ounces of gold or more could be defined and validated or a total of 250,000 ounces of gold are produced by the Company.

An additional 200,000 common shares shall be issued in the event that measured and indicated resources representing 500,000 ounces of gold or more could be defined and validated or a total of 500,000 ounces of gold are produced by the Company.

Before the amalgamation, GSH paid a total of $22,500 in cash ($15,000 in 2013 and $7,500 in 2012) and issued 650,000 common shares (150,000 in 2013 and 50,000 in 2012) for a total value of $57,500 ($37,500 in 2013 and $20,000 in 2012). After the amalgamation, the Company paid a total of $15,000 in cash and issued 1,200,000 commons shares (600,000 in 2013 and 600,000 in 2014) for a total value of $96,000 ($60,000 in 2013 and $36,000 in 2014).

The final payment on the second option agreement signed with Favourable Lake Gold Corp. has been made thereby fulfilling all conditions of this option agreement.

The Company also owns 100% interest in 9 mining claims which it acquired by direct staking, subject to 2% NSR according to the option agreement.

Elwood
The Company owns a 100% interest in the Elwood property consisting of 18 claims located 70 km west of the town of Thunder Bay, in the province of Ontario.

The property is subject to a 2% net smelter return and the Company has the right to purchase 1% of the net smelter return for $1,000,000.

Larose
The Company owns a 100% interest in 2 mining claims and entered into an option agreement to acquire a 50% interest in the Larose property consisting of 16 claims located 100 km west of the town of Thunder Bay, in the province of Ontario, at the following conditions:

- By issuing a total of 40,000 common shares of the Company, as 20,000 shares upon signature and 20,000 shares on the first anniversary date;

- By incurring a total of $500,000 in exploration and evaluation expenses as $200,000 by the first anniversary date of the option agreement, $150,000 by the second anniversary date and $150,000 by the third anniversary date.

The property is subject to a 3.5% net smelter return, 1.5% of which the Company has the right to purchase for $500,000 per 0.5% net smelter return bracket, or $1,500,000 for 1.5% of the total 3.5% net smelter return. An advance royalty payment of $10,000 annually is also payable to the previous vendor.

Before the amalgamation, GSH issued 40,000 (20,000 in 2012 and 20,000 in 2011) common shares for a total value of $12,000 ($3,000 in 2012 and $9,000 in 2011).

On April 2, 2014, the Company has decided to terminate the option agreement on its Larose property.

Pick Lake (formerly Winston Lake)
The Pick Lake property results in the consolidation of two distinct claim blocks acquired under different terms.

The Company first entered into an option agreement to acquire a 100% interest in 5 claims comprising 53 units located 150 km east of the town of Thunder Bay in the province of Ontario at the following conditions:

- By paying a total of $1,270,000; as $10,000 as an initial payment, $20,000 upon signature, $10,000 on June 15, 2012, $20,000 on December 15, 2012, $50,000 on June 15, 2013, $300,000 on June 15, 2014, $360,000 on June 15, 2015 and $500,000 on June 15, 2016.

GOLDEN SHARE MINING CORPORATION

NOTE 15. EXPLORATION AND EVALUATION EXPENDITURES (Continued)

In June 2013, the Company has amended the terms of the option for the following conditions:

- By paying a total of $1,275,000; as $10,000 as an initial payment, $20,000 upon signature, $10,000 on June 15, 2012, $20,000 on December 15, 2012, $25,000 on June 15, 2014, $30,000 on June 15, 2015, $300,000 on June 15, 2016, $360,000 on June 15, 2017 and $500,000 on June 15, 2018;

- By issuing a total of 40,000 common shares of the Company on June 15, 2013.

The Company may elect to, at its sole discretion, issue common shares of the Company up to 50% of the cash payment of June 2016, 2017 and 2018.

The Company paid $85,000 ($25,000 in 2014 and $60,000 in 2013) in cash and issued in 2013 40,000 common shares of the Company for a total value of $6,000.

The Company also owns 100% interest in 23 mining claims which it acquired by direct staking.

Shebandowan
The Shebandowan property comprises the Band Ore, Conacher and Pistol Lake properties.

Band Ore
The Company owns a 100% interest in the Band Ore property consisting of 28 claims located 70 km west of the town of Thunder Bay, in the province of Ontario.

The property is subject to a 1% net smelter return.

Conacher
The Company entered into an option agreement to acquire a 100% interest in the Conacher property consisting of 15 claims located 75 km west of the town of Thunder Bay, in the province of Ontario, at the following conditions:

- By paying a total of $48,500; as $8,500 upon signature, $15,000 on the first anniversary date and $25,000 on the second anniversary date;

- By issuing a total of 40,000 common shares of the Company, as 20,000 shares upon signature, 10,000 shares on the first anniversary date and 10,000 shares on the second anniversary date.

On February 4, 2013, the Company announced that it has amended the terms of an option agreement originally signed on the Conacher property. Under the terms of the original agreement, no later than March 7, 2013, the optionor was to receive $25,000 in cash and 10,000 common shares of the Company. Under the terms of the amended agreement, the optionor has agreed to instead receive $12,500 in cash and 110,000 common shares.

The Company paid a total of $36,000 ($12,500 in 2013, $15,000 in 2012 and $8,500 in 2011) in cash and issued 140,000 (110,000 in 2013, 10,000 in 2012 and 20,000 in 2011) common shares of the Company for a total value of $53,250 ($27,500 in 2013, $3,750 in 2012 and $22,000 in 2011).

As at December 31, 2013, the Company fullfiled all conditions of this option agreement.

The property is subject to a 1% net smelter return.

Pistol Lake
The Company owns a 100% interest in the Pistol Lake property consisting of 47 claims located 80 km west of the town of Thunder Bay, in the province of Ontario.

A total of 46 claims are subject to a 3% net smelter return. In the event that commercial production is started, the Company will have the right to purchase a portion equal to a first third of the royalty for $500,000. Additionally, the Company will have the right to purchase a portion equal to a second third of the royalty for $1,000,000.

Also, the Company shall make an advance-royalty payment of $20,000 per year starting in 2013. Such yearly payment will be indexed to inflation. Before the ninth anniversary date, the Company may elect to execute half of the payment in a number of common shares of the Company representing the amount of $10,000 according to the market conditions at such date.

The Company paid as an advance-royalty payment an amount of $22,172 in cash ($11,298 in 2013 and $10,874 in 2014) and issued a total of 284,141 common shares of the Company (66,667 in 2013 and 217,474 in 2014) for a total value of $15,437 ($10,000 in 2013 and $5,437 in 2014).

Coxheath
The Company owns a 100% interest in the Coxheath property consisting of 4 contiguous licenses for a total of 198 claims units, located 14 km southwest of the town of Thunder Bay, in the province of Nova Scotia.

The property is subject to a 2,7% net smelter return on 3 contiguous licenses.

GOLDEN SHARE MINING CORPORATION

NOTE 15. EXPLORATION AND EVALUATION EXPENDITURES (Continued)

Hyndman, Macfile, Six Mile Lake and Turtlepond

On May 12, 2014, the Company signed an option agreement for the acquisition of a 100% interest in properties of Hyndman, Macfile, Six Mile Lake and Turtlepond, the Canadian

assets of Greatore Inc., composed of 98 claims located in Ontario for a total consideration of 2,950,000 common shares of the Company valued at $132,750.

Chile properties

On September 15, 2011, the Company entered into a Letter of Intent ("LOI") with Sinotech Mineral Exploration Chile Limitada ("Sinotech Chile") a subsidiary of Sinotech Mineral Exploration Co., Ltd. of China ("SMEC"), for the acquisition of two gold/copper properties in Chile ("the Chile Properties"). SMEC is the parent company of Beijing Donia

A final agreement to acquire the properties was announced January 9, 2012 and 480,000,000 Chilean Pesos, approximating $987,500 Cdn, was advanced, in July 2012, by the Company's Chilean Subsidiaries to Sinotech Chile (the "Vendor"), as a deposit for closing. On December 20, 2012, Silvore Fox announced that it was not in the Company's best interest to close this purchase and that the Vendor and the Company had agreed to terminate the acquisition agreement. On February 6, 2013, Sinotech Chile repaid the deposit to the Company's Chilean Subsidiaries.

NOTE 16. ADMINISTRATIVE EXPENSES BY NATURE

	2014	2013
	$	$
Salaries and benefits expenses	5,933	-
Directors' fees	-	8,000
Management fees	65,000	101,650
Consultants	20,432	52,811
Professional services	43,179	77,769
Investor-related fees	45,814	91,640
Transfer agent fees	31,117	18,717
Regulatory fees	26,957	46,409
Office and general	36,527	95,812
Travel, accommodation and meals	12,256	26,703
Insurance	9,927	20,072
Investigation of new properties	20,785	5,250
Share-based compensation	-	46,444
Property and equipment amortization	2,077	3,945
Losses (gains) from exchange differences	480	(4,675)
	320,484	590,547

NOTE 17. EMPLOYEE REMUNERATION

Employee benefits expense

Employee benefits expenses recognized for employee benefits are analyzed below:

	2014	2013
	$	$
Salaries and benefits	100,348	66,333
Share-based payments	-	46,444
	100,348	112,777

The salaries and benefits were recognized as follow:

	2014	2013
	$	$
Exploration and evaluation expenditures	88,134	66,333
Salaries and benefits	5,933	-
Investigation of new properties	6,281	-
	100,348	66,333

NOTE 17. EMPLOYEE REMUNERATION (Continued)

Share option plan

The Company has adopted a stock-based compensation plan under which members of the Board of Directors may award options for common shares to directors, officers, employees and consultants. The maximum number of common shares issuable pursuant to the share option plan must not exceed 10% of the total number of common shares outstanding from time to time.

The exercise price of each option is determined by the Board of Directors and cannot be less than the discounted market value of the common shares on the eve of the award and the term of the options cannot be more than ten years.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options.

The Company's share options are as follows for the reporting periods presented:

	2014		2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Outstanding on January 1st	2,585,000	0.63	3,100,000	0.60
Granted	-	-	460,000	0.63
Assumed as part of the amalgamation (Note 4)	-	-	1,265,000	0.65
Cancelled	(350,000)	0.62	(1,950,000)	0.57
Forfeited	-	-	(290,000)	1.04
Outstanding and exercisable	2,235,000	0.64	2,585,000	0.63

During the year ended December 31, 2013, the Company granted 460,000 stock options to directors, officers, employees and consultants. The weighted average fair value of $0.10 for the year ended December 31, 2013 was determined using the Black-Scholes option pricing model and based on the following weighted average assumptions:

	2013
Weighted average price at the grant date	$ 0.10
Rate of return of dividends	- %
Expected average volatility	120%
Risk-free average interest rate	1.46%
Expected average life (years)	5 years
Weighted average exercise price	$ 0.63

The expected volatility was determined using the historical volatility of the Company's share price according to each expected life of the stock options.

In total, an amount of $46,444 for the year ended December 31, 2013 in share-based payments was included in net loss and credited to Contributed surplus.

The table below summarizes the information related to share options:

2014			2013		
Number of options outstanding	Weighted average exercise price	Remaining contractual average life	Number of options outstanding	Weighted average exercise price	Remaining contractual average life
	$	(years)		$	(years)
805,000	0.50	1.87	845,000	0.50	2.90
930,000	0.63	2.81	1,240,000	0.63	3.71
230,000	0.65	1.03	230,000	0.65	2.03
30,000	0.70	0.78	30,000	0.70	1.78
50,000	0.75	2.43	50,000	0.75	3.43
30,000	0.80	0.92	30,000	0.80	1.92
50,000	1.00	2.43	50,000	1.00	3.43
60,000	1.10	1.25	60,000	1.10	2.25
50,000	1.75	2.43	50,000	1.75	3.43
2,235,000	0.64	2.17	2,585,000	0.63	3.07

GOLDEN SHARE MINING CORPORATION

NOTE 18. INCOME TAX

Major components of tax income

The major components of tax expense (income) are outlined below:

	2014	2013
	$	$
Current tax expense (income)		
Current tax expense for the period	(404)	-
Deferred tax income		
Origination and reversal of temporary differences	(250,201)	(363,044)
Changes in tax rate and tax laws	(271,426)	629,091
Reverseal of other liabilities	(8,473)	-
Tax impact of flow-through renunciation	37,886	-
Change from unrecognized timing differences	483,741	(266,047)
Total deferred tax income	(8,473)	-
Total income tax expense (income)	(8,877)	-

Relationship between tax expense and accounting net earnings (loss)

The Company's expected tax rate is different from the combined federal and provincial income tax rate in Canada. This difference results from the following elements:

	2014	2013
	$	$
Expected tax recovery calculated using the combined federal and provincial income tax rate in Canada of 26.21% (25.09% in 2013).	(253,317)	(1,503,961)
Adjustments for the following items:		
Impact of change in tax rates	(271,426)	629,091
Prior years adjustments	1,546	-
Reverseal of other liabilities	(8,473)	-
Exploration and evaluation expenses acquired throught the amalgamation	-	1,129,196
Tax impact of flow-through renunciation	37,886	-
Non-deductible expenses and other	1,166	11,721
Change in unrecognized temporary differences	483,741	(266,047)
Deferred tax income	(8,877)	-

Deferred tax assets and liabilities

The Company has the following timing differences for which no deferred income tax has been recognized:

	2014	2013
	$	$
Non-capital losses carried forward	10,035,033	9,599,187
Capital losses carried forward	39,865	24,415
Marketable securities	81,750	68,000
Equity instrument issuance costs	90,434	198,996
Exploration and evaluation expenditures	15,087,825	14,620,361
Property and equipment	67,911	60,703
	25,402,818	24,571,662

The ability to realize the tax benefits is dependent upon a number of factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profits will be available to allow the asset to be recovered. Accordingly, no deferred tax assets have been recognized, these deferred tax assets not recognized equal an amount of $6,610,849 as at December 31, 2014 ($6,125,025 as at December 31, 2013).

GOLDEN SHARE MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2014 and 2013

NOTE 18. INCOME TAX (Continued)

The Company has the following non-capital losses which are available to reduce income taxes in future periods, for which no deferred tax asset has been recognized in the consolidated statement of financial position, that can be carried over the following years:

2025	42,881
2026	307,286
2027	1,339,936
2028	1,061,284
2029	1,781,404
2030	2,286,092
2031	1,454,517
2032	922,812
2033	400,863
2034	437,958
	10,035,033

The Company has the following Federal ITC which are available to reduce income taxes payables in future periods and that can be carried over the following years. The Federal ITC has not been recognized in the consolidated statement of financial position:

2026	10,095
2027	1,633
2028	5,916
2029	1,334
2030	164,781
2032	7,766
2033	26,155
	217,680

NOTE 19. ADDITIONAL INFORMATIONS – CASH FLOWS

The changes in working capital items are detailed as follows:

	2014	2013
	$	$
Other receivables	20,873	15,532
Prepaid expenses	21,227	3,652
Trade and other payables	(46,092)	(158,553)
	(3,992)	(139,369)

NOTE 20. RELATED PARTIES

The Company considers its related parties to consists of key members or former members of its management personnel (including all officers and directors), their close family members, and companies controlled or significantly influenced by such individuals; and reporting shareholders and their affiliates which may exert significant influence over the Company's activities, as detailed below:

- Beijing Donia Resources Co Ltd. ("Beijing Donia") is a Chinese private company that owns 30.72% (24.10% in 2013) of the Company's common shares and 77.76% (42.90% in 2013) of its warrants as of December 31, 2014.
- Goldrock Resources Corporation Limited ("Goldrock") is a Hongkong private company and subsidiary of Beijing Donia.
- Greatore Inc. ("Greatore") is a Canadian private company and subsidiary of Goldrock
- Sino Minerals Corp. ("Sino Canada") is a Canadian private company and subsidiary of Goldrock.
- Sinotech Mineral exploration Co. Ltd. ("SMEC") is a Chinese private company and the parent company of Beijing Donia.
- Sinotech Mineral Exploration Chile Limitada ("Sinotech Chile") is a Chilean private company and subsidiary of SMEC.
- SinoTech (Hong Kong) Corporation Limited ("Sinotech Hong Kong") is a Hong Kong private company and subsidiary of SMEC.
- Keystone Associates ("Keystone") is owned by a former director, whose directorship ceased on July 25, 2013 and provides consulting services, including property management, office support and office space.
- Senior officers - The former and current President, Vice-President & former Interim Chief Financial Officer and current Financial Officer provide their respective services to the Company through their own individual personal service corporations, pursuant to their fee-for-services contract with the Company. These fees are recorded as Exploration and evaluation expenditures and/or management fees. The Vice-President Exploration is paid through the payroll.
- Directors - The Company pays quarterly fees to its directors for participating in board and committee meetings. As of July 25, 2013, the directors have agreed to waive their compensation until cash flow improves.

During the year ended December 31, 2013, Sino Minerals Corp. has invested an amount of $400,000 through the private placement finalized in December 2013 (Note 14).

During the year ended December 31, 2014, Goldrock has invested an amount of $400,000 through the private placement finalized in May 2014 (Note 14).

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Below is a summary of the related party transactions.

	2014	2013
Exploration and evaluation expenditures	$	$
Keystone	-	21,000
President	105,510	53,350
Office and general		
Keystone	-	29,400
Director	25,000	30,000
Transaction costs		
Keystone	-	2,400
CFO	-	10,000
Salaries and benefits expenses	100,348	46,667
Directors' fees	-	8,000
Management fees	65,000	101,650
	295,858	302,467

During the year ended December 31, 2014, the Company acquired a 100% interest in properties of Hyndman, Macfile, Six Mile Lake and Turtlepond, the Canadian assets of Greatore Inc., for a total consideration of $295,000 payable by the issuance of 2,950,000 common shares of the Company valued at $132,750.

These transactions were carried out in the normal course of business and are measured at the exchange amount, i.e. the amount established and agreed upon by the parties.

NOTE 21. FINANCIAL ASSETS AND LIABILITIES

Categories of financial assets and liabilities

The carrying amounts and fair values of financial instruments presented in the statement of financial position are as follows:

	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Financial assets				
Loans and receivables				
Cash	32,060	32,060	346,729	346,729
Guaranteed investment certificates	5,000	5,000	62,500	62,500
Interest and other amounts receivables	890	890	1,447	1,447
	37,950	37,950	410,676	410,676
Available-for-sale financial assets				
Other financial assets	21,750	21,750	56,000	56,000
Financial liabilities				
Financial liabilities measured at depreciated cost				
Trade payables and accrued liabilities	203,870	203,870	246,695	246,695
Due to related companies	5,303	5,303	2,123	2,123
	209,173	209,173	248,818	248,818

The carrying value of cash, guaranteed investment certificates, interest and other receivables, trade payables and accrued liabilities and due to related companies are considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

See Note 5 for a description of the accounting policies for each category of financial instruments. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 23.

Financial instruments measured at fair value

The following presents financial assets and liabilities measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. 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 within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the assets or liabilities that are not based on observable market data.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement

Common shares in quoted companies measured at fair value in the consolidated statement of financial position as at December 31, 2014 and 2013 are classified in Level 1.

There have been no significant transfers between Levels in the reporting periods.

NOTE 22. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern;
- to increase the value of the Company's assets; and
- to provide an adequate return to owners of the parent company.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production and cash flow, either with partners or by the Company's own means.

The Company monitors capital on the basis of the carrying amount of equity. Capital for the reporting periods under review is summarized in the statement of changes in equity.

NOTE 22. CAPITAL MANAGEMENT POLICIES AND PROCEDURES (Continued)

The Company is not exposed to any externally imposed capital requirements except when the Company issues flow-through shares for which an amount should be used for exploration work. See all the details in Notes 14 and 24.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares, or sell assets to reduce debt. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its activities or may slow its activities until conditions improve.

No changes were made in the objectives, policies and processes for managing capital during the reporting periods.

NOTE 23. FINANCIAL INSTRUMENT RISKS

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 21. The main types of risks the Company is exposed are market risk, credit risk and liquidity risk. The Company does not use financial assets for speculative purposes.

No changes were made in the objectives, policies and processes related to financial instrument risk management during the reported periods.

The most significant financial risks to which the Company is exposed are described below.

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to the following three type of market risks: currency risk, interest risk and other price risk.

Currency risk

Currency risk is the risk that the faire value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates.

The Company is exposed to currency risk as a result of its transactions denominated in foreign currency. As at December 31, 2014, the trade and others payables denominated in foreign currency were not significant.

Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As at December 31, 2014 and 2013, the Company has guaranteed investment certificates that bear variable interest rates

Based on the balances outstanding as at December 31, 2014 and 2013, a 1% increase (decrease)in the interest rate index would have no significant impact on the net loss and the equity.

Other price risk
The Company is exposed to fluctuation in the market prices of its investments in a listed mining company. The fair value of the investments in a listed company represents the maximum exposure to credit risk. As at December 31, 2014 and 2013, the Company considers that the price risk is negligible given the number of marketable securities owned and the value of these securities.

Credit risk
Credit risk is the risk that another party to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date, as summarized below:

	2014	2013
	$	$
Cash	32,060	346,729
Guaranteed investments certificates	5,000	62,500
Interest receivable	-	490
Other amounts receivable	890	957
Carrying amounts	37,950	410,676

The Company has no trade accounts. The Company continuously monitors defaults of counterparties. No impairment loss has been recognized in the periods presented.

NOTE 23. FINANCIAL INSTRUMENT RISKS (Continued)

The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

None of the Company's financial assets are secured by collateral or other credit enhancements.

The credit risk regarding cash and guaranteed investments certificates is considered to be negligible because the counterparties are reputable banks with an investment grade external credit rating.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

Over the past period, the Company has financed its exploration expense commitments, its working capital requirements and acquisitions through private and flow-through financings.

The Company's liabilities have contractual maturities as summarized below:

	2014	2013
	$	$
Within three months		
Trade payables and accrued liabilities	203,870	246,695
Due to related companies	5,303	2,123
	209,173	248,818

NOTE 24. CONTINGENCIES

The Company is partially financed through the issuance of flow-through shares and in accordance with the tax rules relating to this type of financing, the Company has committed to carrying out mining exploration work.

Moreover, these tax rules set deadlines for carrying out the exploration work no later than the first of the following dates:

- Two years following the flow-through placements;
- One year after the Company has renounced the tax deductions relating to the exploration work.

Commitments to carry out exploration work that are not respected are subject to a combined tax rate of 20% (Canada and Quebec)

However, there is no guarantee that these operating expenses will be eligible as exploration expenses in Canada, even if the Company has committed to taking all means necessary in this regard. The refusal of certain expenses by taxation authorities could have negative tax repercussions for investors.

During the year ended December 31, 2013, the Company received $144,500 following a flow-through placement. Subsequent to year-end, the Company renounced all tax deductions. At December 31, 2014, the Company fulfilled all commitments related to this flow-through placement.

NOTE 25. COMMITMENTS

The Company has entered into option agreements on its mining properties, which may require future cash payments, issuance of shares and exploration and evaluation expenditures in order to acquire interest in certain properties. The following is a schedule of future obligations required annually:

	Cash payment	Issuance of shares	Exploration and evaluation expenditures
	$		$
2015			
Monster Island	20,000	150,000	93,362
Berens River	230,250	40,000	-
Pick Lake	30,000	-	-
	280,250	190,000	93,362
2016			
Monster Island	20,000	200,000	100,000
Pick Lake (a)	300,000	-	-
	320,000	200,000	100,000
2017			
Monster Island	-	-	150,000
Pick Lake (a)	360,000	-	-
	360,000	-	150,000
2018			
Pick Lake (a)	500,000	-	-

Also, the Company shall make an advance-royalty payment of $20,000 per year in connection with its Pistol Lake property. Before the ninth anniversary date, the Company may elect to execute half of the payment in a number of common shares of the Company representing the amount of $10,000 according to the market conditions at such date.

(a) The Company may elect to, at its sole discretion, issue common shares of the Company up to 50% of the cash payment.

NOTE 26. SUBSEQUENTS EVENTS

On January 14, 2015, Philippe Giaro resigned as President and Chief Executive Officer. Director Dr. Zhijun He was appointed interim President and Chief Executive Officer of the Company.

On February 17, 2015, the Company has amended the cash payment terms of an option agreement, originally assigned to it by Nanoose Gold Ltd., for the Berens River property. Under the terms of the original agreement, no later than Feb. 15, 2015, each of the two optionors was to receive $100,000 in cash from Golden Share. Under the terms of the amended agreement, the two optionors shall receive respective final cash payments of $100,000 and $126,250, according to two separate instalment payment schedules. One of the two optionors has agreed to receive a $100,000 cash payment in four monthly instalments of $2,500 on Feb. 15, 2015, $2,500 on March 15, 2015, $5,000 on April 15, 2015, and $90,000 on May 15, 2015. The other optionor has agreed to receive a $126,250 cash payment in 51 monthly instalments starting on March 15, 2015, and ending on May 15, 2019.

On March 5, 2015, the Company has decided to terminate the option agreement on its Monster Island property.