DESERT STAR RESOURCES LTD.

Consolidated Financial Statements

April 30, 2015

Expressed in Canadian Dollars

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Desert Star Resources Ltd.

We have audited the accompanying consolidated financial statements of Desert Star Resources Ltd., which comprise the consolidated statements of financial position as at April 30, 2015 and 2014, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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 that 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 Desert Star Resources Ltd. as at April 30, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Desert Star Resources Ltd.'s ability to continue as a going concern.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
August 21, 2015

DESERT STAR RESOURCES LTD.
Consolidated statements of financial position
(Expressed in Canadian dollars)

	Notes	April 30, 2015	April 30, 2014
ASSETS			
Current assets			
Cash and cash equivalents		$ 1,721,608	$ 648,757
Receivables	5	21,462	8,581
Prepaid expenses		27,966	13,467
Marketable securities	6	30,000	-
		1,801,036	670,805
Non-current assets			
Equipment	7	986	2,032
Investment	14	300,000	-
Exploration and evaluation assets	8	1,370,271	890,749
		1,671,257	892,781
TOTAL ASSETS		**$ 3,472,293**	**$ 1,563,586**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	9	$ 163,368	$ 98,791
Loan payable	10	-	549,047
Convertible notes	11	498,991	-
Provision for arbitration settlement		-	50,000
TOTAL LIABILITIES		662,359	697,838
SHAREHOLDERS' EQUITY			
Share capital	12	18,631,489	15,474,527
Share-based payment reserve	13	1,385,794	1,216,474
Convertible debt reserve	13	12,913	-
Deficit		(17,220,262)	(15,825,253)
TOTAL EQUITY		2,809,934	865,748
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 3,472,293**	**$ 1,563,586**

Nature and Continuance of Operations (Note 1)
Commitments (Note 8)
Subsequent events (Note 17)

"Vince Sorace"
Vince Sorace – Director

"Gavin Cooper"
Gavin Cooper – Director

DESERT STAR RESOURCES LTD.
Consolidated statements of comprehensive loss
(Expressed in Canadian dollars)

	Notes	Year Ended April 30, 2015	Year Ended April 30, 2014
Expenses			
Amortization	7	$ 1,046	$ 1,046
Consulting fees		98,620	40,947
Impairment of exploration and evaluation assets	8	378,693	1,456,521
Interest expense	10,11	125,949	143,277
Investor relations		15,036	5,070
Management fees	14	181,500	104,625
Office and miscellaneous		72,579	9,675
Professional fees		224,920	251,934
Rent	14	78,104	75,500
Property investigation		-	1,981
Marketing and promotion		48,444	-
Stock based compensation	12	81,466	129,917
Travel		19,565	28,620
Transfer agent and filing fees		63,544	24,761
		1,389,466	2,273,874
Other expenses			
Arbitration settlement		-	50,000
Foreign exchange loss		5,543	100
		5,543	50,100
Net and comprehensive loss		**$ (1,395,009)**	**$ (2,323,974)**
Loss per share – basic and diluted		**$ (0.04)**	**$ (0.10)**

DESERT STAR RESOURCES LTD.
Consolidated statement of changes in shareholders' equity
(Expressed in Canadian dollars)

		Share capital					
	Notes	Number of shares	Amount	Share-based payment reserve	Convertible debt reserve	Deficit	Total
Balance at May 1, 2013		**21,199,068**	**$ 14,274,206**	**$ 1,013,005**	**$ -**	**$ (13,501,279)**	**$ 1,785,932**
Shares issued for cash – private placement, net of share issue costs	12	5,843,888	863,789	73,552	-	-	937,341
Shares issued as finder's fee – private placement	12	548,788	98,782	-	-	-	98,782
Shares issued for exploration and evaluation assets acquisition	8,12	1,500,000	237,750	-	-	-	237,750
Stock-based compensation	12	-	-	129,917	-	-	129,917
Net and comprehensive loss		-	-	-	-	(2,323,974)	(2,323,974)
Balance at April 30, 2014		**29,091,744**	**15,474,527**	**1,216,474**	**-**	**(15,825,253)**	**865,748**
Shares issued for cash – private placement, net of share issue costs	12	13,374,381	1,705,301	87,854	-	-	1,793,155
Shares issued for cash – exercise of warrants	12	125,000	18,750	-	-	-	18,750
Shares issued for exploration and evaluation assets acquisition	8,12	400,000	84,000	-	-	-	84,000
Shares issued on amalgamation	4,12	8,642,192	1,348,911	-	-	-	1,348,911
Equity component of convertible note	11	-	-	-	12,913	-	12,913
Stock-based compensation	12	-	-	81,466	-	-	81,466
Net and comprehensive loss		-	-	-	-	(1,395,009)	(1,395,009)
Balance at April 30, 2015		**51,633,317**	**$ 18,631,489**	**$ 1,385,794**	**$ 12,913**	**$ (17,220,262)**	**$ 2,809,934**

DESERT STAR RESOURCES LTD.
Consolidated statements of cash flows
(Expressed in Canadian dollars)

	Year Ended April 30, 2015	Year Ended April 30, 2014
Operating activities		
Net loss	$ (1,395,009)	$ (2,323,974)
Adjustment for non-cash working capital items		
Amortization	1,046	1,046
Accretion of convertible debentures	8,279	-
Interest expense	64,578	142,618
Arbitration settlement	-	50,000
Impairment of exploration and evaluation assets	378,693	1,456,521
Stock based compensation	81,466	129,917
Changes in non-cash working capital items:		
Receivables	(2,338)	12,200
Prepaid expenses	151	3,981
Trade payables and accrued liabilities	64,397	52,268
Provision for arbitration settlement	(50,000)	-
Net cash flows used in operating activities	(848,737)	(475,423)
Financing activities		
Issuance of stock, net of issuance costs	1,811,905	1,036,123
Cash received on amalgamation	743,898	-
Convertible notes proceeds	250,000	-
Loan from related company	250,000	-
Loan repayment	(360,000)	-
Net cash flows from investing activity	2,695,803	1,036,123
Investing activity		
Acquisition of exploration and evaluation assets	(774,215)	(533,786)
Net cash flows used in investing activity	(774,215)	(533,786)
Increase in cash	1,072,851	26,914
Cash and cash equivalents, beginning	648,757	621,843
Cash and cash equivalents, ending	**$ 1,721,608**	**$ 648,757**

1. Nature and continuance of operations

Desert Star Resources Ltd. (the “Company”) is a public company, formed by the amalgamation of Desert Star Resources Ltd. (“Desert Star”) and Providence Resources Corp. (“Providence”) which became effective on April 15, 2015 (Note 4). The Company’s principal activity is the acquisition and exploration of resource properties and has not yet been able to determine whether any of these properties contain resource reserves that are economically recoverable. The Company’s shares are traded on the TSX Venture Exchange (“TSX-V”) under the symbol “DSR”.

The head office, principal address and records office of the Company are located at 1030 West Georgia Street, Suite 717, Vancouver, British Columbia, Canada, V6E 2Y3.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at April 30, 2015 the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans or private placement of common shares.

2. Significant accounting policies and basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The financial statements have been prepared on an accrual basis, based on historical costs. The financial statements are presented in Canadian dollars, which is the Company’s functional currency.

The consolidated financial statements were authorized for issue on August 21, 2015 by the directors of the Company.

Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned US subsidiary, Desert Star Resources (USA) Inc. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, fair value of the net assets of Providence at acquisition, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, provisions for restoration and environmental obligations and contingent liabilities.

2. Significant accounting policies and basis of preparation (cont'd)

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses;
- the classification of financial instruments; and
- the determination of the functional currency of the parent company and its subsidiaries.

Foreign currency translation

The functional currency of the Company's is measured using the currency of the primary economic environment in which that Company operates. The functional currency of the parent company and the subsidiary is the Canadian dollar.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Exploration and evaluation expenditures

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or areas of geological interest. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

2. Significant accounting policies and basis of preparation (cont'd)

Exploration and evaluation expenditures (cont'd)

- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

Although the Company has taken steps that it considers adequate to verify title to exploration and evaluation assets which it has an interest, these procedures do not guarantee the Company's title. Title to exploration and evaluation assets in foreign jurisdictions is subject to uncertainty and consequently, such properties may be subject to prior undetected agreements or transfers and title may be affected by such instances.

Farms outs

The Company does not record any expenditure made by the farmee on its account. It also does not recognize any gain or loss on its exploration and evaluation farm out arrangements but reallocates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the farmee is credited against costs previously capitalized. If the consideration exceeds amounts previously capitalized, any excess is recorded in the statement of comprehensive loss.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

2. Significant accounting policies and basis of preparation (cont'd)

Financial instruments

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. The Company's marketable securities and non-current investment are classified at fair value through profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Financial assets classified as loans and receivable include cash and its receivables.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. The Company has no financial assets classified as held-to-maturity.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses. The Company has no financial assets classified as available-for-sale.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. The Company's non-derivative financial liabilities consist of trade payables and the convertible notes.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Impairment of assets

The carrying amount of the Company's assets (which include equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of income and comprehensive income.

2. Significant accounting policies and basis of preparation (cont'd)

Impairment of assets (cont'd)

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of income and comprehensive income during the financial period in which they are incurred.

2. Significant accounting policies and basis of preparation (cont'd)

Equipment (cont'd)

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Amortization is calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives over a useful life of three years.

3. Accounting standards issued by not yet effective

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of International Accounting Standard ("IAS") 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The proposed effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018.

The Company has not early adopted this revised standard and is currently assessing the impact that these standards will have on its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. Amalgamation

On April 15, 2015, Desert Star and Providence shareholders exchanged their shares for shares of the Company. Under the terms of the amalgamation the following shares and options were issued:

(a) Providence's shareholders were issued 8,642,192 units on the basis of 0.4 of a unit for each Providence common share held. Each unit is comprised of one common share of the Company and one share purchase warrant ("Company Warrant"). Each Company Warrant entitles the holder to acquire an additional share of the Company for a period of two years at a price of $0.25 per share;

(b) for every one common share of Desert Star, shareholders received one common share of the Company; and

(c) the Company assumed 960,000 stock options that were previously granted by Providence.

The transaction was treated as an asset acquisition by Desert Star. The fair value of the acquired net identifiable assets of Providence was more reliably measurable than the shares and options issued as consideration; therefore, the fair value of the consideration is equal to the fair value of the net assets acquired. The fair value of the acquired net identifiable assets of Providence were as follows:

(Expressed in Canadian dollars)

4. Amalgamation (cont'd)

Consideration	$	1,348,911
Cash		743,898
Receivables		10,543
Prepayments		14,650
Marketable securities		30,000
Loan		250,000
Investment		300,000
Accrued liabilities		(180)
Fair value of identifiable net assets		1,348,911

5. Receivables

		April 30, 2015		April 30, 2014
Sales taxes recoverable	$	17,898	$	6,691
Interest receivable		3,564		1,890
	$	21,462	$	8,581

6. Marketable securities

Marketable securities consist of 500,000 shares of Eagle Plains Resources Ltd., a company listed on the TSX-V. At April 30, 2015, these shares had a fair value of $30,000.

7. Equipment

		Computer equipment
Cost		
Balance as at April 30, 2015, 2014, and 2013	$	3,138
Accumulated depreciation		
Balance as at April 30, 2013		60
Depreciation for the year		1,046
Balance as at April 30, 2014		1,106
Depreciation for the year		1,046
Balance as at April 30, 2015		2,152
Net book value as at April 30, 2015	$	986
Net book value as at April 30, 2014	$	2,032

(Expressed in Canadian dollars - unaudited)

8. Exploration and evaluation assets

	Henry	Anchor	Copper King	Copper Springs	Red Top	Total for year ended April 30, 2015	Total for year ended April 30, 2014
Property acquisition costs							
Balance, beginning	$ 253,500	$ 34,000	$ 61,250	$ 61,250	$ 61,250	$ 471,250	$ 624,206
Additions	-	84,000	-	-	-	84,000	424,308
Balance, ending	253,500	118,000	61,250	61,250	61,250	555,250	1,048,514
Exploration and evaluation costs							
Balance, beginning	136,789	8,683	120,291	74,986	78,750	419,499	951,528
Costs incurred during period:							
Consulting	-	-	111,617	38,686	119,004	269,307	-
Geophysical survey	-	-	123,221	-	64,857	188,078	-
Gravity survey	-	-	-	22,040	-	22,040	-
Maintenance fees	-	-	32,913	44,494	33,435	110,842	-
General costs	-	10,554	18,424	-	11,338	40,316	347,228
Balance, ending	136,789	19,237	406,466	180,206	307,384	1,050,082	1,298,756
Advanced minimum royalty							
Balance, beginning	-	-	-	-	-	-	-
Additions	-	-	71,816	-	71,816	143,632	-
Balance, ending	-	-	71,816	-	71,816	143,632	-
Sub-total	390,289	137,237	539,532	241,456	440,450	1,748,964	2,347,270
Impairment	-	(137,237)	-	(241,456)	-	(378,693)	(1,456,521)
Total	$ 390,289	$ -	$ 539,532	$ -	$ 440,450	$ 1,370,271	$ 890,749

(Expressed in Canadian dollars)

8. Exploration and evaluation assets (cont'd)

The following is a description of the Company's exploration and evaluation assets and the related spending commitments:

Henry, Canada

On April 5, 2012, the Company signed an option agreement to acquire a 100% interest in the Henry property located in Saskatchewan, Canada. To acquire a 100% interest, the Company made cash payments of $155,000 and issued 1,000,000 shares. The vendors will retain a 2% net smelter royalty ("NSR") on the property. On May 13, 2013, the company accelerated payments under the Henry property option agreement and exercised its option to acquire a 100% interest in the property by issuing 250,000 common shares (Note 12).

The cash payments made by the Company to the optionor are as follows:

	Cash
April 5, 2012	$ 77,500 (paid)
April 18, 2012	$ 77,500 (paid)

The common shares issued by the Company to the optionor are as follows:

	Common Shares
April 18, 2012	350,000 (issued)
October 13, 2012	150,000 (issued)
April 13, 2013	250,000 (issued)
April 13, 2014	250,000 (issued)

An impairment charge of $390,288 was realized at April 30, 2014 due to certain claims being allowed to lapse.

Anchor, USA

On September 16, 2013, the Company signed an option agreement, as amended on September 23, 2014, to acquire a 51% interest (the "Primary Earn-In") in the Anchor property located in Nevada, USA. On September 23, 2014, the Company entered into an agreement to amend the option agreement in respect of an option on the Anchor property. In order to earn a 51% interest, the Company was required to issue 1,100,000 common shares (Note 12) and incur exploration expenditures of not less than US$2,000,000.

In July 2015, the Company provided the optionor with a notice of termination of the option agreement. Accordingly, accumulated expenses of $137,237 were written off as of April 30, 2015.

Copper King, USA

On September 3, 2013 (the "Effective Date"), the Company signed an option agreement to acquire a 100% interest in the Copper King property located in Arizona, USA. In order to earn the 100% interest, the Company is required to make a cash payment of US$30,000, issue 350,000 common shares (issued) (Note 12), make advance minimum royalty payments ("AMR"), and incur exploration expenditures of US$5,000,000. Each AMR payment shall be set off against a 2.5% NSR payable upon the project being brought into commercial production.

(Expressed in Canadian dollars)

8. Exploration and evaluation assets (cont'd)

Copper King, USA (cont'd)

The AMR payments to be made by the Company to the optionor are as follows:

	Payment
October 3, 2014	The value of 6,667 pounds of copper (paid)
November 3, 2014	The value of 6,667 pounds of copper (paid)
December 3, 2014	The value of 6,666 pounds of copper (paid)
September 3, 2015	The value of 30,000 pounds of copper
September 3, 2016	The value of 40,000 pounds of copper
September 3, 2017	The value of 60,000 pounds of copper
September 3, 2018	The value of 70,000 pounds of copper
	The value of 80,000 pounds of copper on each of the anniversaries of the Effective Date until commencement of commercial production.

In September 2014, the Company signed an amendment to the option agreement extending an original September 3, 2014 AMR payment of the value of 20,000 pounds of copper into three installments as shown above.

The payments to be made by the Company to the optionor are as follows:

a) The payments of AMR are deferred until the commencement of commercial production from the property;
b) US$30,000 upon having drilled 1,000 meters on the property;
c) The value of 35,000 pounds of copper upon completion of a preliminary economic assessment , which payment will be considered as additional AMR and credited against the NSR;
d) The value of 50,000 pounds of copper upon completion of a pre-feasibility study, which payment will be considered as additional AMR and credited against the NSR;
e) On the completion of a feasibility study, an amount equal to (i) 0.25% of the value each pound of copper up to and including 500,000,000 pounds of copper included in the estimated reserves of minerals as reported in the feasibility study ("Reserves"), plus (ii) 0.05% of the value of each pound of copper above 500,000,000 pounds of copper included in the Reserves;
f) If the Company has not completed a feasibility study or the Copper King property has not been placed into commercial production on or before the 12th anniversary of the Effective Date, an annual payment of the value of 200,000 pounds of copper commencing on the 12th anniversary of the Effective Date and continuing thereafter until the 17th anniversary of the Effective Date;
g) The value of 175,000 pounds of copper upon the decision by the board of directors of the Company to develop a mine for a production, which payment will be considered as additional AMR and credited against NSR;
h) The value of 250,000 pounds of copper upon commencement of commercial production from the mine on the property, which payment will be considered as additional AMR and credited against the NSR.

Each of the foregoing payments shall be due and payable 30 days after the date of the event triggering the payment. If commercial production has not occurred on or before five years after completion of a feasibility study, an annual payment of the value of 250,000 pounds of copper commencing upon the date that is five years after the completion of the feasibility study and ending upon commencement of commercial production, which payments will be considered an additional AMR and credited against NSR.

(Expressed in Canadian dollars)

8. Exploration and evaluation assets (cont'd)

Copper King, USA (cont'd)

The exploration expenditures to be incurred by the Company are as follows:

By September 3, 2014	US$	100,000 (completed)
By September 3, 2015	US$	500,000
By September 3, 2016	US$	500,000
By September 3, 2017	US$	750,000
By September 3, 2018	US$	1,150,000
	US$	1,000,000 by each anniversary of the Effective Date thereafter until completion of a feasibility study

The Company may purchase one-fifth of the royalty relating to a property at any time within twelve years for an amount of US$2,500,000.

See Note 17 – Subsequent events.

Copper Springs, USA

On September 3, 2013, (the "Effective Date") the Company signed an option agreement to acquire a 100% interest in the Copper Springs property located in Arizona, USA. In order to earn the 100% interest, the Company was required to make a cash payment of US$30,000, issue 350,000 common shares (issued) (Note 12), make advance minimum royalty payments ("AMR"), and incur exploration expenditures of US$5,000,000.

In January, 2015, the Company provided the optionor a notice of termination of the option agreement. Accordingly, accumulated expenses of $241,456 were written off during the year ended April 30, 2015.

Red Top, USA

On September 3, 2013 (the "Effective Date"), the Company signed an option agreement to acquire a 100% interest in the Red Top property located in Arizona, USA. In order to earn the 100% interest, the Company is required to make a cash payment of US$30,000, issue 350,000 common shares (issued) (Note 12), make advance minimum royalty payments ("AMR"), and incur exploration expenditures of US$5,000,000. Each AMR payment shall be set off against a 2.5% NSR payable upon a project being brought into commercial production.

The AMR payments to be made by the Company to the optionor are as follows:

	Payment
October 3, 2014	The value of 6,667 pounds of copper (paid)
November 3, 2014	The value of 6,667 pounds of copper (paid)
December 3, 2014	The value of 6,666 pounds of copper (paid)
September 3, 2015	The value of 30,000 pounds of copper
September 3, 2016	The value of 40,000 pounds of copper
September 3, 2017	The value of 60,000 pounds of copper
September 3, 2018	The value of 70,000 pounds of copper
	The value of 80,000 pounds of copper on each of the anniversaries of the Effective Date until commencement of commercial production.

(Expressed in Canadian dollars)

8. Exploration and evaluation assets (cont'd)

Red Top, USA (cont'd)

In September 2014, the Company signed an amendment to the option agreement extending an original September 3, 2014 AMR payment of the value of 20,000 pounds of copper into three installments as shown above. The payments to be made by the Company to the optionor are as follows:

a) The payments of AMR are deferred until the commencement of commercial production from the property;
b) US$30,000 upon having drilled 1,000 meters on the property;
c) The value of US$35,000 pounds of copper upon completion of a preliminary economic assessment , which payment will be considered as additional AMR and credited against the NSR;
d) The value of 50,000 pounds of copper upon completion of a pre-feasibility study, which payment will be considered as additional AMR and credited against the NSR;
e) On the completion of a feasibility study, an amount equal to (i) 0.25% of the value each pound of copper up to and including 500,000,000 pounds of copper included in the estimated reserves of minerals as reported in the feasibility study ("Reserves"), plus (ii) 0.05% of the value of each pound of copper above 500,000,000 pounds of copper included in the Reserves;
f) If the Company has not completed a feasibility study or the Red Top property has not been placed into commercial production on or before the 12th anniversary of the Effective Date, an annual payment of the value of 200,000 pounds of copper commencing on the 12th anniversary of the Effective Date and continuing thereafter until the 17th anniversary of the Effective Date;
g) The value of 175,000 pounds of copper upon the decision by the board of directors of the Company to develop a mine for a production, which payment will be considered as additional AMR and credited against NSR;
h) The value of 250,000 pounds of copper upon commencement of commercial production from the mine on the property, which payment will be considered as additional AMR and credited against the NSR.

Each of the foregoing payments shall be due and payable 30 days after the date of the event triggering the payment. If commercial production has not occurred on or before five years after completion of a feasibility study, an annual payment of the value of 250,000 pounds of copper commencing upon the date that is five years after the completion of the feasibility study and ending upon commencement of commercial production, which payments will be considered an additional AMR and credited against NSR.

The exploration expenditures to be incurred by the Company are as follows:

By September 10, 2014	US$	100,000 (completed)
By September 10, 2015	US$	500,000
By September 10, 2016	US$	500,000
By September 10, 2017	US$	750,000
By September 10, 2018	US$	1,150,000
	US$	1,000,000 by each anniversary of the Effective Date thereafter until completion of a feasibility study

The Company may purchase one-fifth of the royalty relating to a property at any time within twelve years for an amount of US$2,500,000.

See Note 17 – Subsequent events.

(Expressed in Canadian dollars)

9. Trade payables and accrued liabilities

		April 30, 2015		April 30, 2014
Trade payables	$	118,388	$	78,791
Accrued liabilities		44,980		20,000
	$	163,368	$	98,791

10. Loan payable

The Company borrowed $500,000 by way of a loan agreement entered into on August 13, 2012. The loan, which was unsecured, bore interest at 10% per annum, compounded annually.

The Company issued 833,335 common shares with a fair value of $0.15 per share as bonus shares to the lender. The Company also issued 200,000 units as a finder's fee connection with the loan. Each unit is comprised of one common share with a fair value of $0.15 per share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.40 per share until August 24, 2014. The fair value of the warrants was determined to be $19,597 which was determined using the Black-Scholes option pricing model with the following assumptions: Risk free interest rate of 1.15%; Expected life of 2 years; Expected volatility of 125% and dividend yield of nil. The bonus shares and finders' units were recorded as a reduction to the carrying value of the loan. The difference between the amount initially recorded and the principal and interest due on maturity is being amortized using the effective interest rate method.

On September 9, 2014, the lender converted $245,000 of the loan balance into a convertible note described in Note 11 below. By way of an amended agreement entered into on September 12, 2014, the repayment date of the balance of the loan capital, amounting to $360,000, and accrued interest thereon was extended to August 15, 2015. On March 27, 2015, the balance of the loan and accrued interest aggregating $383,637 was repaid.

Details of movements in the loan payable balances are as follows:

		April 30, 2015		April 30, 2014
Balance, beginning	$	549,047	$	406,429
Converted to convertible note		(245,000)		-
Interest accrued		79,590		142,618
Loan repayment with interest		(383,637)		-
Balance, ending	$	-	$	549,047

11. Convertible notes

On September 9, 2014, the Company closed a non-brokered private placement of convertible notes of the Company for gross proceeds of $495,000, including the amount of $245,000 transferred from the loan balance as referred to in Note 10 above. The convertible notes were to mature after one year and will bear interest at the rate of 12% per annum calculated and payable quarterly with the first quarter commencing as of the day of closing. The lenders may, at any time, convert all or a portion of the principal into units of the Company at a value of $0.19 per unit, each unit comprising one common share and one transferable common share purchase warrant. Each warrant is exercisable into one common share of the Company for a period of one year from the date of issuance, at an exercise price of $0.25 per warrant share. In July 2015, the maturity date of the notes was extended to September 9, 2016 (Note 17).

(Expressed in Canadian dollars)

11. Convertible notes (cont'd)

The notes are compound financial instruments as they includes both liability and equity components. On initial recognition, the Company determined the fair value of the liability component on the date of issue to be $482,087. The fair value of the liability was determined by calculating the fair value of the future cash flows of the loan assuming a discount rate of 15%. The equity component was determined to be $12,913, which is the proceeds less the liability component. The debt component of the convertible notes is accreted over the term to maturity, with accretion charge included in interest expense.

Details of movements in the convertible notes balances are as follows:

	April 30, 2015	April 30, 2014
Balance, beginning	$ -	$ -
Amount advanced	495,000	-
Equity component of convertible debenture	(12,913)	-
Accretion of convertible debentures	8,279	-
Interest accrued	8,625	-
Balance, ending	$ 498,991	$ -

12. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At April 30, 2015 there were 51,633,317 issued and fully paid common shares (April 30, 2014 – 29,091,744).

Share issuances

Year ended April 30, 2015:

In August 2014, 125,000 common shares were issued for proceeds of $18,750 as a result of warrants exercised.

On September 23, 2014, the Company issued 400,000 common shares with a fair value of $0.21 per share pursuant to the Anchor Property option agreement (Note 8).

On December 30, 2014, the Company closed a first tranche of a non-brokered private placement comprising of 8,518,568 units at a price of $0.15 per unit for gross proceeds of $1,277,785. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.25 per share until December 30, 2016. A total of $136,707 was paid in share issue costs in connection with this transaction. The Company issued additional 825,257 warrants as a finder's fee in relation to the financing. Each finder's warrant carries the same terms as those issued for the private placement. The finder's warrants have a fair value of $47,956 which was recorded as share issue cost. The fair value was determined using the Black-Scholes option pricing model with the following assumptions: Risk free rate of 1.03%; Expected life of 2 years; Expected volatility of 97% and dividend yield of nil.

12. Share capital (cont'd)

Share issuances (cont'd)

On February 13, 2015, the Company closed a second tranche of a non-brokered private placement comprising of 1,777,480 units at a price of $0.15 per unit for gross proceeds of $266,622. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.25 per share until February 13, 2017. A total of $28,245 was paid in commission in connection with this transaction. The Company issued additional 127,748 warrants as a finder's fee in relation to the financing. Each finder's warrant carries the same terms as those issued for the private placement. The finder's warrants have a fair value of $11,807 which was recorded as share issue cost. The fair value was determined using the Black-Scholes option pricing model with the following assumptions: Risk free rate of 1.03%; Expected life of 2 years; Expected volatility of 98% and dividend yield of nil.

On March 3, 2015, the Company closed a third tranche of a non-brokered private placement comprising of 3,078,333 units at a price of $0.15 per unit for gross proceeds of $461,750. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.25 per share until March 3, 2017. A total of $48,050 was paid in commission in connection with this transaction. The Company issued additional 291,333 warrants as a finder's fee in relation to the financing. Each finder's warrant carries the same terms as those issued for the private placement. The finder's warrants have a fair value of $28,091 which was recorded as share issue cost. The fair value was determined using the Black-Scholes option pricing model with the following assumptions: Risk free rate of 0.44%; Expected life of 2 years; Expected volatility of 103% and dividend yield of nil.

On April 15, 2015, the Company issued 8,642,192 common shares with a fair value $1,348,911 pursuant to the amalgamation (Note 4).

<u>*Year ended April 30, 2014:*</u>

On May 13, 2013, the Company issued 250,000 common shares with a fair value of $0.08 per share pursuant to the Henry property option agreement (Note 8).

On September 10, 2013, the Company issued 350,000 common shares with fair value of $0.175 per share pursuant to each of the Copper King, Copper Springs and Red Top property option agreements, for a total of 1,050,000 shares (Note 8).

On September 25, 2013, the Company issued 200,000 common shares with fair value of $0.17 per share pursuant to the Anchor property option agreement (Note 8).

On January 28, 2014, the Company closed a non-brokered private placement comprising 5,843,888 units at a price of $0.18 per unit for gross proceeds of $1,051,900. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.25 per share until July 28, 2015. A total of $15,777 was paid in share issue costs in connection with this transaction. The Company issued 548,788 units as a finder's fee in relation to the financing and additional finder's warrants entitling the finder to purchase 548,788 common shares. Each unit and finder's warrant carries the same terms as those issued for the private placement. The finder's units have a fair value of $98,782. The finder's warrants have a fair value of $73,552 which was recorded as a share issue cost. The fair value was determined using the Black-Scholes option pricing model with the following assumptions: Risk free interest rate of 1.01%; Expected life of 1.5 years; Expected volatility of 99% and dividend yield of nil.

(Expressed in Canadian dollars)

12. Share capital (cont'd)

Warrants

Continuity of share purchase warrants is as follows:

	Number of Warrants	Weighted average exercise price
Outstanding, April 30, 2013	15,166,509	$ 0.29
Issued	6,941,464	0.25
Outstanding, April 30, 2014	22,107,973	0.27
Issued	23,260,911	0.25
Expired	(1,014,841)	0.69
Exercised	(125,000)	0.15
Outstanding, April 30, 2015	44,229,043	$ 0.25

Details of warrants outstanding as at April 30, 2015 are as follows:

Exercise Price	Expiry Date	Balance, end of period
$0.40	August 11, 2016	1,285,000
$0.40	December 7, 2016	1,200,000
$0.42	September 14, 2015	2,500,000
$0.40	August 24, 2015	833,335
$0.15	February 25, 2016	8,208,333
$0.25	July 28, 2016	5,843,888
$0.25	July 28, 2015	1,097,576
$0.25	December 30, 2016	9,343,825
$0.25	February 13, 2017	1,905,228
$0.25	March 2, 2017	3,369,666
$0.25	April 15, 2015	8,642,192
		44,229,043

In July 2014, the expiry date of 833,335 warrants was extended from August 24, 2014 to August 24, 2015. In January 2015, the expiry date of 8,208,333 warrants was extended from February 25, 2015 to February 25, 2016. In May 2015, the expiry date of 5,843,888 warrants was extended from July 28, 2015 to July 28, 2016.

At April 30, 2015, the weighted-average remaining contractual life of warrants outstanding was 1.39 years.

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time-to-time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed a rolling 10% of the Company's issued and outstanding common shares at the time the options are granted.

(Expressed in Canadian dollars)

12. Share capital (cont'd)

Stock options (cont'd)

Stock option transactions are summarized as follows:

	Number of options		Weighted average exercise price
Options outstanding, April 30, 2013	1,852,500	$	0.28
Granted	970,000	$	0.23
Cancelled	(602,500)	$	0.49
Options outstanding, April 30, 2014	2,220,000	$	0.20
Granted	1,535,000	$	0.23
Cancelled	(170,000)	$	0.25
Options outstanding, April 30, 2015	3,585,000	$	0.21

Details of options outstanding as at April 30, 2015 are as follows:

Exercise Price	Expiry Date	Balance, end of period
$0.20	October 5, 2015	220,000
$0.25	October 3, 2016	120,000
$0.26	November 30, 2016	260,000
$0.24	January 16, 2017	50,000
$0.30	February 16, 2017	100,000
$0.30	April 12, 2017	50,000
$0.30	May 7, 2017	40,000
$0.30	May 8, 2017	115,000
$0.20	October 10, 2017	202,500
$0.20	October 11, 2017	70,000
$0.20	February 8, 2018	60,000
$0.15	February 27, 2018	832,500
$0.20	April 22, 2018	90,000
$0.20	October 22, 2018	475,000
$0.25	January 30, 2019	325,000
$0.25	September 23, 2019	100,000
$0.20	February 16, 2020	425,000
$0.25	March 2, 2020	50,000
		3,585,000

At April 30, 2015, the weighted-average remaining contractual life of options outstanding was 2.91 years.

12. Share capital (cont'd)

Stock options (cont'd)

Year ended April 30, 2015:

On September 23, 2014, the Company granted 100,000 stock options to a consultant of the Company at an exercise price of $0.25 per common share for a period of five years ending September 23, 2019. The share based compensation expense of $17,192 was recognized, being the fair value determined using the Black-Scholes option pricing model with following assumptions: Risk free interest rate of 1.48%; Expected life of 5 years; Expected volatility of 111% and dividend yield of nil. The options vested immediately.

On February 16, 2015, the Company granted 425,000 stock options to directors, officers, and consultants of the Company at an exercise price of $0.20 per common share for a period of five years ending February 16, 2020. These options vested upon grant. The share-based compensation expense of $56,697 was recognized, being the fair value determined using the Black-Scholes option pricing model with the following assumptions: Risk free interest rate of 1.54%; Expected life of 5 years; Expected volatility of 108% and dividend yield of nil. The options vested immediately.

On March 2, 2015, the Company granted 50,000 stock options to a consultant of the Company at an exercise price of $0.25 per common share for a period of five years ending March 2, 2020. The share based compensation expense of $7,577 was recognized, being the fair value determined using the Black-Scholes option pricing model with following assumptions: Risk free interest rate of 0.69%; Expected life of 5 years; Expected volatility of 109% and dividend yield of nil. The options vested immediately.

On April 15, 2015 the Company issued 960,000 stock options at prices ranging from $0.20 to $0.30 as part of the amalgamation described in Note 4 above. The options were previously granted by Providence and were assumed by the Company.

Year ended April 30, 2014:

On October 22, 2013, the Company granted 475,000 stock options to directors, officers, and consultants of the Company at an exercise price of $0.20 per common share for a period of five years ending October 22, 2018. These options vested upon grant. The share based compensation expense of $62,998 was recognized, being the fair value determined using the Black-Scholes option pricing model with the following assumptions: Risk free interest rate of 1.59%; Expected life of 5 years; Expected volatility of 112% and dividend yield of nil. The options vested immediately.

On January 30, 2014, the Company granted 345,000 stock options to consultants of the Company at an exercise price of $0.25 per common share for a period of five years ending January 30, 2019. These options vested upon grant. The share based compensation expense of $46,514 was recognized, being the fair value determined using the Black-Scholes option pricing model with the following assumptions: Risk free interest rate of 1.01%; Expected life of 5 years; Expected volatility of 110% and dividend yield of nil. The options vested immediately.

On February 7, 2014, the Company granted 50,000 stock options to a consultant of the Company at an exercise price of $0.25 per common share for a period of five years ending February 7, 2019. These options vested upon grant. The share based compensation expense of $6,764 was recognized, being the fair value determined using the Black-Scholes option pricing model with the following assumptions: Risk free interest rate of 1.60%; Expected life of 5 years; Expected volatility of 110% and dividend yield of nil. The options vested immediately.

(Expressed in Canadian dollars)

12. Share capital (cont'd)

Stock options (cont'd)

On March 10, 2014, the Company granted 100,000 stock options to a consultant of the Company at an exercise price of $0.25 per common share for a period of five years ending March 10, 2019. These options vested upon grant. The share based compensation expense of $13,641 was recognized, being the fair value determined using the Black-Scholes option pricing model with following assumptions: Risk free interest rate of 1.60%; Expected life of 5 years; Expected volatility of 111% and dividend yield of nil. The options vested immediately.

Loss per share

The calculation of basic and diluted loss per share for the years ended April 30, 2015 and 2014 was based on the loss attributed to common shareholders of $1,395,009 (2014 – $2,323,974) and the weighted average number of common shares outstanding of 33,450,816 (2014 – 23,837,770).

13. Reserves

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded is transferred to deficit.

Convertible debt reserve

The convertible debt reserve records the equity component of convertible debt with liability and equity components. On conversion, the amount recorded is transferred to share capital.

14. Related party transactions

For the years ended April 30, 2015, the Company incurred rent and administration fees of $78,000 (2014 - $75,500) to a company controlled by a former officer of the Company.

The Company holds 1,500,000 shares acquired at a cost of $300,000 in a private company with directors and officers in common. This investment is measured at amortized cost.

Key management compensation

	Year Ended April 30, 2015	Year Ended April 30, 2014
Aggregate cash compensation	$ 130,000	$ 81,000
Share-based payments	19,344	43,104
	$ 149,344	$ 124,104

(Expressed in Canadian dollars)

15. Income taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

		Year ended April 30, 2015		Year ended April 30, 201
Net loss	$	(1,395,009)	$	(2,323,974)
Statutory tax rate		26%		26%
Expected income tax recovery		(362,702)		(604,234)
Non-deductible items and other		175,717		(39,373)
Amalgamation of tax pools		(1,313,622)		-
Temporary differences not recognized		1,500,607		643,607
Income tax recovery	$	-	$	-

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

		April 30, 2015		April 30, 2014
Non-capital losses	$	7,532,037	$	3,617,935
Share issue costs		341,625		148,758
Equipment		37,595		16,750
Exploration and evaluation assets		7,860,529		6,223,385
Other		6,606		-
	$	15,778,392	$	10,006,828

The share issue costs are charged as an increase to loss for tax purposes over a five year period. The tax pools relating to equipment and exploration and evaluation assets may be carried forward indefinitely.

The non-capital losses expire as follows:

2024	$	316,984
2025		193,996
2026		106,937
2027		320,784
2028		332,622
2029		334,979
2030		461,536
2031		500,298
2032		1,027,532
2033		1,248,167
2034		1,575,022
2035		1,113,180
	$	7,532,037

16. Financial risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its other receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash equivalents as these instruments have original maturities of three months or less and are therefore exposed to interest rate fluctuations on renewal.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements.

Fair value

The fair value of the Group's financial assets and liabilities approximates the carrying amount.

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

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

The Company's cash and marketable securities are measured at level 1.

17. Subsequent events

Properties

On April 22, 2015 the Company signed an option agreement for the purchase of Fortuna #1 and Fortuna #2 patented lode mining claims, situated in Arizona, USA. These lode claims reside within the Company's Copper King project. Terms of the option agreement include the payment of US$10,000 and the issuance of 25,000 common shares of the Company after receipt of approval from the TSX-V. The payment was made and shares were issued in May 2015. The option will be for a period of 12 months, with the Company having the right to extend the option for a further 12 months by paying an additional US$15,000 to the optionors. The Company may elect to purchase the claims within the option period by paying an additional US$50,000, issuing an additional 25,000 common shares of the Company and granting a 1% NSR to the optionors. The NSR can be bought by the Company for US$100,000 any time prior to construction of a production facility.

On July 23, 2015, the Company signed an amendment to agreements for both the Copper King and Red Top projects to extend the time by which the Company is required to incur exploration expenditures and make AMR payments. The exploration expenditure requirements and AMR payments that were required to be completed and paid by the second anniversary date of the original option agreements are now due 6 months following the parties' receipt of written approval from the US Forest Service regarding permitting for drilling of the projects.

Private Placement

On June 4, 2015, the Company closed a non-brokered private placement comprising 733,333 units at a price of $0.15 per unit for gross proceeds of $110,000. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.25 per share until June 4, 2017. The Company paid a commission of $10,000 In connection with the private placement.

Options

On May 1, 2015, the Company granted 350,000 and 100,000 options to consultants of the Company at a price of $0.25 and $0.20 per share respectively, exercisable for a period of five years.

Convertible Notes

In July 2015, the Company extended maturity date of the existing convertible notes from September 9, 2015 to September 9, 2016 (Note 11).