GOLD REACH RESOURCES LTD.

Condensed Consolidated Financial Statements

(unaudited – prepared by management)

(expressed in Canadian dollars)

For the Nine Months Ended December 31, 2014 and 2013

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Vancouver, B.C.
February 11, 2015

GOLD REACH RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(unaudited – expressed in Canadian dollars)
As at December 31, 2014 and March 31, 2014

		As at December 30, 2014		As at March 31, 2014
ASSETS				
Current				
Cash and cash equivalents	$	596,670	$	814,737
Taxes receivable		27,089		32,965
Other receivable (Notes 6 and 8)		53,592		1,745,206
Prepaid expenses		33,201		29,428
Total Current Assets		710,552		2,622,336
Exploration and evaluation costs (Notes 5, 6 and 8)		21,244,935		19,546,377
Equipment and camp buildings (Note 7)		194,225		221,014
Total Non-Current Assets		21,439,160		19,767,391
Total Assets	$	22,149,712	$	22,389,727
LIABILITIES				
Current				
Trade and other payables	$	149,200	$	183,798
Total Current Liabilities		149,200		183,798
Non-Current				
Deferred income tax liabilities		927,000		927,000
Total Non-Current Liabilities		927,000		927,000
Total Liabilities		1,076,200		1,110,798
SHAREHOLDERS' EQUITY				
Share capital (Note 10)		32,683,075		32,066,695
Contributed surplus (Note 10)		4,095,597		3,904,436
Deficit		(15,705,160)		(14,692,202)
Total Shareholders' Equity		21,073,512		21,278,929
Total Liabilities and Shareholders' Equity	$	22,149,712	$	22,389,727

Signed on behalf of the Board by:

"Conrad Swanson" Director
"John Watt" Director

See accompanying notes to the condensed consolidated interim financial statements.

GOLD REACH RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(unaudited - expressed in Canadian dollars)
For the Three and Nine Months Ended December 31, 2014 and 2013

	For the three months ended December 31,		For the nine months ended December 31,	
	2014	2013	2014	2013
EXPENSES				
Amortization	$ 14,762	$ 14,825	$ 44,020	$ 44,478
Investor relations	19,632	46,173	114,791	160,423
Management and administration fees	82,606	100,907	301,899	289,525
Office	20,562	41,103	63,890	101,275
Professional fees	31,600	29,385	169,604	100,996
Rent	10,353	4,439	25,663	13,315
Share based payments (Note 8)	-	320,745	161,663	464,713
Transfer agent and filing fees	5,525	4,939	25,320	19,158
Travel and promotion	13,713	54,754	68,199	146,401
	(198,753)	(617,270)	(975,049)	(1,340,284)
OTHER INCOME (EXPENSE):				
Interest expense	(9,186)	-	(44,035)	-
Interest income	-	-	-	4,484
Miscellaneous income	-	-	6,279	8,950
Corporate tax expense	-	-	(153)	-
LOSS BEFORE INCOME TAXES FOR THE PERIOD	(207,939)	(617,270)	(1,012,958)	(1,326,850)
INCOME TAXES	-	-	-	-
NET LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	$ (207,939)	$ (617,270)	$ (1,012,958)	$ (1,326,850)
LOSS PER SHARE - BASIC	$ (0.01)	$ (0.01)	$ (0.03)	$ (0.04)
LOSS PER SHARE - DILUTED	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.04)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	36,578,025	33,914,238	36,403,128	33,594,229

See accompanying notes to the condensed consolidated interim financial statements.

GOLD REACH RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(unaudited - expressed in Canadian dollars)
For the Nine Months Ended December 31, 2014 and 2013

	For the Nine Months Ended December 30, 2014	2013
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net loss for the period	$ (1,012,958)	$ (1,326,850)
Items not affecting cash:		
Share based payments	161,663	464,713
Amortization	44,020	44,479
	(807,275)	(817,658)
Changes in non-cash working capital items:		
Taxes recoverable	5,876	(1,990,085)
Prepaid expenses	(3,773)	9,360
Trade and other payables	(34,598)	910,298
Cash used in operating activities	(839,770)	(1,888,085)
INVESTING ACTIVITIES		
Investment in exploration and evaluation assets	8,261	(4,168,132)
Acquisition costs of exploration and evaluation assets	(12,805)	(35,256)
Reclamation bond refund (purchase)	-	(50,000)
Acquisition of equipment	(17,231)	(45,184)
Cash used in investing activities	(21,775)	(4,298,572)
FINANCING ACTIVITIES		
Bridge loan proceeds	1,000,000	-
Bridge loan principal repayments	(1,000,000)	-
Proceeds from share issuance	719,280	3,727,130
Share issue costs	(75,802)	(21,860)
Cash provided by financing activities	643,478	3,705,270
NET INCREASE IN CASH	(218,067)	(2,481,387)
CASH AND CASH EQUIVALENTS - BEGINNING OF THE PERIOD	814,737	2,762,804
CASH AND CASH EQUIVALENTS - END OF THE PERIOD	$ 596,670	$ 281,417

See accompanying notes to the condensed consolidated interim financial statements.

GOLD REACH RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(unaudited - expressed in Canadian dollars)
For the Nine Months Ended December 31, 2014 and 2013

	Number of Shares	Capital Stock	Contributed Surplus	Deficit	Total Equity
Balance, April 1, 2013	31,501,557	$ 28,335,730	$ 3,416,287	$ (13,262,210)	$ 18,489,807
Issued for cash – non flow through share	1,263,500	1,263,500	-	-	1,263,500
Exercise of stock options	12,000	6,000	-	-	6,000
Exercise of share purchase warrants	2,754,033	2,457,630	-	-	2,457,630
Share issue costs	-	(21,860)	-	-	(21,860)
Stock based compensation	-	(2,306)	467,019	-	464,713
Net loss and comprehensive loss for the period	-	-	-	(1,326,850)	(1,326,850)
Balance, December 31, 2013	33,531,090	$ 32,038,694	$ 3,883,306	$ (14,589,060)	$ 21,332,940
Balance, April 1, 2014	35,576,090	$ 32,066,695	$ 3,904,436	$ (14,692,202)	$ 21,278,929
Issued for cash - flow through shares	999,000	719,280	-	-	719,280
Issued for property acquisition	10,000	2,400	-	-	2,400
Share issue costs	-	(75,802)	-	-	(75,802)
Stock based compensation	-	(29,498)	191,161	-	161,663
Net loss and comprehensive loss for the period	-			(1,012,958)	(1,012,958)
Balance, December 31, 2014	36,585,090	$ 32,683,075	$ 4,095,597	$ (15,705,160)	$ 21,073,512

See accompanying notes to the condensed consolidated interim financial statements

1. CORPORATE INFORMATION

The Company is engaged principally in the acquisition, exploration and development of mineral properties. The recovery of the Company's investment in mineral properties and attainment of profitable operations is principally dependent upon financing being arranged by the Company to continue operations, explore and develop the mineral properties and the discovery, development and sale of ore reserves.

The Company was incorporated under the Business Corporations Act of British Columbia by Certificate of Incorporation dated November 29, 1965. The Company is listed on the TSX Venture Exchange ("TSX-V"), having the symbol GRV-V, as a Tier 2 mining issuer.

The address of the Company's corporate office and principal place of business is Suite 888 - 700 West Georgia Street, Vancouver, British Columbia, V7Y 1G5.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The condensed unaudited consolidated interim financial statements of the Company for the nine months ending December 31, 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These unaudited condensed consolidated interim financial statements have been prepared in full compliance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"). Accordingly, these condensed consolidated interim financial statements follow the same accounting principles and methods of application as the audited annual consolidated financial statements for the year ended March 31, 2014 but may condense or omit certain disclosures that otherwise would be present in annual financial statements prepared in accordance with IFRS. These financial statements should therefore be read in conjunction with the audited annual consolidated financial statements for the year ended March 31, 2014. Results for the period ended December 31, 2014, are not necessarily indicative of future results.

These unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on February 11, 2015.

(b) Basis of Presentation and Measurement

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis and include the accounts of the Company and its wholly-owned subsidiary, Ootsa Ventures Ltd. All material intercompany accounts and transactions have been eliminated.

2. BASIS OF PREPARATION

(b) Basis of Presentation and Measurement (continued)

The unaudited condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company's and its subsidiary's functional currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

There have been no material revisions to the accounting policies reported in the Company's audited Consolidated Financial Statements for the Year Ended March 31, 2014.

(a) Going Concern of Operations

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations over the next year.

At December 31, 2014 the Company had not yet achieved profitable operations, had accumulated losses of $15,705,221 since inception, had working capital of $561,352 and expects to incur further losses in the development of its business however, the Company has sufficient cash resources to meet its obligations for at least twelve months from the date of approval of these financial statements. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

(b) New standards, interpretations and amendments

The following new standards, interpretations and amendments, which have not been applied in these unaudited condensed consolidated interim financial statements; will or may have an effect on the Company's future financial statements.

- IFRS 9 Financial Instruments

  IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) New standards, interpretations and amendments (continued)

business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after February 1, 2015. The Company is in the process of evaluating the impact of the new standard.

- IAS 24 Related Party Disclosures

The amendments to IAS 24 clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

- IFRIC 21 Levies

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. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements. Amendment to IAS 1, Presentation of Financial Statements

The amendments to IAS 1 revised the presentation of other comprehensive income (OCI). Separate subtotals are required for items which may subsequently be recycled through profit or loss and items that will not be recycled through profit or loss. The Company has updated the presentation of OCI on the face of the Statement of Comprehensive Income.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

There have been no material revisions to the nature of judgments and amount of changes in estimates of amounts reported in the Company's unaudited Condensed Consolidated Interim Financial Statements for the nine months ended December 31, 2014.

5. RECLAMATION BONDS

Included in Mineral Exploration and Evaluation Costs as at December 31, 2014 is the Company's aggregate reclamation bonds posted with the Mining and Minerals Division of the British Columbia Government in the amount of $162,400 (March 31, 2014 - $162,400).

The remaining bonds cover the future site restoration costs with respect to the Seel and Ox Lake Claims, collectively known as the Oosta Property. All or part of the $162,400 can be recovered subject to the inspection of the sites and assessment of the restoration costs by the Mining and Minerals Division of the British Columbia Government.

The bonds have not been discounted from their future value because the Company estimates the bonds may be settled within 2 years and the discounting cost being considered immaterial. The Company believes that the amount of the bonds includes sufficient risk premium.

On June 6, 2013 and on January 30, 2014 the Company increased its aggregate reclamation bonds with respect to the Ootsa Property posted with the Mining and Minerals Division of the British Columbia Government in the amount of $50,000 and $15,000 resulting in $162,400 being the updated aggregate total of posted reclamation bonds. Recovery of the posted bonds remains subject to the inspection of the sites and assessment of the restoration costs by the Mining and Minerals Division of the British Columbia Government.

6. MINERAL PROPERTIES

<u>Ootsa Property</u>

As at December 31, 2014, the Company owned a 100% interest in the Ootsa Property, located in central British Columbia, comprised of mineral claims totalling 72,116 hectares. Of these 114 mineral claims, 14 claims totalling 575 hectares, known as the Ox claims, are subject to a 2% NSR. The purchase agreement with the vendor, Silver Standard Resources Inc., ("Silver") entitles the Company to purchase 50% of the 2% NSR from Silver at any time by the payment to Silver of $500,000. The Company may purchase the remaining 1% NSR at any time by payment to Silver of an additional $1,000,000.

There are 4 claims totalling 2,600 hectares, known as the Seel claims, which are subject to a 1% NSR. The Company is entitled at any time to purchase 50% of this 1% NSR for $1,000,000. There is an associated Area of Interest with these claims, defined as the area lying within a distance of 1 kilometre from the external boundaries of the claims.

Two additional claims known as the Swing claims (Captain Mine) totalling 383.42 hectares were purchased in March 2014 for 25,000 common shares of the Company at market value of $0.91 (Canadian) per common share are subject to a 2% NSR. The purchase agreement with the vendor entitles the Company to purchase 50% of the 2% NSR from the vendor at any time by the payment to the vendor of $500,000 or the Company may purchase the entire 2% NSR at any time by payment to the vendor of $1,000,000.

6. MINERAL PROPERTIES (continued)

The Troitsa Peak claim totalling 211.26 hectares was purchased in November 2014 for total consideration of $5,000 cash and 10,000 common shares of the Company. This claim is subject to a 1% NSR, half of which can be bought back at any time by the Company for $500,000.

In October 2014 the Company staked 8 additional claims totaling 1,017 hectares. All these claims are contiguous to the Ootsa Project claims. The Company now owns 72,116 hectares comprised of 114 claims.

104 of the claims at Ootsa (70,676.04 hectares) have had sufficient exploration work to remain valid until July 2, 2025. Ten claims (1439.82 hectares), representing recent staking or acquisitions have expiry dates in October and November of 2015.

Auro Property

In March 2012, the Company sold all of the Company's mineral interests known as the Auro and Auro South properties ("Properties") to New Gold Inc. ("New Gold"). Under the terms of the purchase agreement, the Company retained a 2% NSR on the Properties and New Gold has committed to spend Cdn. $1,500,000 ("the Work Commitment Amount") on exploration expenditures on the Properties as follows:

a) A minimum of $500,000 during the balance of 2012, (completed) and
b) A minimum of an additional $500,000 during calendar year 2013,(completed) and
c) A minimum of an additional $500,000 during calendar year 2014 (completed)

New Gold has completed its required spending commitment on the Auro claims.

British Columbia Mineral Tax Credits ("BCMETC")

Certain qualified exploration costs incurred by the Company entitles it for refundable tax credits as part of an exploration incentive plan offered by the Province of British Columbia. During the year ended March 31, 2014 the Canada Revenue Agency completed audits of the Company's BCMETC claims for the three years ended March 31, 2013. These audits resulted in receipt of $1,891,030 in refunds for those years. In addition, the Company filed a claim of $1,849,558 for the year ended March 31, 2014. Based on historical claim refunds, the Company discounted this BCMETC claim receivable to $1,700,000. On July 29, 2014 the Company received the full refund of $1,849,558 for the year ended March 31, 2014 and recorded the difference of $149,558 as an additional reduction of its cumulative exploration costs.

The Company estimates it will be entitled to approximately $320,000 refundable tax credits for the year ending March 31, 2015. The final estimate of this amount will be recorded as refundable upon the filing of the Company's corporate tax return in late April 2015. Upon receipt of the refundable tax credit the amount will be added to the Company's working capital.

(unaudited – expressed in Canadian dollars)

6. MINERAL PROPERTIES (continued)

Expenditures on mineral property acquisition and deferred exploration and development costs for the nine months ended December 31, 2014 and for the year ended March 31, 2014 are as follows:

(a) Mineral Property Costs for the Nine Months Ended December 31, 2014:

		Ootsa Property
Property acquisition costs		
Balance, beginning of the period	$	1,129,693
Cash costs		12,805
Shares issued		2,400
Share purchase warrants issued		-
Balance, end of the period		1,144,898
Deferred exploration and development costs		
Balance, beginning of the period		18,416,684
Incurred during the period:		
Drilling, blasting and trenching		948,131
Barge		16,840
Consulting – First Nations		10,000
First Nation engagement		3,000
Geology		131,159
Geophysics		3,288
Field costs		263,831
Travel		1,301
Assaying		92,007
Camp costs		76,186
Fuel		89,493
Insurance		4,306
Wages and related expenses		193,369
Total expenditures during the period		1,832,911
BC tax credit refunds		(149,558)
Net expenditures during the period		1,683,353
Total expenditures, end of the period		20,100,037
Balance, end of the period	$	21,244,935

(unaudited – expressed in Canadian dollars)

6. MINERAL PROPERTIES (continued)

(b) Mineral Property Costs for the Years Ended March 31, 2014:

	Ootsa Property
Property acquisition costs	
Balance, beginning of the year	$ 1,049,742
Cash costs	36,071
Shares issued	22,750
Share purchase warrants issued	21,130
Balance, end of the year	1,129,693
Deferred exploration and development costs	
Balance, beginning of the year	15,685,624
Incurred during the year:	
Drilling, blasting and trenching	3,435,026
Barge	59,818
Geology	433,520
Geophysics	185,738
Consulting fees – First Nations	25,000
Field costs	631,751
Reclamation bond	65,000
Travel	15,096
Assaying	554,076
Camp costs	172,848
Fuel	234,583
Insurance	7,734
Wages and related expenses	501,900
Total expenditures during the year	6,322,090
BC tax credit refunds	(3,591,030)
Net expenditure during the year	2,731,060
Total expenditures, end of the year	18,416,684
Balance, end of the year	$ 19,546,377

(unaudited – expressed in Canadian dollars)

7. EQUIPMENT AND CAMP BUILDINGS

	Office Equipment	Camp Vehicles And Equipment	Camp Buildings And Septic System	Bridge	Total
Cost					
Balance at March 31, 2013	$ 20,965	$ 94,134	$ 158,000	$ 32,855	$ 305,954
Additions	6,406	17,941	20,838	-	45,185
Disposals	-	-	-	-	-
Balance at March 31, 2014	27,371	112,075	178,838	32,855	351,139
Additions	6,732	10,500	-	-	17,232
Disposals	-	-	-	-	-
Balance at December 31, 2014	$ 34,103	$ 122,575	$ 178,838	$ 32,855	$ 368,371
Depreciation and impairment					
Balance at March 31, 2013	$ 10,335	$ 43,042	$ 15,800	$ 1,643	$ 70,820
Additions	6,239	16,097	33,684	3,285	59,305
Disposals	-	-	-	-	-
Balance at March 31, 2014	16,574	59,139	49,484	4,928	130,125
Additions	1,612	13,119	26,826	2,464	44,021
Disposals	-	-	-	-	-
Balance at December 31, 2014	$ 18,186	$ 72,258	$ 76,310	$ 7,392	$ 174,146
Carrying amounts - NBV					
At March 31, 2014	$ 10,797	$ 52,936	$ 129,354	$ 27,927	$ 221,014
At December 31, 2014	$ 15,917	$ 50,317	$ 102,528	$ 25,463	$ 194,225

8. RELATED PARTY TRANSACTIONS

All comparative amounts are for the nine months ended December 31, 2014.

(a) During the nine months ended December 31, 2014, management and director fees of $195,000 (2013 - $193,000) were paid to directors or officers of the Company or to companies controlled by directors or officers of the Company.

(b) During the nine months ended December 31, 2014, consulting and geological fees of $10,000 (2013 - $100,000) included in exploration and evaluation assets were paid to directors or officers of the Company or to companies controlled by directors or officers of the Company.

(unaudited – expressed in Canadian dollars)

8. RELATED PARTY TRANSACTIONS (continued)

(c) During the nine months ended December 31, 2014, administration fees of $24,300 (2013 - $24,300) were paid to Companies controlled by a directors or officers of the Company.

(d) Included in other receivables at December 31, 2014 is $53,592 (2013 - $35,266) owing from a company with directors in common for its share of the office rent and administration costs.

(e) During the nine months ended December 31, 2014, legal fees of $nil (2013 - $6,784) were paid to a professional law firm in which a director is a principal.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors.

The Company incurred the following transactions with companies controlled by directors of the Company.

	For the nine months ended December 31,			
		2014		**2013**
Management fees - mineral property costs	$	10,000	$	100,000
Professional fees – legal		-		6,784
Professional fees - administration		24,300		24,300
Management and administration		195,000		193,000
	$	229,300	$	324,084

Key management personnel compensation:	For the nine months ended December 31,			
		2014		**2013**
Management fees	$	229,300	$	324,084

Non-key management personnel compensation:	For the nine months ended December 31,			
		2014		**2013**
Director's fees	$	12,000	$	15,500

Key management personnel compensation:	For the nine months ended December 31,			
		2014		**2013**
Short term employee benefits	$	229,300	$	324,084
Share-based payments		34,213		361,640
	$	263,513	$	685,724

9. BRIDGE LOAN

During the year ended March 31, 2014, the Company incurred exploration expenditures in British Columbia on the Ootsa Property under provisions of the British Columbia Mineral Tax Credit legislation ("BCMETC") entitling the Company to a tax credit refund of 30% of qualifying expenditures. Subject to an anticipated audit by Canada Revenue Agency of the qualified costs, a refund in excess of $1,700,000 was estimated by the Company and the refund for the full amount of $1,849,558 was received on July 29, 2014.

To access a portion of the estimated refund for the use on the 2014 summer Ootsa Project exploration program, the Company entered into a $1,000,000 bridge loan agreement on June 16, 2014 whereby the lender advanced to the Company the loan amount ("Loan"), bearing interest at 12% per annum to be accrued and compounded quarterly. The Loan and accrued interest will be secured by a first and floating charge on the BCMETC refund total. Repayment of the Loan's principal amount and payment of the accrued interest thereon are both due on the earlier of June 16, 2015 or within three days of the Company's receipt of the BCMETC refund ("Maturity Date") or to an extension to the Maturity Date as may be agreed to by the lender.

Accrued interest on the Bridge Loan for the nine months ended December 31, 2014 is $34,849.

On June 16, 2014, the date of the Loan advance, the Company issued 500,000 common share purchase warrants ("Bonus Warrants") entitling the lender to purchase one common share at any time on or before the June 16, 2015 at an exercise price per share equal to $0.80.

On August 14, 2014 the lender agreed to extend the Maturity Date to September 14, 2014 and a further extension to October 27, 2014.

Shares acquired by the lender from the exercise of Bonus Warrants are subject to a four-month hold period commencing from the date the shares are acquired.

On October 27, 2014, the loan was paid in full with accrued interest to the date of repayment.

(unaudited – expressed in Canadian dollars)

10. SHARE CAPITAL AND CONTRIBUTED SURPLUS

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

(b) Issued and fully paid:

	Number of Shares	Amount
Balance – March 31, 2013	31,501,557	$ 28,335,730
Issued for cash – non flow through	1,263,500	1,263,500
Issued for property acquisition	25,000	22,750
Exercise of warrants	2,754,033	2,457,630
Exercise of options	32,000	12,000
Less: share issue costs SBC	-	(2,306)
Less: share issue costs	-	(22,609)
Balance – March 31, 2014	35,576,090	$ 32,066,695
Issued for cash – flow through	999,000	719,280
Issued for property acquisition	10,000	2,400
Less: share issue costs SBC	-	(29,498)
Less: share issue costs	-	(75,802)
Balance – December 31, 2014	36,585,090	$ 32,683,075

Transactions during the Nine Months Ended December 31, 2014

i) On December 4, 2014, the Company acquired one mineral claim by issuing to the vendor 10,000 shares at market value of $0.24 per common share (refer to Note 6).

ii) On June 3, 2014 the Company closed the non-brokered flow through private placement of 999,000, flow through units (each a "FT Unit") at a purchase price of $0.72 per FT Unit to raise gross proceeds of $719,280. Each Unit consists of one flow through common share ("FT Common Share") of the Company and one-half of a non-transferable non flow through common share purchase warrant ("Warrant"). Each whole Warrant will entitle the holder to acquire one additional common share (a "Warrant Share") of the Company at an exercise price of $0.80 per common share of the Company at any time on or before June 3, 2016. If the Company's common shares trade at or above a weighted average price of $1.30 per share for 10 consecutive trading days, the Company may give notice that each warrant may expire in 30 days.

The Company paid a finder's fee of $57,542 cash and issued 79,920 finder warrants with each finder warrant entitling the holder to acquire one additional common share of the Company at an exercise price of $0.72 per share at any time on or before June 3, 2016.

All of the securities issued pursuant to the private placement are subject to a minimum four month hold period which expires on October 4, 2014.

10. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

Transactions during the Year Ended March 31, 2014

iii) On June 10, 2013 the Company received TSX Venture exchange approval to extend the expiry date on 2,027,400 share purchase warrants exercisable at $0.90 per share originally set to expire on July 14, 2013 to an amended expiry date of October 17, 2013. All other terms and conditions of the share purchase warrants have remained the same as the original agreement. The Company has not attributed any additional fair value to the warrants due to the extension.

iv) During July and early September 2013 the Company completed non brokered private placements comprised of 925,500 units at a purchase price of $1.00 per unit for gross proceeds of $925,500. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of $2.00 per share for 12 months from the closing date. Each Warrant is subject to accelerated expiry provisions such that if at any time after the date of Closing of the private placement, the Company's common shares trade on the TSX Venture Exchange at or above a weighted average trading price of $2.50 per share for 10 consecutive trading days, the Company may give notice to the holders that each Warrant will expire 30 days from the date of providing such notice.

v) On December 16, 2013 the Company closed a non-brokered private placement and has issued a total of 338,000 units at a purchase price of $1.00 per unit for gross proceeds of $338,000.

Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of $1.50 per share at any time prior to December 16, 2014, subject to accelerated expiry, such expiry may be accelerated to 30 days in the event the Company's share have closed at or above a weighted average trading price of $2.50 per share for ten consecutive trading days.

The Company paid a finder's fee of $14,000 cash and 14,000 finder warrants with respect to this non-brokered private placement entitling the holder to purchase an additional common share on the same terms and conditions of the unit's whole share purchase warrants.

In compliance with Canadian securities laws, all of the securities issued in connection with this closing are subject to a hold period expiring on April 17, 2014.

vi) In January 2014, as part of entering into a Communications and Engagement Agreement with the Office of the Wet'suwet'en ("Wet'suwet'en") located in British Columbia, the Company issued 20,000 share purchase warrants to the Wet'suwet'en entitling them, for

(unaudited – expressed in Canadian dollars)

10. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

each warrant held, to purchase one common share of the Company at any time prior to January 3, 2019 at a price of $1.50 per common share.

The value attributable to these warrants has been measured indirectly by reference to the fair value of the equity instruments granted as detailed in Note 10 (c). The presumption that the fair value of the goods or services received can be estimated reliably has been rebutted due to the specific nature of the transaction and lack of available information on which to estimate the market value of the goods or services received.

vii) In March 2014, the Company acquired two mineral claims by issuing to the vendor 25,000 shares at market value of $0.91 per common share (refer to Note 6).

(c) Share Purchase Warrants:

A continuity schedule of outstanding share purchase warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2013	5,455,108	$1.26
Issued	1,114,500	$1.92
Exercised	(2,754,033)	$0.89
Expired	(1,371,075)	$1.83
Balance, March 31, 2014	2,444,500	$1.65
Issued - Unit Offering	499,500	$0.80
Issued – Bridge Loan	500,000	$0.80
Exercised	-	-
Expired	(2,174,500)	$1.66
Balance, December 31, 2014	1,269,500	$0.95

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10. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(c) Share Purchase Warrants (continued):

As at December 31, 2014 outstanding share purchase warrants are:

Number of Warrants	Exercise Price	Expiry Date
500,000	$0.80	June 16, 2015
499,500	$0.80	June 3, 2016
250,000	$1.50	October 12, 2017
20,000	$1.50	January 3, 2019
1,269,500		

The Black-Scholes model inputs for the Bridge Loan bonus warrants granted during the nine months ended December 31, 2014 (Note 9) included:

Grant Date	Expiry Date	Share Price At Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield
June 16, 2014	June 16, 2015	$0.68	$0.80	1.10	1 year	0.9153	0

The Black-Scholes model inputs for the Wet'suwet'en warrants granted during the year ended March 31, 2014 included:

Grant Date	Expiry Date	Share Price At Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield
January 3, 2014	January 3, 2019	$1.20	$1.50	1.04	5 years	1.4296	0

(unaudited – expressed in Canadian dollars)

10. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(d) Agents' warrants (continued):

A continuity schedule of outstanding agents' warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2013	18,750	$2.50
Issued	14,000	$1.50
Expired	(18,750)	$2.50
Balance, March 31, 2014	14,000	$1.50
Issued	79,920	$0.72
Expired	(14,000)	$1.50
Balance, December 31, 2014	79,920	$0.72

As at December 31, 2014 outstanding agent's warrants are:

Number of Warrants	Exercise Price	Expiry Date
79,920	$0.72	June 3, 2016

The Black-Scholes model inputs for finder's warrants granted during the nine months ended December 31, 2014 included:

Grant Date	Expiry Date	Share Price At Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield
June 3, 2014	June 3, 2016	$0.69	$0.72	1.09	2 years	1.0435	0

(unaudited – expressed in Canadian dollars)

10. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(d) Agents' warrants (continued):

The Black-Scholes model inputs for finder's warrants granted during the year ended March 31, 2014 included:

Grant Date	Expiry Date	Share Price At Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield
December 16, 2013	December 16, 2014	$0.83	$1.50	1.09	1 year	0.9515	0

(e) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's balance sheet include 'Contributed Surplus' and 'Accumulated Deficit'.

'Contributed Surplus' is used to recognize the value of stock option grants and share warrants prior to exercise. 'Accumulated Deficit' is used to record the Company's change in deficit from earnings from year to year.

(f) Stock options:

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant.

The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of grant.

The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSXV).

Options may be granted for a maximum term of five years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company. Unless otherwise stated, share purchase options vest when granted.

(unaudited – expressed in Canadian dollars)

10. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

A summary of the Company's option transactions for the nine months ended December 31, 2014 and for the year ended March 31, 2014 is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Contractual Life (years)
Balance, March 31, 2013	3,149,226	$0.78	3.67
Granted	407,083	$1.30	
Exercised	(32,000)	$0.38	
Cancelled	(25,000)	$1.27	
Balance, March 31, 2014	3,499,309	$0.84	3.77
Granted	50,000	$0.80	
Granted	38,000	$0.75	
Exercised	-	-	
Cancelled	-	-	
Balance, December 31, 2014	3,587,309	$0.84	2.29

The weighted average share price of options exercised, as at the date of exercise, during the nine months ended December 31, 2014 was $nil.

(unaudited – expressed in Canadian dollars)

10. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(f) Stock options (continued):

As at December 31, 2014 outstanding vested stock options are:

Number of Options	Exercise Price	Expiry Date
80,800	$0.30	March 31, 2015
50,000	$0.45	June 8, 2015
95,000	$0.45	July 13, 2015
290,934	$0.50	January 7, 2016
30,000	$0.50	May 18, 2016
203,000	$0.65	July 14, 2016
80,000	$0.70	September 20, 2016
1,158,000	$0.60	January 3, 2017
22,754	$0.70	January 23, 2017
96,000	$0.60	March 30, 2017
161,000	$0.83	June 12, 2017
253,429	$1.50	June 27, 2017
92,950	$1.41	October 31, 2017
478,359	$1.20	March 5, 2018
127,510	$1.30	September 3, 2018
279,573	$1.30	October 28, 2018
50,000	$0.80	April 11, 2019
38,000	$0.75	July 17, 2019
3,587,309		

The Black-Scholes model inputs for options granted during the nine months ended December 31, 2014 included:

Grant Date	Expiry Date	Share Price At Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield
April 11, 2014	April 11, 2019	$0.80	$0.80	1.05	5 years	1.2919	0
July 17, 2014	July 17, 2019	$0.75	$0.75	1.08	5 years	1.2345	0

The Black-Scholes model inputs for options granted during the year ended March 31, 2014 included:

Grant Date	Expiry Date	Share Price At Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield
September 3, 2013	September 3, 2018	$1.22	$1.30	1.24	5 years	1.5950	0
October 28, 2013	October 28, 2018	$1.25	$1.30	1.09	5 years	1.5511	0

(unaudited – expressed in Canadian dollars)

10. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(f) Stock options (continued):

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes for future volatility due to publicly available information.

(g) Contributed Surplus:

During the nine months ended December 31, 2014 $191,161 (Year ended March 31, 2014, $488,149) was recorded as stock-based compensation related to the granting of 88,000 incentive stock options (Year ended March 31, 2014 – 407,083), 79,920 finder's warrants per Note 10 (b)(ii) (Year ended March 31, 2014 – 14,000) and 500,000 bonus warrants per Note 9 (Year ended March 31, 2014 - 20,000 warrants to the Wet'suwet'en per Note 10 (b)(vi)). Of this amount, $161,663 has been included as an expense in the consolidated statement of comprehensive loss and $29,498 has been included in share issue costs on the Consolidated Statement of Financial Position.

A continuity of contributed surplus is as follows:

	For the Nine Months Ended December 31, 2014	For the Year Ended March 31, 2014
Balance, beginning of period	$ 3,904,436	$ 3,416,287
Stock-based compensation - expensed	58,069	464,713
Stock-based compensation - share issue costs	29,498	2,306
Stock-based compensation - property acquisition	-	21,130
Stock-based compensation – bonus warrants	103,594	-
Balance, end of period	$ 4,095,597	$ 3,904,436

11. FINANCIAL INSTRUMENTS, MANAGEMENT OF CAPITAL AND FINANCIAL RISK

All financial instruments are included on the Company's balance sheet and measured at either fair value or amortized cost.

The Company's financial assets consist of cash and cash equivalents and amounts receivable, which are designated as loans and receivables and measured at amortized cost.

The Company's financial liabilities consist of accounts payable and accrued liabilities and due to related parties, which are designated as other financial liabilities and measured at amortized cost.

The carrying values of the Company's financial instruments measured at amortized costs approximate their fair values due to their short-term nature.

11. FINANCIAL INSTRUMENTS, MANAGEMENT OF CAPITAL AND FINANCIAL RISK (continued)

Financial Instrument Risk Exposure and Risk Management

The Company is exposed to credit, liquidity and market risk with respect to its financial instruments. The types of the risk exposure and the ways in which such exposures are managed are provided as follows:

(a) *Credit risk:*

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents and amounts receivable. The Company limits exposure to credit risk arising from its cash and cash equivalents by maintaining its cash and cash equivalents with high credit quality financial institutions. The Company's receivables consist of sales taxes due from the Federal Government of Canada and related party amounts receivable. The Company has not experienced and does not expect to experience any bad debts on its receivables outstanding at December 31, 2014.

(b) *Liquidity risk*:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations and commitments as they become due. The Company ensures that there is sufficient working capital in order to meet short-term business requirements. The Company has determined that it has sufficient funds to meet its business requirements as they become due.

(c) *Market risk*:

The market risk exposures to which the Company is exposed are interest rate risk and foreign currency exchange risk.

(*i*) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest-bearing financial instruments are comprised of cash and cash equivalents, which bear interest at variable rates.

(*ii*) Foreign currency exchange risk:

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Company's functional currency is the Canadian dollar.

The Company incurs foreign currency exchange risk on purchases that are denominated in a currency other than the functional currency of the Company, which will have an impact on the profitability of the Company and may also affect the value of the Company's assets, liabilities and the amount of shareholders' equity.

11. FINANCIAL INSTRUMENTS, MANAGEMENT OF CAPITAL AND FINANCIAL RISK (continued)

The Company has no holdings of any foreign currency and accordingly the Company considers its foreign currency exchange risk as minimal and immaterial and does not enter into any foreign currency hedging contracts.

The Company manages and adjusts its capital structure based on available funds in order to support its operations and the acquisition and exploration of mineral properties.

The Company's primary objectives in managing capital are to:

- Safeguard the entity's ability to continue as a going concern
- Maintain an optimal capital base in order to support the capital requirements of its operations, including
- growth opportunities and maintaining investor confidence

As at December 31, 2014 the capital of the Company consists of shareholders' equity totaling-$21,073,512 (March 31, 2014 - $21,278,929).

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. 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. The Company relies on capital markets to support continued growth.

12. SEGMENTED INFORMATION

During the nine months ended December 31, 2014 and for the year ended March 31, 2014 the Company operated in one reportable operating segment, being the acquisition, exploration and development of mineral properties in British Columbia. Administrative expenses and working capital balances are located in Canada.

13. NON-CASH TRANSACTIONS

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. The following transactions have been excluded from the statements of cash flows.

During the nine months ended December 31, 2014:

a) The Company incurred share issue costs of $29,498 in relation to an issue of 79,920 finder's warrant with an exercise price of $0.72 and a June 3, 2016 expiry (refer to Note 10(b)(ii)).

b) The Company accrued an additional $149,558 to reflect the increase in the total BCMETC refund received.

(unaudited – expressed in Canadian dollars)

13. NON-CASH TRANSACTIONS (continued)

During the year ended March 31, 2014:

c) The Company capitalized stock based compensation of $21,130 as part of property acquisition costs within mineral properties relating to the grant of 20,000 share purchase warrants issued to the Wet'suwet'en per Note 10 (b)(vi).

d) The Company incurred share issue costs of $2,306 in relation to an issue of 14,000 finder's warrant with an exercise price of $1.50 and a December 16, 2014 expiry (refer to Note 10(b)(v)).

e) The Company accrued $1,700,000 as other receivable for its BCMETC refund.

14. COMMITMENTS AND CONTINGENCIES

The Company is committed to an operating lease on its office premises expiring on September 29, 2016. The Company's lease commitments for the total annual basic lease rate and operating costs spanning the fiscal 2015 and 2016 are as follows:

2015	41,412
2016	31,059