

ROMIOS GOLD RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

**For the years ended June 30, 2015 and 2014
(Expressed in Canadian \$)**

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared by and are the responsibility of the management of Romios Gold Resources Inc. (the "Company"). The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and reflect management's best estimates and judgments based on currently available information. The Company has developed and maintains a system of internal controls in order to ensure, on a reasonable and cost effective basis, the reliability of the financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibility and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee. The consolidated financial statements have been audited by Wasserman Ramsay, an independent firm of chartered accountants. Their report outlines the scope of their examination and opinion on the consolidated financial statements.

(signed) "Tom Drivas"
Chief Executive Officer

(signed) "Michael D'Amico"
Chief Financial Officer

September 30, 2015

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Romios Gold Resources Inc.:

We have audited the accompanying consolidated financial statements of Romios Gold Resources Inc. and its subsidiary, which comprise the consolidated statements of financial position as at June 30, 2015 and 2014 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

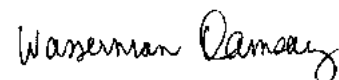
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Romios Gold Resources Inc. and its subsidiary as at June 30, 2015 and 2014 and the results of its operations, changes in equity and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.



Chartered Accountants
Licensed Public Accountants

Markham, Ontario
September 30, 2015

Romios Gold Resources Inc.
Consolidated Statements of Financial Position
(Expressed in Cdn \$)

As at	June 30	June 30
	2015	2014
	\$	\$
<hr/>		
Assets		
Current		
Cash and cash equivalents (note 5)	524,492	913,874
Accounts receivable	12,620	7,757
Prepaid expenses	61,516	64,843
Total current assets	598,628	986,474
Exploration and evaluation assets (note 6)		
Acquisition costs	4,265,509	4,246,427
Total assets	4,864,137	5,232,901
<hr/>		
Liabilities		
Current		
Accounts payable & accruals	165,225	105,688
Total liabilities	165,225	105,688
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<i>Contingencies and commitments (note 13)</i>		
Shareholders' equity		
Share capital (note 7(a))	30,871,993	30,871,993
Contributed surplus (note 8)	4,045,204	3,925,568
Deficit	(30,218,285)	(29,670,348)
Total shareholders' equity	4,698,912	5,127,213
Total liabilities and shareholders' equity	4,864,137	5,232,901

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

APPROVED ON BEHALF OF THE BOARD on September 30, 2015

"Signed"
Anastasios (Tom) Drivas

"Signed"
Frank van de Water

Romios Gold Resources Inc.
Consolidated Statements of Changes in Equity
(Expressed in Cdn \$)
 See Change in Accounting Policy Note 3

	Share Capital \$	Contributed Surplus \$	Deficit \$	Total \$
At June 30, 2013 (Note 3)	30,796,443	3,758,933	(28,680,313)	5,875,063
Net loss and comprehensive loss for the period	-	-	(990,035)	(990,035)
Flow-through shares issued, net	75,550	-	-	75,550
Share-based compensation	-	166,635	-	166,635
At June 30, 2014	30,871,993	3,925,568	(29,670,348)	5,127,213
Net loss and comprehensive loss for the period	-	-	(547,937)	(547,937)
Share-based compensation	-	119,636	-	119,636
At June 30, 2015	30,871,993	4,045,204	(30,218,285)	4,698,912

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

Romios Gold Resources Inc.

Consolidated Statements of Loss, and Comprehensive Loss

(Expressed in Cdn \$)

See Change in Accounting Policy Note 3

	For the years ended June 30	
	2015	2014
	\$	\$
Expenses		
Operating activities:		
Exploration expenditures	216,069	367,016
Less: provincial refunds	(205,138)	(4,145)
Net exploration expenditures	10,931	362,871
Write off of acquisition costs (note 6)	10,918	-
General and administrative activities:		
Professional fees	72,080	94,385
Management fees and salaries	193,208	201,751
Office and general	111,632	108,895
Shareholder communication	39,445	73,314
Share-based compensation	119,636	166,635
Loss for the period before the following	(557,850)	(1,007,851)
Interest income	9,914	17,816
Net loss and comprehensive loss	(547,937)	(990,035)
Basic and diluted loss per share	0.00	0.01
Weighted average number of shares outstanding	158,362,001	157,557,605

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

Romios Gold Resources Inc.
Consolidated Statements of Cash Flows
(Expressed in Cdn \$)

See Change in Accounting Policy Note 3

	For the years ended June 30	
	2015	2014
	\$	\$
Operating activities		
Net loss for the period	(547,937)	(990,035)
Items not affecting cash:		
Write-off of acquisition costs	10,918	-
Share-based compensation	119,636	166,635
	(417,382)	(823,400)
Net change in non-cash working capital		
Accounts receivable	(4,862)	6,931
Prepaid expenses	3,326	169
Accounts payable and accrued liabilities	59,536	24,172
Net cash used in operating activities	(359,382)	(792,128)
Investing activities		
Exploration and evaluation assets acquisition costs	(30,000)	(43,652)
Net cash used in investing activities	(30,000)	(43,652)
Financing activities		
Private placement of flow-through shares	-	80,000
Share issue expense	-	(4,450)
Net cash from financing activities	-	75,550
Change in cash and cash equivalents	(389,382)	(760,230)
Cash and cash equivalents, beginning of period	913,874	1,674,104
Cash and cash equivalents, end of period	524,492	913,874

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

ROMIOS GOLD RESOURCES INC.

Notes to Consolidated Financial Statements

June 30, 2015

(Expressed in Canadian dollars unless otherwise stated)

1. Nature of operations and going concern

Romios Gold Resources Inc. ("Romios" or "the Company") is a listed public Company incorporated under the Ontario Business Corporations Act and has interests in resource properties which are being explored and evaluated to determine their economic viability. The registered office and location of corporate records is Suite 1220, 20 Toronto St., Toronto, Ontario.

These consolidated financial statements ("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 for the foreseeable future. As at June 30, 2015 the Company had no sources of operating cash flows. The Company will therefore require additional funding which, if not raised, would result in the curtailment of activities and project delays. The Company had working capital of \$433,403 as at June 30, 2015, and has incurred losses since inception, resulting in an accumulated deficit of \$30,218,285 as at June 30, 2015. The Company's ability to continue as a going concern is uncertain and is dependent upon its ability to continue to raise adequate financing. There can be no assurances that the Company will be successful in this regard, and therefore, there is doubt regarding the Company's ability to continue as a going concern, and accordingly, the use of accounting principles applicable to a going concern. These consolidated financial statements do not reflect adjustments that would be necessary if the "going concern" assumption is not appropriate. If the "going concern" assumption is not appropriate, adjustments to the carrying values of the assets and liabilities, the expenses and the balance sheet classifications, which could be material, would be necessary.

The recoverability of expenditures on its resource properties and related deferred exploration expenditures is dependent upon the existence of resources that are economically recoverable, confirmation of the Company's ownership interests in the claims, the ability of the Company to obtain necessary financing to complete the exploration and the development of the properties, and upon future profitable production or proceeds from disposition thereof.

2. Basis of preparation and statement of compliance

The Statements of the Company as at and for the year ended June 30, 2015 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") in effect as of June 30, 2015.

3. Voluntary Change in Accounting Policy

During the year ended June 30, 2015, the Company voluntarily changed its accounting policy for exploration and evaluation expenditures. Previously, the Company capitalized acquisition costs and deferred exploration and evaluation expenditures of mineral properties to the specific mineral properties, net of recoveries received.

Under the new policy, only the original acquisition costs of exploration and evaluation properties are capitalized and all expenditures incurred to explore prior to the establishment of technical feasibility and commercial viability of extracting mineral resources and prior to a decision to proceed with mine development, net of recoveries received, are charged to operations as incurred.

In accordance with the requirements of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, the Company has retrospectively applied this change in accounting policy. The effect of the change for the current and previous period is noted below.

Management considers this accounting policy provides more reliable and relevant information and more clearly represents the Company's results and financial position.

The consolidated financial statement impact as at July 1, 2013 is as follows:

Consolidated Statements of Financial Position	As previously reported	Effect of change	As restated
	\$	\$	\$
Deferred exploration expenditures	21,246,318	\$(21,246,318)	-
Total non-current assets	25,449,093	(21,246,318)	4,202,775
Total assets	27,202,897	(21,246,318)	5,956,579
Deferred income tax	2,270,522	(2,270,522)	-
Total Liabilities	2,352,038	(2,270,522)	81,516
Deficit	(9,704,517)	(18,975,796)	(28,680,313)
Total shareholders' equity	24,850,859	(18,975,796)	5,875,063
Total liabilities and shareholders' equity	27,202,897	(21,246,318)	5,956,579

The consolidated financial statement impact as at June 30, 2014 is as follows:

Consolidated Statements of Financial Position	As previously reported	Effect of change	As restated
	\$	\$	\$
Deferred exploration expenditures	21,609,189	(21,609,189)	-
Total non-current assets	25,855,616	(21,609,189)	4,246,427
Total assets	26,842,090	(21,609,189)	5,232,901
Deferred income tax	2,270,522	(2,270,522)	-
Total Liabilities	2,376,210	(2,270,522)	105,688
Deficit	(10,331,681)	(19,338,667)	(29,670,348)
Total shareholders' equity	24,465,880	(19,338,667)	5,127,213
Total liabilities and shareholders' equity	26,842,090	(21,609,189)	5,232,901

Consolidated Statements of Loss and Comprehensive Loss

	\$	\$	\$
Exploration and evaluation expenditures	-	362,871	362,871
Net loss and comprehensive loss for the year	627,164	362,871	990,035
Basic and diluted loss per year	(0.00)	(0.01)	(0.01)

Consolidated Statements of Cash Flows

	\$	\$	\$
Net loss for the year	(627,164)	(362,871)	(990,035)
Cash flows used in operating activities	(429,257)	(362,871)	(792,128)
Deferred exploration expenditures incurred	(362,871)	362,871	-
Cash flows used in investing activities	(406,523)	362,871	(43,652)

The consolidated financial statement impact as at June 30, 2015 is as follows:

Consolidated Statements of Financial Position	Under previous accounting policy	Effect of change	As reported
	\$	\$	\$
Deferred exploration expenditures	21,620,120	(21,620,120)	-
Total non-current assets	25,885,629	(21,620,120)	4,265,509
Total assets	26,484,257	(21,620,120)	4,864,137
Deferred income tax	2,270,522	(2,270,522)	-
Total Liabilities	2,435,747	(2,270,522)	165,225
Deficit	(10,868,687)	(19,349,598)	(30,218,285)
Total shareholders' equity	24,048,511	(19,349,598)	4,698,912
Total liabilities and shareholders' equity	26,484,257	(21,620,120)	4,864,137

Consolidated Statements of Loss and Comprehensive Loss

	\$	\$	\$
Exploration and evaluation expenditures	-	10,931	10,931
Net loss and comprehensive loss for the year	537,006	10,931	547,937
Basic and diluted loss per year	(0.00)	(0.00)	(0.00)

Consolidated Statements of Cash Flows

	\$	\$	\$
Net loss for the year	(537,006)	(10,931)	(547,937)
Cash flows used in operating activities	(348,451)	(10,931)	(359,382)
Deferred exploration expenditures incurred	(10,931)	10,931	-
Cash flows used in investing activities	(40,931)	10,931	(30,000)

4. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the Statements and in preparing the opening IFRS statement of financial position at July 1, 2010 for the purpose of the transition to IFRS unless otherwise indicated.

Principles of consolidation

The Statements include the accounts of 100% owned McLymont Mines Inc. All inter-company accounts and transactions have been eliminated on consolidation.

Presentation Currency

The Company's presentation currency and functional currency is the Canadian dollar ("C\$").

Significant Accounting Judgments and Estimates

The preparation of financial statements requires management to make estimates, judgments and assumptions that affect the amounts reported in the Statements and notes. By their nature, these estimates, judgments and assumptions are subject to measurement uncertainty and the effect on the Statements of changes in such estimates in future periods could be material. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future

events that are believed to be reasonable under the circumstances. The more significant estimates and judgments are as follows:

Critical accounting estimates

The amounts recorded for share-based compensation transactions are based on estimates. The Black-Scholes model is based on subjective estimates of assumptions for expected volatility, expected number of options to vest, dividend rate, risk-free interest rate and expected life of the options.

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

Management's opinion that there is no material restoration, rehabilitation and environmental obligation, is based on the existing facts and circumstances.

Deferred income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the statement of financial position and their corresponding tax values. Deferred income tax assets also result from unused loss carry-forwards and other deductions. The valuation of deferred income tax assets is adjusted to reflect the uncertainty of realization through profitable operations.

Critical accounting judgments

The following accounting policies involve judgments or assessments made by management:

- The determination of categories of financial assets and financial liabilities;
- The determination of a cash-generating unit for assessing and testing impairment; and
- The determination of when an exploration and evaluation asset moves from the exploration stage to the development stage.

Financial Instruments

Financial assets

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

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.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Corporation's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest 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 earnings in the period of determination.

Fair value through profit or loss - This category includes derivatives, and investments acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the statement of comprehensive income (loss).

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 directly in other comprehensive earnings. Where a decline in the fair value of an AFS financial asset constitutes objective evidence of impairment, the amount of the loss is removed from other comprehensive earnings and recognized in the statement of comprehensive income (loss).

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 are impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, 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 - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the statement of earnings.

Other financial liabilities - This category includes accounts payables and accrued liabilities, all of which are recognized at amortized cost.

Fair value hierarchy:

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to the valuation technique used to measure fair value as per IFRS 7. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company has valued all of its financial instruments using Level 1 measurements.

Impairment of financial assets:

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to profit or loss in the period.

Financial assets are assessed for indicators of impairment at the end of each reporting period.

Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as AFS, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash, Canadian Chartered Bank demand deposits and high-interest savings vehicles.

Foreign Currency Translation

In preparing the financial statements, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period-end exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction.

All gains and losses on translation of these foreign currency transactions are included in the consolidated statement of loss and comprehensive loss.

Exploration and Evaluation Assets

Exploration and evaluation assets include the costs of acquiring licenses, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination.

Expenditures incurred exploring and evaluating mineral properties are charged to the statement of loss as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are also expensed.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, which management has determined to be indicated by a feasibility study,

exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

It is management's judgment that none of the Company's exploration and evaluation assets have reached the development stage and as a result are all considered to be exploration and evaluation assets.

Share-based Compensation

The Company grants stock options to buy common shares of the Company to directors, officers, employees and services providers. The board of directors generally grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The fair value of share purchase options granted is recognized as an expense or charged to exploration and evaluation assets as appropriate, 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 for share purchase options granted to employees or those providing services similar to those provided by a direct employee is measured at the grant date and each tranche is recognized using the accelerated method basis over the period during which the share purchase options vest. The fair value of the share purchase options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the share purchase options were granted.

The fair value for share purchase options granted to non-employees for services provided is measured at the date the services are received. The fair value of the share purchase options granted is measured at the fair value of the services received, unless the fair value of services received cannot be estimated reliably, in which case the fair value of the share purchase options is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the share purchase options were granted.

At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest.

Income Taxes

Income tax on the profit or loss consists of current and deferred tax. Income tax expense 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 in equity.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized 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 deferred tax asset will be recovered, the deferred tax asset is reduced.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit;
- goodwill not deductible for tax purposes; and
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

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.

Restoration, Rehabilitation and Environmental Obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when an environmental disturbance is caused by the exploration, development or ongoing production of an interest in an exploration and evaluation asset. 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 reflect 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 amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period 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 has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance expense (“notional interest”).

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed. The Company presently does not have any amounts considered to be provisions.

Flow-through shares

The Company will, from time to time, issue flow-through common shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders and the premium liability is reversed. The reversal of the premium liability and the deferred tax liability are recognized as tax recoveries to the extent that suitable deferred tax assets are available.

Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the year. Since the Company is in a loss position, the effects of exercising share purchase options and warrants are anti-dilutive.

Impairment

Exploration and evaluation assets are reviewed on a quarterly basis and when changes in circumstances suggest their carrying value may become impaired. Management considers exploration and evaluation assets to be impaired if the carrying value exceeds the estimated undiscounted future projected cash flows from the use of the property and its related assets and their eventual disposition. If impairment is deemed to exist, the property and its related assets will be written down to fair value. Fair value is generally determined using a discounted cash flow analysis. Management determined that there was no impairment of carrying value on its properties in the current period.

Accounting pronouncements issued but not yet adopted

The following standards are either currently effective or will be effective soon with earlier adoption permitted. The Company has not early adopted any standards which are not yet effective and is currently assessing the impact they will have on the Statements.

IFRS 9, Financial Instruments, introduces new requirements for the classification, measurement and derecognition of financial instruments. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) outlines new disclosure requirements that enable users of the financial statements to better compare financial statements prepared in accordance with IFRS and US Generally Accepted Accounting Principles.

5. Cash and cash equivalents

Cash and cash equivalents and cash and cash equivalents held for future exploration activities consist of cash and investments in Canadian Chartered Bank demand money market funds.

During the year ended June 30, 2015, the Company spent a total of \$216,069 on exploration and evaluation activities, including the balance of all funds raised exclusively for Canadian Exploration Expenditures (“CEE”) in the current fiscal year.

6. Exploration and evaluation assets

Acquisition costs	British Columbia \$	Quebec \$	Nevada, USA \$	Total \$
Balance, June 30, 2013	4,089,312	74,997	38,466	4,202,775
Total additions for the period	43,652	-	-	43,652
Balance, June 30, 2014	4,132,964	74,997	38,466	4,246,427
Total additions for the period	30,000	-	-	30,000
Write-offs	(10,918)	-	-	(10,918)
Balance June 30, 2015	4,152,046	74,997	38,466	4,265,509

The Company's total holding in the Golden Triangle area is approximately 75,996 hectares (187,800 acres). Additional acquisition costs for British Columbia relate primarily to the value of shares for property payment obligations and maintenance fees for claims.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. In 2007, 2008 and 2009, acquisition costs for exploration and evaluation properties located in B.C., Ontario and Nevada were written off in the total amount of \$419,549.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, which management has determined to be indicated by a feasibility study, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

It is management's judgment that none of the Company's exploration and evaluation assets have reached the development stage and as a result are all considered to be exploration and evaluation assets.

Amounts expended to date for exploration and evaluation activities for each area are summarized below. These amounts have been charged to the statement of loss and comprehensive loss.

	British Columbia	Quebec	Ontario	Total
	\$	\$	\$	\$
Balance, June 30, 2013	20,203,490 ⁽¹⁾	950,538 ⁽²⁾	92,290	21,246,318
Total additions for the period	231,957	13,436	121,623	367,016
Quebec refund	-	(4,145)	-	(4,145)
Balance, June 30, 2014	20,435,447	959,829	213,913	21,609,189
Total additions for the period	187,792	15,151	13,126	216,069
British Columbia refund	(205,138)	-	-	(205,138)
Balance, June 30, 2015	20,418,101	974,980	227,039	21,620,120

(1) Amounts shown are net of refunds totalling \$441,053 received from the province of British Columbia.

(2) Amounts shown are net of refunds totalling \$422,255 received from the province of Quebec (2012 - \$56,906; 2011 - \$20,021 and 2010 - \$345,328).

7. Share capital

(a) Common shares

The Company is authorized to issue an unlimited number of no par value common shares. The following table provides the details of changes in the number of issued common shares.

	Number	Amount
	#	\$
Balance, June 30, 2013	156,762,001	30,796,443
Flow through units issued	1,600,000	80,000
Share issue costs	-	(4,450)
Balance, June 30, 2014 and June 2015	158,362,001	30,871,993

(b) Common share purchase options

The Company has a stock option plan for the benefit of directors, officers, key employees, and consultants. The total number of shares which may be reserved and set aside for issuance to eligible persons may not exceed 10% of the issued and outstanding common shares. As at June 30, 2015, 8,950,000 common shares were reserved for the exercise of stock options granted under the Company's stock option plan (the "Plan").

The following table provides the details of changes in the number of issued common share purchase options during the period:

	Options #	Weighted-average exercise price \$
Outstanding at June 30, 2013	7,125,000	0.18
Granted	5,800,000	0.10
Expired	(1,075,000)	0.25
Outstanding at June 30, 2014	11,850,000	0.14
Expired	(2,900,000)	0.14
Outstanding at June 30, 2015	8,950,000	0.13
Options exercisable at June 30, 2015	8,950,000	0.13

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
2,900,000	2,900,000	23.4 months	\$0.20	June 12, 2017
250,000	250,000	33.3 months	\$0.10	April 9, 2018
5,800,000	5,800,000	46.2 months	\$0.10	May 5, 2019
8,950,000	8,950,000			

The weighted average fair value of all the options granted and outstanding is \$0.13 per option, each contract fair value having been estimated at the date of grant using the Black-Scholes pricing model with the following assumptions: risk-free weighted-average interest rate ranging from 1.63% to 2.0%, expected dividend yield of nil, average expected volatility ranging from 126.85% to 141.18% and expected life term ranging from 24 to 60 months. Under this method of calculation, the Company has recorded \$119,636 as stock based compensation during the year ended June 30, 2015, being the fair value of the options vested during the year ended June 30, 2015. Options that have been issued and remain outstanding vest either immediately on the date of grant, or in equal instalments over a period of up to eighteen months from the date of grant.

(c) Warrants

On certain issuances of common shares, the Company grants warrants entitling the holder to acquire additional common shares of the Company, and the Company grants warrants as consideration for services associated with the placement of such common share issues.

The following table provides the details of changes in the number of outstanding common share purchase warrants:

	Number #	Price Range \$
Balance June 30, 2013	Nil	-
Private placement warrants issued to investors	1,600,000	0.05
Expired	(1,600,000)	0.05
Balance June 30, 2014 and June 2015	Nil	-

8. Contributed surplus

A summary of changes in contributed surplus is:

	Amount \$
Balance, June 30, 2013	3,758,933
Share-based compensation	166,635
Balance, June 30, 2014	3,925,568
Share-based compensation	119,636
Balance, June 30, 2015	4,045,204

The number of common shares outstanding on June 30, 2015 was 158,362,001. Taking into account outstanding share purchase options and 1,000,000 shares reserved for property transactions, the fully diluted common shares that could be outstanding on June 30, 2015 was 168,312,001.

9. Income taxes

The Company's effective income tax rate differs from the amount that would be computed by applying the combined Federal and Provincial statutory tax rate of 26.25% (2014 - 26.25%) to the net loss for the year for reasons noted below:

	June 30 2015 \$	June 30 2014 \$
Income tax recovery based on statutory rate	145,200	259,884
Actual provision per financial statements	-	-
Non-deductible items for tax purposes	(37,658)	(140,396)
Tax effect of tax rate change	-	(109,364)
Tax effect of adjustments to prior year balances	(107,542)	(10,124)
Net income tax recovery (expense)	-	-

The Company has incurred tax losses of \$5,519,200 (2014 - \$4,995,200) which may be used to reduce future taxable income. The potential benefit of these losses will expire in the fiscal years ended June 30, if unused, as follows:

	Amount \$
2027	642,000
2029	709,000
2030	622,000
2031	931,000
2032	950,500
2033	685,700
2034	573,000
2035	406,000
	5,519,200

In addition to the above losses the Company has available CEE of approximate \$4.1 million, CDE of \$2.9 million and FDEE \$1.6 million which can be used to offset future taxable income.

The components of future income tax asset (liability) are as noted below:

	June 30 2015	June 30 2014
	\$	\$
Non-capital losses	1,379,868	1,278,413
Capital assets	4,708	4,708
Exploration and evaluation assets	1,111,558	904,163
Valuation allowance	(2,496,134)	(2,187,284)
Net deferred income tax liability	-	-

10. Related party transactions

During the year ended June 30, 2015, the Company incurred related party expenses of \$198,433 (2014 – \$214,575). These expenses related to salary and consulting fees paid to the Company's key senior officers, Tom Drivas, President and Chief Executive Officer, Frank van de Water, Chief Operating Officer, Thomas Skimming, V.P. Exploration and Michael D'Amico, Chief Financial Officer. As at June 30, 2015, \$79,295 (2014 - \$34,534) is due and payable to these related parties. Key management personnel were not paid post-retirement benefits, termination benefits, or other long-term benefits during the years ended June 30, 2015 and 2014.

Share based compensation to key management and directors for the year ended June 30, 2015 was \$97,978 (2014 - \$137,291).

During the year ended June 30, 2015, the Company incurred expenses of \$2,817 (2014 - \$10,894) for legal fees to a law firm related to a Director of the Company, William R. Johnstone. At June 30, 2015, \$630 (2014 - \$2,590) was due and payable.

During the year ended June 30, 2015, the Company incurred expenses of \$18,000 (2014 - \$22,000) related to directors' fees to independent directors. At June 30, 2015, \$ 20,000 (2014 - \$7,500) was due and payable.

These amounts were expensed in the period incurred as administrative and general expenses. Expenses and amounts paid and owing are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

11. Financial instruments and risk management

Categories of financial assets and liabilities

Under IFRS, financial instruments are classified into one of the following five categories: Fair value through profit and loss ("FVTPL"), held to maturity investments, loans and receivables, AFS financial assets and other financial liabilities. The carrying values of the Company's financial instruments, including those held for sales are classified into the following categories:

	June 30 2015	June 30 2014
	\$	\$
FVTPL ⁽¹⁾	524,492	913,874
Loans and receivables ⁽²⁾	12,620	7,757
Other financial liabilities ⁽³⁾	37,538	43,493

(1) Includes cash, committed cash and short-term investments.

(2) Includes accounts receivable related to HST tax refunds.

(3) Includes accounts payable.

Financial Instruments

The carrying amounts for the Company's financial instruments approximate their fair values because of the short-term nature of these items.

- (i) Cash and cash equivalents and cash and cash equivalents held for future exploration are designated as FVTPL financial assets and are recorded at market value. The interest on deposits is insignificant.
- (ii) HST receivable is designated as loans and receivables and is recorded at cost.
- (iii) Accounts payable is designated as other financial liabilities and is recorded at cost.

Risks arising from financial instruments and risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company.

The Company uses various methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks.

Carrying value of exploration and evaluation assets

The Company regularly reviews the carrying value of its properties for impairment to determine whether the carrying amount of these assets will be recoverable from future cash flows. Assumptions underlying the cash flow estimates include the forecasted prices for gold, copper, silver and molybdenum, planned production levels, and operating, capital, exploration and reclamation costs, which are subject to risks and uncertainties. Management has determined that there is no impairment of carrying value on its British Columbia and Quebec properties.

(a) Market risk

- (i) *Price risk*
Commodity price risk

The price of gold and base metals may have an impact on the Company's exploration projects.

Sensitivity price risk

Anticipated changes in the value of gold and base metals would not, in management's opinion, change the recognized value of any of the Company's financial instruments.

- (ii) *Cash flow fair value interest rate risk*

The Company does not have interest-bearing borrowings for which general rate fluctuations apply. The Company is exposed to interest rate risk to the extent of the balance of the bank accounts.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. Credit risk arises from cash and deposits with Canadian Chartered Banks as well as credit exposures to outstanding receivables.

The Company has no concentration of credit risk. The carrying amounts of financial assets recorded in the Statements are at cost.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining at all times sufficient cash, liquid investments and committed credit facilities to meet the Company's commitments as they arise. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows. The Company is currently assessing all options to address its liquidity issues. It is not possible to determine with any certainty the success and adequacy of these initiatives.

12. Capital disclosures

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation assets. The capital of the Company consists of capital stock, warrants and contributed surplus.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and will raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements.

13. Contingencies and commitments

As at June 30, 2015:

- a) the Company has a lease commitment to December 31, 2015 for its principle office location which totals \$18,000, and
- b) the Company has \$40,894 on deposit as property reclamation bonds with various governmental agencies. These amounts are included with prepaid expenses.

14. Subsequent event

In August, 2015 the Company conducted additional prospecting and sampling on its Burgundy Ridge discovery located in the vicinity of Newmont Lake within its Golden Triangle Property in northwestern BC. Continuous chip samples and representative grab samples were collected in a southwestern direction, well beyond the area that was systematically sampled during the summer of 2014. All samples taken in August have been submitted for assay, with results pending.