NICKEL NORTH EXPLORATION CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014

(Unaudited –Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL REPORT

The accompanying unaudited interim financial report of the Company has been prepared by and is the responsibility of the Company's management. The Company's independent auditor has not performed a review of this financial report in accordance with securities legislation and the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

NICKEL NORTH EXPLORATION CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2015 AND DECEMBER 31, 2014
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Note	March 31, 2015	December 31, 2014 (Audited)
ASSETS			
Current assets			
Cash and cash equivalents	4	$ 203,100	$ 166,559
Sales tax recoverable and other receivables		165,082	286,328
Prepaid expenses and deposits		5,187	9,077
Restricted cash	5	28,750	28,750
Total current assets		402,119	490,714
Equipment	6	7,730	8,315
Exploration and evaluation assets	7	11,043,134	10,981,227
Total assets		$ 11,452,983	$ 11,480,256
LIABILITIES AND EQUITY			
Current liabilities			
Accounts and other payables	8/11	$ 127,379	$ 81,837
Convertible debenture	10	1,008,007	972,740
Total current liabilities		1,135,386	1,054,577
Deferred income tax liabilities		747,923	747,923
Total liabilities		1,883,309	1,802,500
Equity			
Share capital	9	9,967,079	9,967,079
Equity component of convertible debenture	10	63,967	63,967
Contributed surplus		736,112	736,112
Deficit		(1,197,484)	(1,089,402)
Total equity		9,569,674	9,677,756
Total liabilities and equity		$ 11,452,983	$ 11,480,256

Going concern (Note 2)
Subsequent events (Note 16)

The financial statements were authorized for issue by the board of directors on May 28, 2015 and were signed on behalf by:

" Jingbin Wang"
Director

"Richard Barclay"
Director

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

NICKEL NORTH EXPLORATION CORP.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Note	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
EXPENSES			
Accounting and audit		$ 8,500	$ -
Bank charges and interest		786	260
Consulting fees	11	31,258	38,246
Depreciation		585	585
Legal		5,143	200
Media and conference		530	140
Office administration and miscellaneous		11,221	20,728
Transfer agent and filing fees		8,514	8,011
Travel and promotion		7,735	47,334
Wages and benefits		31,058	30,008
		(105,330)	(145,512)
OTHER ITEMS			
Interest and other income(expenses)		(2,752)	1,789
Settlement of flow-through premium liability	9	-	142,538
		(2,752)	144,327
Net and comprehensive loss for the period		$ (108,082)	$ (1,185)
Basic and diluted loss per common share		$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding		65,718,747	65,718,747

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

NICKEL NORTH EXPLORATION CORP.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Equity component of convertible debenture	Contributed Surplus	Deficit	Total
Balance, January 1, 2014	65,718,747	$ 9,967,079	$ -	$ 736,112	$ (639,583)	$ 10,063,608
Comprehensive loss for the period	-	-	-	-	(1,185)	(1,185)
Balance, March 31, 2014	65,718,747	9,967,079	-	736,112	(640,768)	10,062,423
Equity component of convertible debenture	-	-	63,967	-	-	63,967
Comprehensive loss for the period	-	-	-	-	(448,634)	(448,634)
Balance, December 31, 2014	65,718,747	9,967,079	63,967	736,112	(1,089,402)	9,677,756
Comprehensive loss for the period	-	-	-	-	(108,082)	(108,082)
Balance, March 31, 2015	65,718,747	$ 9,967,079	$ 63,967	$ 736,112	$ (1,197,484)	$ 9,569,674

NICKEL NORTH EXPLORATION CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net loss for the period	$ (108,082)	$ (1,185)
Items not affecting cash:		
Depreciation	585	585
Settlement of flow-through premium liability	-	(142,538)
Changes in non-cash working capital items:		
Sales tax recoverable and other receivables	121,246	380,653
Prepaid expenses and deposits	3,890	10,822
Account and other payables	(28,367)	(4,093)
Net cash provided by (used in) operating activities	(10,728)	244,244
CASH FLOWS USED IN INVESTING ACTIVITIES		
Exploration and evaluation assets	(52,731)	(422,019)
Purchase of equipment	-	(1,673)
Net cash used in investing activities	(52,731)	(423,692)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Loan received from a related party	100,000	-
Net cash provided by financing activities	100,000	-
Change in cash and cash equivalents during the period	36,541	(179,448)
Cash and cash equivalents, beginning of the period	166,559	1,124,184
Cash and cash equivalents, end of the period	$ 203,100	$ 944,736

Supplemental cash flow information (Note 12)

1. NATURE OF BUSINESS

Nickel North Exploration Corp. (the "Company") was incorporated under the laws of British Columbia, Canada on February 27, 2007 as Orient Ventures Capital Inc. and changed its name to Nickel North Exploration Corp. on July 30, 2012. The Company maintains its registered and head office at Suite 700, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 3P3.

The Company is currently engaged in the acquisition, exploration and evaluation of mineral property interests in Canada. The Company's common shares are listed on the TSX Venture Exchange (TSX-V) under the symbol "NNX".

2. BACKGROUND AND BASIS OF PREPARATION

Basis of preparation

These condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by International Accounting Standard Board ("IASB"), applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. The condensed interim financial statements do not include all of the disclosures required for a competed set of annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2014, which have been prepared in accordance with IFRS as issued by the IASB.

Basis of measurement

These financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair values. In addition these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

Going concern

The Company is an exploration stage company. At present, the Company's operations do not generate cash flow. As at March 31, 2015, the Company had an accumulated deficit of $1,197,484. The continuing operations of the Company are dependent upon its ability to raise adequate financing and to commence profitable operations in the future. Although the Company has been successful in raising funds in the past, there is no assurance that it will be able to obtain adequate financing in the near future, which raises significant doubt about the Company's ability to continue as a going concern. The directors, after reviewing the current cash position and having considered the Company's ability to raise funds in the short term, believe that the going concern basis is appropriate in preparing its financial statements.

These financial statements do not include adjustments that would be required if going concern was not deemed an appropriate basis for preparation of the financial statements. These adjustments could be material.

Use of estimates and judgements

The preparation of the financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period.

2. BACKGROUND AND BASIS OF PREPARATION (continued)

Actual results could differ from these estimates. Significant areas requiring the use of management estimates and judgments include:

i) Recorded costs of exploration and evaluation assets are not intended to reflect present or future values of these assets. The assessment of indications of impairment and the measuring of the recoverable amount when impairment tests have been prepared involve judgment. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount.

ii) The determination of the fair value of stock options or warrants using stock option pricing models, require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate; therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.

iii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

iv) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its exploration projects and working capital requirements.

v) The recognition of provisions for restoration, rehabilitation and environmental obligations.

vi) The determination of fair value of the liability component at the date of issuance of the convertible debt is based on a discounted cash flow model which requires management to estimate the current market interest rate that the Company could have obtained for a similar secured loan without a conversion option. Application of a different rate in the model could result in a different initial fair value of the liability component which would impact future interest accretion throughout the life of the liability.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in the Company's annual financial statements for the year ended December 31, 2014 were consistently applied to all the periods presented unless otherwise noted below.

New accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning on or after January 1, 2016, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

New accounting standards effective January 1, 2016

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

IAS 16 *Property, Plant and Equipment and IAS 38 Intangible Assets* - In May 2014, the IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

New accounting standards effective January 1, 2018

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

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

IFRS 9 was subsequently amended in November 2013 to add new general hedge accounting requirements. The final version of IFRS 9 was issued in July 2014 and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics.

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

(Expressed in Canadian Dollars)

4. CASH AND CASH EQUIVALENTS

	March 31, 2015	December 31, 2014
Cash	$ 163,100	$ 16,559
Guaranteed investment certificates	40,000	150,000
	$ 203,100	$ 166,559

As at March 31, 2015, the Company's guaranteed investment certificate of $40,000 bears interest at the prime rate minus 1.95% per annum and matures in 2015.

As at December 31, 2014, the Company's guaranteed investment certificate of $150,000 bears interest at the prime rate minus 1.95% per annum and matures in 2015.

5. RESTRICTED CASH

The Company has provided corporate credit cards to its directors with a credit limit totalling $25,000 to pay the Company's expenses. As collateral for the credit cards, the Company has a one-year term deposit of $28,750 earning annual interest at the prime rate minus 1.90% per annum. As at March 31, 2015, the credit cards had a payable balance of $2,786 (December 31, 2014 – payable balance of $65) in total.

6. EQUIPMENT

	Office Equipment
Cost	
Balance as at January 1, 2014	$ 5,349
Addition for the period	1,673
Balance as at March 31, 2014	7,022
Addition for the period	5,500
Balance as at December 31, 2014	12,521
Addition for the period	-
Balance as at March 31, 2015	12,521
Accumulated depreciation	
Balance as at January 1, 2014	1,866
Depreciation for the period	585
Balance as at March 1, 2014	2,451
Depreciation for the period	1,755
Balance as at December 31, 2014	4,206
Depreciation for the period	585
Balance as at March 31, 2015	4,791
Net book value as at December 31, 2014	$ 8,315
Net book value as at March 31, 2015	$ 7,730

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

	January 1, 2014	Additions	December 31, 2014	Additions	March 31, 2015
Hawk Ridge Property, Quebec					
Acquisition costs					
Option payments	$ 2,817,657	$ -	$ 2,817,657	$ -	$ 2,817,657
Other property costs	95,695	10,358	106,053	5,751	111,804
	2,913,352	10,358	2,923,710	5,751	2,929,461
Exploration costs					
Accommodation/camp	409,304	194,987	604,291	-	604,291
Assays	503,279	63,692	566,971	4,727	571,698
Drilling	1,505,795	311,831	1,817,626	418	1,818,044
Field supplies	737,277	94,373	831,650	-	831,650
Geological consulting	1,362,358	1,007,091	2,369,449	13,000	2,382,449
Miscellaneous	102,048	85,485	187,533	35,268	222,801
Transportation	1,348,704	386,754	1,735,458	-	1,735,458
Travel	223,642	133,304	356,946	2,423	359,369
	6,192,407	2,277,517	8,469,924	55,836	8,525,760
Exploration prepayment	70,010	4,990	75,000	-	75,000
Mining exploration tax credits	(624,294)	(108,365)	(732,659)	-	(732,659)
Balance, end of the period	8,551,475	2,184,500	10,735,975	61,587	10,797,562
Nairn Property, Ontario					
Acquisition costs	240,000	2,182	242,182	-	242,182
Exploration costs					
Geological consulting	-	650	650	-	650
Miscellaneous	-	2,420	2,420	320	2,740
Balance, end of the period	240,000	5,252	245,252	320	245,572
Total balance, end of the period	$ 8,791,475	$ 2,189,752	$ 10,981,227	$ 61,907	$ 11,043,134

7. EXPLORATION AND EVALUATION ASSETS (continued)

Hawk Ridge Property:

On March 29, 2012, the Company entered into an option agreement with Anthem Resources Inc. ("Anthem") and its wholly-owned subsidiary (together the "Optionors"), which was subsequently amended on May 15, 2012 (the "First Amendment"), on February 15, 2013 (the "Second Amendment"), and on April 17, 2013 (the "Third Amendment") whereby the Optionors granted the Company an option to acquire a 100% interest in the Hawk Ridge Ni-Cu-PGE Project in Northern Quebec (the "Hawk Ridge Property") by making staged payments totaling $2,000,000 in cash and $1,000,000 equivalent in common shares of the Company to Anthem by December 31, 2013 as follows:

- Pay $500,000 in cash (paid) and $250,000 in common shares (issued) within five business day of TSX-V final approval of the transaction;
- Pay $500,000 in cash (paid) and $250,000 in common shares (issued) by December 31, 2012; and
- Pay $1,000,000 in cash (reduced by $92,081 for 20% of geophysical survey costs paid by the Company) and issue $500,000 in common shares ($500,000 divided by the greater of (A) the price per consideration share ("Share"), equal to 10% discount to the Share's moving average trading price for the 20 day period immediately preceding the date of issuance, and (B) $0.20) on or before December 31, 2013 (issued).

During the year ended December 31, 2013, under the Third Amendment, in lieu of paying $1,000,000 in cash on or before December 31, 2013, the Company issued to the Optionors 3,631,675 units (the "Conversion Units") equal to $907,919 ($1,000,000 less $92,081 for the geophysical survey costs) divided by $0.25 per Conversion Unit. Each Conversion Unit consists of one common share and one half of one common share purchase warrant with each whole warrant entitling the holder to acquire one additional common share for a period of two years, at an exercise price of $0.35 per share in the first year and $0.60 per share in the second year. In addition, the Company issued 2,500,000 common shares equal to $500,000 divided by the greater of $0.20 or a 10% discount to the 20 day moving average trading price of the Company for the 20 day period immediately preceding the date of issuance.

The property is subject to a 3% net smelter returns royalty ("NSR") and the Company has the option to purchase one-third of the NSR (1%) for $1,000,000.

On May 1, 2013, the Company has fulfilled all option payments and acquired 100% ownership of the Hawk Ridge Property.

The exploration expenditures incurred on the property in Quebec are entitled to certain Quebec mining exploration tax credits. During the year ended December 31, 2014, the Company has submitted a claim for the mining exploration tax credit of $108,365 for the eligible exploration expenditures incurred.

Nairn Property:

On August 23, 2013, pursuant to a property purchase agreement with Sino Minerals Corp. ("Sino Minerals") entered into on June 27, 2013, the Company acquired all of Sino Mineral's 100% interest in 14 mining claims covering a total area of approximately 2,860 hectares located in the Province of Ontario and known as the Nairn Property (the "Nairn Property"), subject to a 2% net smelter returns royalty over six of the claims and third party freehold patent surface rights over eight of the claims. In consideration for the Nairn Property, the Company issued to Sino Minerals 2,000,000 common shares at a market price of $0.12 per share for a fair value of $240,000.

(Expressed in Canadian Dollars)

8. ACCOUNTS AND OTHER PAYABLES

The Company's accounts and other payables are as follows:

	March 31, 2015	December 31 2014
Accounts payable	$ 5,223	$ 13,045
Amounts due to related parties (Note 11)	100,000	-
Accrued expenses to related parties (Note 11)	19,370	62,250
Other payable	2,786	6,542
	$ 127,379	$ 81,837

Accounts payable principally comprises amounts outstanding for trade purchases relating to exploration activities and accrued expenses for operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

9. SHARE CAPITAL

Authorized

The Company has authorized an unlimited number of common shares with no par value and an unlimited number of non-voting, non-participating, non-cumulative preferred shares without par value issuable in series.

Shares issued and outstanding

	Note	Number of Common Shares	$
Balance, January 1 and December 31, 2014 and March 31, 2015		65,718,747	9,967,079

Escrow shares

21,536,726 common shares issued prior to the completion of the Qualifying Transaction are subject to escrow. Pursuant to TSX-V Policy 2.4, 10% of the escrowed common shares will be released from escrow on the listing date and 15% will be released every six months thereafter over a period of thirty six months. As at March 31, 2015, 3,226,508 (December 31, 2014 – 6,453,017) common shares remained in escrow.

Basic and diluted loss per share

The calculation of basic earnings per share for the three month period ended March 31, 2015 was based on net loss of $108,082 (March 31, 2014 – net loss of $1,185), attributable to common shareholders and a weighted average number of common shares outstanding of 65,718,747 (March 31, 2014 – 65,718,747). Diluted earnings per share was calculated in a manner similar to basic earnings per share except the weighted average number of shares outstanding is increased to include the assumed exercised of in-the-money stock options, warrants, and agent's warrants, if dilutive.

At March 31, 2015, 624,750 stock options and 2,065,838 warrants were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

Stock options

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. The exercise price of each option shall not be less than the market price of the Company's stock at the date of grant. The options can be granted for a maximum term of 5 years and vest as determined by the board of directors.

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance, Outstanding and Exercisable at January 1 and March 31, 2014	2,214,125	$	0.20
Forfeited	(1,064,500)	$	0.20
Balance, Outstanding and Exercisable at December 31, 2014	1,149,625	$	0.20
Forfeited	(524,875)	$	0.20
Balance, Outstanding and Exercisable at March 31, 2015	624,750	$	0.20

The following options to acquire common shares were outstanding at March 31, 2015:

Number of Options	Exercise Price		Expiry Date
624,750	$	0.20	August 28, 2017

Warrants

The Company uses the residual value approach when allocating the fair value of the share purchase warrants issued in conjunction with the offering of units through a private placement. The Company determines the fair value of the common share and the residual value is allocated to the share purchase warrant for unit offerings that contain a common share and a share purchase warrant. Agents' warrants are measured at fair value on the date of the grant as determined using a Black-Scholes option pricing model.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

Warrants (continued)

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, Outstanding and Exercisable at January 1, and March 31, 2014	15,900,964		0.47
Warrants expired	(9,835,126)		0.47
Balance, Outstanding and Exercisable at December 31, 2014	6,065,838	$	0.59
Warrants expired	(4,000,000)		0.60
Balance, Outstanding and Exercisable at March 31, 2015	2,065,838	$	0.57

As at March 31, 2015 the following warrants were outstanding:

	Number of Warrants	Grant Date	Exercise Price			Expiry Date
Warrants	1,815,838	May 1, 2013	$	0.35	for 1st year	May 1, 2015
				0.60	for 2nd year	
Agent's warrants	250,000	May 30, 2013	$	0.35		May 30, 2015
	2,065,838					

10. CONVERTIBLE DEBENTURE

On September 9, 2014, the Company entered into an unsecured convertible debenture agreement (the "Convertible Debenture") in the principal amount of $1,000,000 ($989,750 net of transaction costs) with SinoTech (Hong Kong) Corporation Limited ("SinoTech"), a company with one director in common. The Convertible Debenture will mature on September 9, 2015 and bears interest at 8% per annum payable on the maturity date. At the option the Company and any time after March 9, 2015, the Company may convert all or any part of the principal amount outstanding under the Convertible Debenture into common shares in the capital of the Company at a conversion price of $0.10 per share and any accrued but unpaid interest thereon at the greater of $0.10 per share and the market price at the time of conversion. The proceeds of the Convertible Debenture were used by the Company for the exploration program on the Company's Hawk Ridge Project.

Upon initial recognition, the Company allocated the proceeds of $1,000,000, net of cash transaction costs of $10,250, between the liability and equity components. The Company allocated $925,783 to the liability portion and the residual of $63,967 to the equity component. As at the December 31, 2014, the convertible debenture had a payable balance of $972,740. For the three months ended March 31, 2015, the Company accrued $35,267 in interest related to the Convertible Debenture using an effective interest rate of 15% per annum.

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS AND BALANCES

The Company entered into the following related party transactions for the three months ended March 31, 2015 and 2014:

a) Incurred corporate consulting fees of $19,500(March 31, 2014 - $nil) from a company owned by the CEO of the Company. Note that the related party relationship was established upon the CEO joining the Company in the middle of 2014. The Company only accounts for transactions subsequent to the related party relationship being established as related party transactions.

b) Incurred corporate consulting fees of $nil (March 31, 2014 - $48,500) from a company owned by the former CEO of the Company.

c) Incurred corporate consulting fees of $nil (March 31, 2014 - $7,500) from a company controlled by a director of the Company.

d) Incurred corporate consulting fees of $7,500 (March 31, 2014 - $7,500) from a company with one director in common.

e) Incurred office and administration fees of $6,000 (March 31, 2014 - $nil) and corporate consulting fees of $195 (March 31, 2014 - $nil) from a company with directors in common. Note that the related party relationship was established upon the CEO joining the Company in the middle of 2014. The Company only accounts for transactions subsequent to the related party relationship being established as related party transactions.

f) On March 4th, 2015, the Company entered into a loan agreement with a company that has one director in common. The principal of the loan is $100,000. The loan is unsecured, bears interest at 8% per annum and matures on March 11, 2016. For the three months ended March 31, 2015, the Company incurred interest expenses of $438 (March 31, 2014 - $nil) on the loan.

g) Incurred director fees of $4,063 (March 31, 2014 - $2,192) from the directors of the Company.

h) Incurred $nil (March 31, 2014 - $53,617) geological consulting fees for exploration expenditures to companies controlled by directors and by the former CEO of the Company.

i) Included in account and other payables is $18,932 (December 31, 2014 - $62,250) due to directors, officers and companies controlled by directors and officers for services rendered and unpaid director fees. These amounts are unsecured, non-interest bearing, and have no specific terms of repayment.

Key management includes directors (executive and non-executive) and senior officers of the Company, including Chief Executive Officer and Chief Financial Officer. The compensation paid or payable to key management personnel for the three months ended March 31, 2015 and 2014 are as follows:

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Wage and consulting fees	$ 51,064	$ 86,692

(Expressed in Canadian Dollars)

12. SUPPLEMENTAL CASH FLOW INFORMATION

	Three Months Ended March 31, 2015	Three Months Ended December 31,2014
Cash paid for income taxes	$ -	$ -
Cash paid for interest	$ -	$ -

There were no significant non-cash investing or financing transactions for the three month period ended March 31, 2015 and 2014.

13. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the exploration and evaluation of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes components of shareholders' equity in the definition of capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, and acquire or dispose of assets. The Board of Directors does not establish quantitative return on capital criteria for management.

There were no changes in the Company's approach to capital management from the prior year. The Company is not subject to externally imposed capital requirements.

14. FINANCIAL INSTRUMENTS

Fair values

The Company's financial instruments include cash and cash equivalents, restricted cash, accounts and other payables, and convertible debenture. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature. The fair value of these financial instruments approximates their carrying value due to their short terms of maturity.

The following table summarizes the carrying values of the Company's financial instruments:

		March 31, 2015	December 31, 2014
FVTPL	(i)	$ 231,850	$ 195,309
Other financial liabilities	(ii)	$ 1,135,386	$ 1,054,577

(i) Cash and cash equivalents, restricted cash
(ii) Accounts and other payables and convertible debenture

(Expressed in Canadian Dollars)

14. FINANCIAL INSTRUMENTS (continued)

Fair values (continued)

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

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 (i.e. as prices) or indirectly (i.e. derived from prices), and
Level 3 – Inputs that are not based on observable market data

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

	Level 1	Level 2	Level 3	Total March 31, 2015
Cash and cash equivalents	$ 203,100	$ -	$ -	$ 203,100
Restricted cash	$ 28,750	$ -	$ -	$ 28,750

Financial risk management

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash and cash equivalents. The credit risk with respect to its cash and cash equivalents is minimal as they are held with high-credit quality financial institutions. Management does not expect these counterparties to fail to meet their obligations.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. As at March 31, 2015, the Company had working capital deficit of $733,267 (December 31, 2014 – working capital deficit of $563,863). All of the Company's financial liabilities are classified as current.

At present, the Company's operations do not generate cash flow. The Company's primary source of funding has been the issuance of equity securities through private placements, issuance of debt, and the exercise of stock options and warrants. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

Significant liabilities in years subsequent to March 31, 2015 are as follows:

	Carrying value	Contractual cash flows	< 1 year	1 – 3 years
Accounts and other payables	$ 127,379	$ 127,379	$ 127,379	$ -
Convertible debenture	$ 1,008,007	$ 1,080,000	$ 1,080,000	$ -

(Expressed in Canadian Dollars)

14. FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash and cash equivalents maintained at the financial institutions. The interest rate risks on cash and cash equivalents are not considered significant due to their short-term nature.

15. COMMITMENT

Effective from January 1, 2015, the Company entered into a two (2) year space sharing agreement with a company with directors and CEO in common. In the agreement, the Company agreed to share the premises with the related party and shall pay the Company's proportionate share of rent at a monthly rate of $2,000.

As at March 31, 2015, the Company had the following commitment:

	<1 year	>1 year but < 5 years	> 5 years	Total
lease payments	$ 18,000	$24,000	$ -	$ 42,000

16. SUBSEQUENT EVENTS

Subsequent to March 31, 2015, 1,815,838 share purchase warrants which were granted on May 1, 2013 expired.