GRAY ROCK RESOURCES LTD.

Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Gray Rock Resources Ltd. (the "Company") are the responsibility of the Company's management. The consolidated financial statements are prepared in accordance with International Accounting Standards Board and reflect management's best estimates and judgment based on information currently available.

Management has developed and is maintaining a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities and reviews the results of the audit and the annual consolidated financial statements prior to their approval.

The consolidated financial statements as at December 31, 2014 and 2013 and for the years then ended have been audited by Manning Elliott LLP, and their report outlines the scope of their examination, and gives their opinion on the consolidated financial statements.

"David Wolfin"

David Wolfin
President & CEO
April 29, 2015

"Malcolm Davidson"

Malcolm Davidson, CA
Chief Financial Officer
April 29, 2015

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Gray Rock Resources Ltd.

We have audited the accompanying consolidated financial statements of Gray Rock Resources Ltd. which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of comprehensive loss, cash flows and changes in equity for the years then ended, and the related notes comprising 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 as issued by the International Accounting Standards Board, 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.

Auditors' 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 audits 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 our 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, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Gray Rock Resources Ltd. as at December 31, 2014 and 2013, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Gray Rock Resources Ltd. to continue as a going concern.

Manning Elliott LLP

CHARTERED ACCOUNTANTS
Vancouver, British Columbia
April 29, 2015

Gray Rock Resources Ltd.
Consolidated Statements of Financial Position
As at December 31, 2014 and 2013
Expressed in Canadian Dollars

	Note	2014	2013
ASSETS			
Current Assets			
Cash		$ 2,470	$ 5,561
Other receivables		618	466
		3,088	6,027
Non-Current Assets			
Investment in a Related Company	**4**	3,192	3,525
Exploration and Evaluation Assets	**5**	295,708	291,125
Reclamation Deposit	**6**	3,000	3,000
TOTAL ASSETS		$ 304,988	$ 303,677
LIABILITIES			
Current Liabilities			
Trade and other payables		$ 34,683	$ 21,051
Due to related parties	**8**	106,419	83,481
Loan from related party	**8**	30,000	10,000
		171,102	114,532
Non-Current Liabilities			
Site Restoration Obligation	**6**	3,000	3,000
		174,102	117,532
SHAREHOLDERS' EQUITY			
Share capital	**7**	1,895,141	1,895,141
Accumulated other comprehensive income		2,527	2,860
Deficit		(1,766,782)	(1,711,856)
		130,886	186,145
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 304,988	$ 303,677

Note 1 – Nature of Operations and Going Concern

These consolidated financial statements are authorized for issue by the Board of Directors on April 29, 2015:

"David Wolfin" **Director** "Lee Ann Wolfin" **Director**

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

Gray Rock Resources Ltd.
Consolidated Statements of Operations and Comprehensive Loss
For the years ended December 31, 2014 and 2013
Expressed in Canadian Dollars

	Note	December 31, 2014	December 31, 2013
General and Administrative Expenses			
Administrative fees		$ 16,020	$ 28,656
Automobile		-	29
Foreign exchange loss (gain)		(110)	33
Interest and bank charges		186	158
Listing and filing fees		7,071	8,346
Office and miscellaneous		6,133	9,090
Professional fees		19,076	13,112
Shareholder information		1,719	1,662
Transfer agent fees		4,861	4,072
Operating Loss		(54,956)	(65,158)
Other income			
Interest income		30	15
Net Loss For The Year		(54,926)	(65,143)
Other Comprehensive Income (Loss)			
Items that may be reclassified subsequently to income or loss			
Unrealized loss on investment securities	4	(333)	(2,128)
Total Comprehensive Loss		$ (55,259)	$ (67,271)
Basic and Diluted Loss per Share		$ (0.00)	$ (0.01)
Weighted Average Number of Shares Outstanding		11,464,961	11,464,961

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

Gray Rock Resources Ltd.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2014 and 2013
Expressed in Canadian Dollars

	Note	Number of Common Shares	Share Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Equity
Balance, January 1, 2013		**11,464,961**	**$ 1,895,141**	**$ (1,646,713)**	**$ 4,988**	**$ 253,416**
Net loss for the year		-	-	(65,143)	-	(65,143)
Other comprehensive loss for the year	4	-	-	-	(2,128)	(2,128)
Balance, December 31, 2013		**11,464,961**	**$ 1,895,141**	**$ (1,711,856)**	**$ 2,860**	**$ 186,145**
Net loss for the year		-	-	(54,926)	-	(54,926)
Other comprehensive loss for the year	4	-	-	-	(333)	(333)
Balance, December 31, 2014		**11,464,961**	**$ 1,895,141**	**$ (1,766,782)**	**$ 2,527**	**$ 130,886**

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

Gray Rock Resources Ltd.
Consolidated Statements of Cash Flows
For the years ended December 31, 2014 and 2013
Expressed in Canadian Dollars

	2014	2013
Cash (used in) provided by:		
Operating Activities		
Net Loss	$ (54,926)	$ (65,143)
Changes in non-cash working capital items:		
Other receivables and prepaid expenses	(152)	918
Trade and other payables	13,632	5,323
Due to related parties	22,938	45,921
	(18,508)	(12,981)
Investing Activities		
Exploration and evaluation expenditures	(4,583)	(500)
Mining tax credit received	-	3,269
	(4,583)	2,769
Financing Activities		
Loan from related party	20,000	10,000
Decrease in Cash	(3,091)	(212)
Cash, Beginning of Year	5,561	5,773
Cash, End of Year	$ 2,470	$ 5,561
Supplementary Disclosure of Cash Flow Information		
Interest Expense	$ -	$ -
Income Taxes	$ -	$ -

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Gray Rock Resources Ltd. ("Gray Rock" or the "Company") was incorporated under the laws of the Province of British Columbia, Canada. It is in the exploration stage with regards to its business of exploration and development of mineral properties. The Company owns the Silver Stream mineral claim in British Columbia, Canada. The Company's head office and principal place of business is Suite 900, 570 Granville Street, Vancouver, BC, Canada.

Gray Rock is in the exploration stage and has not yet determined whether the property contains ore reserves which are economically recoverable. The underlying carrying value of the mineral property interest and related exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, confirmation of Gray Rock's interest in the mineral claims, the ability of Gray Rock to obtain necessary financing to complete the exploration and development, and future profitable production or proceeds from the sale of all or an interest in its mineral claims.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2014, the Company has a working capital deficit of $168,014 and accumulated losses of $1,766,782. The Company has not yet generated any revenues from its operations, and may be required to raise new financing through the sale of shares or issuance of debt to continue with its operations and to develop its mineral properties. Although management intends to secure additional financing, there is no assurance that management will be successful in its efforts to secure additional financing or that it will ever develop a self-supporting business. These factors together form a material uncertainty that raises significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary Cortez, a company incorporated on June 21, 2006 in Nevada, USA.

Inter-company balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

Foreign Currencies

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the consolidated statement of financial position. Non-monetary items that are translated at historical rates.

Financial Instruments

Financial assets and financial liabilities are recognized on the consolidated statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument. The Company does not have any derivative financial instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial assets

The Company classifies its financial assets into one of the following categories, at initial recognition depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss ("FVTPL") - This category comprises derivatives, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the consolidated statement of operations. The Company has classified its cash as FVTPL.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. The Company has no assets classified as loans and receivables.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest rate method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations. The Company did not hold any held-to-maturity investments as at December 31, 2014 and 2013.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale ("AFS"). They are carried at fair value with changes in fair value recognized in equity. Upon de-recognition, accumulated gain or loss is realized and reclassified from accumulated other comprehensive income to profit and loss. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of operations. The Company has classified its investments in a related company as AFS investments.

Transactions costs associated with fair value through profit or loss financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Impairment - All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Effective interest method - The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

De-recognition of financial assets - A financial asset is derecognized when the contractual right to the asset's cash flows expires, or if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations. The Company did not hold any fair value through profit or loss financial liabilities as at December 31, 2014 and 2013.

Other financial liabilities - This category includes amounts due to related parties, trade payables, and loan from related party, all of which are initially recognized at fair value and carried at amortized cost.

De-recognition of financial liabilities - The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Share purchase warrants - The Company bi-furcates units consisting of common shares and share purchase warrants using the residual value approach, whereby it measures the common share component of the unit at fair value using market prices as input values and then allocates the residual value of the units over the fair value of the common shares to the warrant component. The value of the warrant component is credited to warrants reserve. When warrants are exercised, the corresponding value is transferred from warrant reserve to common stock.

Cash and Cash Equivalents

Cash and cash equivalents in the statement of consolidated financial position comprise cash at banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. The Company does not hold any cash equivalents as at December 31, 2014 and 2013.

Exploration and Evaluation Assets

The Company is in the exploration stage with respect to its investment in mineral properties and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims and crediting all proceeds received against the cost of the related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as production commences at levels intended by management, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. General exploration costs not related to specific mineral property are expensed as incurred. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment.

An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farm-out of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and Evaluation Assets **(continued)**

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

Incidental revenues and operating costs are included in mineral properties and development costs prior to production at levels intended by management. Accrued tax credits on eligible exploration expenditures are accounted for as deduction from mineral properties and development costs, on a property by property basis, and will be charged to operations on the same basis as the acquisition, exploration, and development expenditures. The exploration tax credits are accrued in the year when the exploration expenditures are incurred and the tax credit is applied for provided there is reasonable assurance that the tax credits will be realized.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining properties under development.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to operations.

The amounts shown for exploration and evaluation assets represent net costs incurred to the date of the consolidated financial statements and do not necessarily reflect present or future values.

Impairment

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the year.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount. The revised increased carrying amount must not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-Based Payment Transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized as equity.

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

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affect neither accounting or taxable profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as accretion expense.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Site Restoration Obligation

An obligation to incur restoration, rehabilitation, and environmental costs arises when environmental disturbance is caused by the exploration, development, or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value.

These costs are charged against profit or loss over the economic life of the related asset, through deprecation using either the unit-of-production or the straight-line method. The related liability is adjusted for each year for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage, which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses. The Company evaluated its site restoration obligation to be $3,000 as at December 31, 2014 (December 31, 2013 - $3,000).

Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

Comprehensive Income (Loss)

Comprehensive income (loss) is the change in the Company’s net assets that results from transactions, events and circumstances from sources other than the Company’s shareholders and includes items that are not included in net profit such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments, and foreign currency gains or losses related to self-sustaining operations. The Company’s comprehensive income and (loss), components of other comprehensive income and (loss) and cumulative translation adjustments are presented in the consolidated statements of operations and comprehensive loss and the consolidated statements of changes in equity.

New Accounting Standards

The IASB issued a number of new and revised standards which are effective for the Company’s financial year beginning on January 1, 2014. The mandatory adoption of these standards did not have a significant impact on the Company’s consolidated financial statements. Specifically, the Company has adopted all of the following new standards for the year ended December 31, 2014:

IAS 36 – Impairment of Assets
In May 2013, the IASB issued an amendment to address the disclosure of information about the recoverable amount of impaired assets or a CGU for periods in which an impairment loss has been recognized or reversed. The amendments also address disclosure requirements applicable when an asset’s or a CGU’s recoverable amount is based on fair value less costs of disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRIC 21 – Levies
In May 2013, the IASB issued IFRIC 21, Levies (“IFRIC 21”), an interpretation of IAS 37, Provisions, Contingent Liabilities and Contingent Assets (“IAS 37”), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (“obligating event”). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

The following accounting standards were issued but not yet effective as of December 31, 2014:

IFRS 15 – Revenue from Contracts with Customers
In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") which supersedes IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers*, and SIC 31 *Revenue Barter Transactions Involving Advertising Services*. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2017. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

IFRS 9 – Financial Instruments
The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments (“IFRS 9”) which is intended to reduce the complexity in the classification and measurement of financial instruments. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

Functional currency

The presentation and functional currency of the Company and its subsidiary is the Canadian dollar.

Significant Accounting Judgements and Estimates

The preparation of these consolidated financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgements and estimates. The consolidated financial statements include judgements and estimates which, by their nature, are uncertain. The impacts of such judgements and estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both current and future periods.

Significant assumptions about the future and other sources of judgements and estimates that management has made at the statement of financial position date, which could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Accounting Estimates and Judgements (continued)

Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Site Closure and Reclamation Provisions

The Company assesses its reclamation provision at each reporting date or when new material information becomes available. Exploration, development and mining activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation obligations requires management to make estimates of the future costs that the Company will incur to complete the reclamation work required to comply with existing laws and regulations at each location. Actual costs incurred may differ from those amounts estimated. The Company's exploration work to date has resulted in no significant site disturbance and therefore the Company's reclamation provision is limited to the amount posted as a reclamation bond.

Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

Title to Mineral Properties

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Share-Based Payments

Management uses valuation techniques in measuring the fair value of share options granted. The fair value is determined using the Black Scholes option pricing model which requires management to make certain estimates, judgements, and assumptions in relation to the expected life of the share options, expected volatility, expected risk-free rate, and expected forfeiture rate (Note 7d). Changes to these assumptions for any share options granted could have a material impact on the Company's consolidated financial statements.

Expressed in Canadian Dollars

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Accounting Estimates and Judgements (continued)

Deferred Income Taxes

Judgement is required to determine which types of arrangements are considered to be a tax on income in contrast to an operating cost. Judgement is also required in determining whether deferred tax liabilities are recognized in the consolidated statement of financial position. Deferred tax assets, including those potentially arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable income in future periods, in order to recognise deferred tax assets. Assumptions about the generation of future taxable income depend on management's estimates of future operations and cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize deferred tax assets or offset these against any deferred tax liabilities recorded at the reporting date could be impacted.

4. INVESTMENT IN A RELATED COMPANY

Investment in marketable securities consists of the following:

	Number of Shares	Cost	Accumulated Unrealized Gains	December 31, 2014 Fair Value	December 31, 2013 Fair Value
Levon Resources Ltd.	13,300	$ 665	$ 2,527	$ 3,192	$ 3,525

Levon Resources Ltd. ("Levon") is a related public company with common directors. During the year ended December 31, 2014, the Company recognized an unrealized loss of $333 (2013 – $2,128) in other comprehensive income on investment securities designated as available for sale. Fair value was determined using quoted market prices as at December 31, 2014 and 2013.

5. EXPLORATION AND EVALUATION ASSETS

	Silver Stream Claims
Balance, January 1, 2013	$ 293,894
Exploration costs incurred during the year:	
Taxes and licensing	500
Mining tax credit	(3,269)
Balance, December 31, 2013	291,125
Exploration costs incurred during the year:	
Assays	526
Geological Consulting	3,877
Taxes and licensing	180
Balance, December 31, 2014	$ 295,708

5. EXPLORATION AND EVALUATION ASSETS (continued)

Silver Stream Claims

The Company has a 100% interest in two mineral claims in the Lillooet mining district of British Columbia, subject to a 3% net smelter returns royalty, known as Silver Stream 1 and Silver Stream 2 claims, collectively the Silver Stream Claims.

The Company has entered into a mining lease agreement for the Silver Stream 2 property with Saxifrage Geological Services Ltd. ("Saxifrage"). In accordance with the terms of the agreement, Saxifrage has agreed to pay the Company an annual rental of $10,000 for a term of seven years, with the first payment due on December 12, 2015. In addition, the Company granted Saxifrage an option to purchase the property for $500,000 payable at any time during the term of the agreement, subject to a 5% Net Smelter Returns Royalty on metals and a 5% Gross Overriding Royalty on any jade production. Any future royalty payments due to the Company from Saxifrage after the exercise of option, shall be reduced by $500,000.

6. RECLAMATION DEPOSIT

As at December 31, 2014 and 2013, the Company has hypothecated a term deposit in the amount of $3,000 as security to the Province of British Columbia for future mineral claims site reclamation costs.

7. SHARE CAPITAL

(a) Authorized: Unlimited common shares without par value.

(b) Issued: There were no changes in share capital during the years ended December 31, 2014 and 2013.

(c) Share purchase warrants

There were no changes in share purchase warrants during the years ended December 31, 2014 and 2013, and there are no share purchase warrants outstanding as at December 31, 2014 and 2013.

(d) Stock option plan

The Company established a stock option plan, under which it may grant stock options totalling in aggregate up to 10% of the Company's total number of shares issued and outstanding on a non-diluted basis, and to any one optionee in a 12 month year not to exceed 5% of the total number of shares issued and outstanding on a non-diluted basis. The stock option plan limits the options issuable within a one year period to regular employees and persons providing investor-relation or consulting services to 5% and 2% respectively of the Company's total number of issued and outstanding shares on a non-diluted basis on the date of grant.

The stock options are fully vested on the date of grant. The option price must be greater or equal to the discounted market price on the grant date, and the option expiry date can not exceed five years after the grant date. The Company does not have any stock options outstanding as at December 31, 2014 and December 31, 2013.

Expressed in Canadian Dollars

8. RELATED PARTY BALANCES, TRANSACTIONS, AND KEY MANAGEMENT COMPENSATION

(a) Key management compensation

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel for the years ended December 31, 2014 and 2013 are as follows:

	2014	2013
Consulting fees, wages and benefits	$ 4,474	$ 16,007

(b) Due to related parties

As at December 31, 2014, $106,419 (December 31, 2013 - $81,906) was due to Oniva International Services Corp. ("Oniva"). The Company receives rent, office and administrative supplies and services from Oniva, a private company related by common management.

As at December 31, 2014, $nil (December 31, 2013 - $1,575) was due to Saulnier Capital Consulting Corp., a private company related by common management.

The amounts due to related parties are non-interest bearing, unsecured and due on demand.

(c) Loan from related party

The Company entered into a loan agreement with one of its directors. As at December 31, 2014, $30,000 (December 31, 2013 – $10,000) of the loan payable was outstanding. The loan is non-interest bearing and is due on demand.

(d) Related party transactions

During the year ended December 31, 2014, $22,711 (2013 - $39,648) was charged for office, occupancy, miscellaneous costs and salaries, and administrative services paid on behalf of the Company by Oniva. Further, the Company paid $526 of administrative fees (2013 - $954) to Oniva and $180 (2013 - $500) for reimbursement of mineral claim taxes, license fees, and staking.

The Company takes part in a cost-sharing arrangement to reimburse Oniva for a variable percentage of its overhead expenses, to reimburse 100% of its out-of-pocket expenses incurred on behalf of the Company, and to pay a percentage fee based on the total overhead and corporate expenses. The arrangement may be terminated with one-month notice by either party.

(e) Investment in related party

The company has an investment in a related company as described in Note 4.

9. FINANCIAL INSTRUMENTS

The fair values of the Company's cash, investment in a related company, loan from a related party, trade and other payables, and amounts due to related party approximate their carrying values because of the short-term nature of these instruments. The fair value of the Company's available for sale securities is detailed in Note 4.

The Company's financial instruments are exposed to certain financial risks comprising credit risk, liquidity risk and market risk.

9. FINANCIAL INSTRUMENTS (continued)

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company manages credit risk, in respect of cash, by maintaining the majority of cash at high credit rated Canadian financial institutions.

Concentration of credit risk exists with respect to the Company's cash as the majority of the amounts are held with a single Canadian financial institution.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. The Company has a working capital deficit of $168,014 as at December 31, 2014 (December 31, 2013 - $108,505), and requires additional financing to meet its current obligations.

(c) Market Risk

Market risk consists of interest rate risk, foreign currency risk, and other price risk. These are discussed further below.

Interest Rate Risk
Interest rate risk consists of two components:
(i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
(ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's cash is currently held in highly liquid short-term investments and therefore management considers the interest rate risk to be minimal.

Foreign Currency Risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in foreign currency.

At this time, the Company is not exposed to significant foreign currency risk as the company currently has minimal transactions and balances in currencies other than the Canadian dollars.

Other Price Risk
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk with respect to its investment in a related company as it is carried at fair value based on quoted market prices.

Expressed in Canadian Dollars

9. FINANCIAL INSTRUMENTS (continued)

(d) Classification of Financial instruments

IFRS 7 *'Financial Instruments: Disclosures'* establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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 at December 31, 2014:

	Level 1	Level 2	Level 3
Cash	$ 2,470	$ -	$ -
Investment in a related company	3,192	-	-
	$ 5,662	$ -	$ -

10. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its property and to maintain flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or adjust the amount of cash. Management reviews the capital structure on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

11. INCOME TAXES

The potential benefit of net operating loss carry forwards has not been recognized in the financial statements since the Company cannot be assured that it is probable that such benefit will be utilized in future years.

The components of the deferred tax asset, the statutory tax rate, the effective tax rate and the unrecognized deferred income tax asset are as follows:

	2014	2013
Loss before income taxes	$ 54,926	$ 65,143
Corporate tax rate	26%	25.75%
Expected tax recovery	14,000	17,000
Decrease resulting from:		
Non-deductible items for tax purposes and other items	(3,000)	(1,000)
Change in unrecognized deferred income tax asset	(11,000)	(16,000)
Income taxes recovery	$ -	$ -

Expressed in Canadian Dollars

11. INCOME TAXES (continued)

The Company's tax-effected deferred income tax assets and liabilities are estimated as follows:

	2014	2013
Unrecognized deferred income tax assets include:		
Non-capital losses	$ 280,000	$ 268,000
Deferred exploration costs	26,000	27,000
	306,000	295,000
Unrecognized deferred income tax assets	(306,000)	(295,000)
	$ -	$ -

At December 31, 2014, the Company has non-capital losses of approximately $1,023,000 for Canadian income tax purposes which are available to reduce future taxable income. If not utilized, the losses expire through 2034 as follows:

	$
2015	62,000
2026	177,000
2027	126,000
2028	112,000
2029	147,000
2030	102,000
2031	118,000
2032	54,000
2033	67,000
2034	58,000
	1,023,000

As at December 31, 2014, the Company's U.S. subsidiaries have U.S. based non-capital tax losses of approximately US$53,000 available to reduce future taxable income. These losses begin to expire in 2029.

In addition, the Company has accumulated Canadian Exploration Expenses, Canadian Development Expenses and Foreign Exploration and Development Expenses for income tax purposes of $396,000. The expenditures pools can be carried forward indefinitely to be applied against income of future years.