Copperbank Resources Corp.

Consolidated Financial Statements

December 31, 2014

Expressed in Canadian Dollars

SmytheRatcliffe
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF COPPERBANK RESOURCES CORP.

We have audited the accompanying consolidated financial statements of Copperbank Resources Corp., which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of comprehensive loss, changes in equity (deficiency) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

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

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

Smythe Ratcliffe LLP

Chartered Accountants

Vancouver, British Columbia
April 29, 2015

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Copperbank Resources Corp.
Consolidated Statements of Financial Position
Expressed in Canadian Dollars

As at December 31,	**2014**	**2013**
ASSETS		
Current assets		
Cash	$ 772,418	$ 48,271
Other receivables	21,510	-
Prepaid expenses and deposits	52,774	8,916
Total current assets	846,702	57,187
Non-current assets		
Reclamation deposit (Note 6)	41,386	37,943
Property and equipment (Note 8)	60,762	546,423
Resource properties (Note 6)	11,698,720	15,298,685
Total non-current assets	11,800,868	15,883,051
TOTAL ASSETS	**$ 12,647,570**	**$ 15,940,238**
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Accounts payable and accrued liabilities	$ 78,507	$ 24,486
Due to related party (Note 7)	43,500	-
Advances from parent company (Note 4(b))	-	23,398,696
Total liabilities	122,007	23,423,182
Shareholders' equity (deficiency)		
Share capital (Note 5)	12,811,451	11
Reserves (Note 5)	21,242,953	1,467,423
Deficit	(21,528,841)	(8,950,378)
Total shareholders’ equity (deficiency)	12,525,563	(7,482,944)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)	**$ 12,647,570**	**$ 15,940,238**

Approved and authorized for issuance on behalf of the Board of Directors on April 29, 2015

“Rob McLeod”
Director

“Gianni Kovacevic”
Director

See accompanying notes to the consolidated financial statements

Copperbank Resources Corp.
Consolidated Statements of Comprehensive Loss
Expressed in Canadian Dollars

For the years ended December 31,		**2014**		**2013**
EXPENSES				
Amortization (Note 8)	$	90,441	$	109,166
Consulting fees		138,281		-
Filing fees		108,073		-
Insurance		32,402		24,875
Office and administration		34,248		77,482
Office rental		40,701		61,170
Professional fees		77,217		6,983
Promotion and advertisement		36,776		861
Salaries and benefits (Note 7)		380,532		95,245
Travel		63,337		34,677
Vehicle		6,950		17,177
		(1,008,958)		(427,636)
Gain on disposal of equipment (Note 8)		103,110		29,942
Impairment of property and equipment (Note 8)		(236,985)		-
Impairment of resource properties (Note 6)		(8,739,117)		(241,770)
Interest and other income		18,139		476
Reclamation expense		-		(3,082)
Reorganization costs (Note 4)		(437,960)		-
Transaction cost (Note 4)		(2,276,692)		-
		(11,569,505)		(214,434)
Net loss for the year		(12,578,463)		**(642,070)**
Other comprehensive loss				
Item that may be reclassified subsequently to profit or loss:				
Foreign exchange gain (loss) on translating foreign operations		919,228		(461,581)
Comprehensive loss for the year	**$**	**(11,659,235)**	**$**	**(1,103,651)**
Loss per share, basic and diluted		$ (0.22)		$ (321,035)
Weighted average number of common shares outstanding		55,984,593		2

See accompanying notes to the consolidated financial statements

Copperbank Resources Corp.
Consolidated Statements of Changes in Equity (Deficiency)
Expressed in Canadian Dollars

			Reserves					
	Number of common shares	**Share capital**	**Warrants**	**Options**	**Other**	**Accumulated other comprehensive loss**	**Deficit**	**Total**
Balance, December 31, 2012	2	$ 11	$ -	$ -	$ -	$ 1,929,004	$ (8,308,308)	$(6,379,293)
Exchange difference on translating foreign operations	-	-	-	-	-	(461,581)	-	(461,581)
Net loss for the year	-	-	-	-	-	-	(642,070)	(642,070)
Balance, December 31, 2013	2	11	-	-	-	1,467,423	(8,950,378)	(7,482,944)
Shares issued for Reorganization (Note 4(b))	8,588,526	7,557,949	-	-	16,182,235	-	-	23,740,184
Shares issued as consulting fees	145,185	127,763	-	-	-	-	-	127,763
Shares issued for private placements	16,135,244	1,789,995	-	-	-	-	-	1,789,995
Shares issued for Transaction (Note 4(a))	105,065,652	3,122,553	-	-	-	-	-	3,122,553
Share issuance costs	-	(224,780)	108,780	-	-	-	-	(116,000)
Stock options granted upon Transaction	-	-	-	1,673	-	-	-	1,673
Warrants issued upon Transaction	-	-	2,563,614	-	-	-	-	2,563,614
Shares issued for debt settlement	497,682	437,960	-	-	-	-	-	437,960
Exchange difference on translating foreign operations	-	-	-	-	-	919,228	-	919,228
Net loss for the year	-	-	-	-	-	-	(12,578,463)	(12,578,463)
Balance, December 31, 2014	**130,432,291**	**$ 12,811,451**	**$ 2,672,394**	**$ 1,673**	**$ 16,182,235**	**$ 2,386,651**	**$(21,528,841)**	**$12,525,563**

See accompanying notes to the consolidated financial statements

Copperbank Resources Corp.
Consolidated Statements of Cash Flows
Expressed in Canadian Dollars

For the years ended December 31,	**2014**	**2013**
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the year	$ (12,578,463)	$ (642,070)
Items not involving cash:		
Amortization	90,441	109,166
Unrealized foreign exchange loss	287,935	5,502
Gain on disposal of equipment	(103,110)	(29,942)
Impairment of resource properties	8,739,117	241,770
Impairment of property and equipment	236,985	-
Reorganization costs	437,960	-
Shares issued as consulting fees	127,763	-
Transaction costs	2,276,692	-
Changes in non-cash working capital balances:		
Other receivables	(19,633)	(5,002)
Prepaid expenses and deposits	(43,858)	-
Accounts payable and accrued liabilities	(382,490)	(28,680)
	(930,661)	(349,256)
FINANCING ACTIVITIES		
Advances from parent company	-	772,226
Issuance of shares for cash, net	1,673,995	-
	1,673,995	772,226
INVESTING ACTIVITIES		
Cash acquired from asset acquisition	3,152	-
Proceeds from sale of property and equipment	279,152	54,597
Refund of reclamation deposit	-	150,580
Expenditures on resource properties	(305,686)	(756,374)
Purchase of property and equipment	-	(6,797)
	(23,382)	(557,994)
Effect of changes in exchange rates on cash	4,195	7,694
Net increase (decrease) of cash	**724,147**	**(127,330)**
Cash, beginning of year	48,271	175,601
Cash, end of year	**$ 772,418**	**$ 48,271**

SUPPLEMENTAL CASH FLOW INFORMATION (Note 13)

See accompanying notes to the consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Copperbank Resources Corp. (the "Company" or "Copperbank") was incorporated on October 21, 2014 under the *Business Corporation Act* (British Columbia), whereby 0999279 B.C. Ltd. ("0999279"), 1016077 B.C. Ltd. ("Full Metal"), and Choice Gold Corp. ("Choice Gold"), were amalgamated as one company. The legal existence of Choice Gold and Full Metal ceased; however, 0999279 survived the amalgamation continued under the name Copperbank Resources Corp. (the "Transaction") (Note 4).

The Company's head office and principal address is located at Suite 2706 - 1011 West Cordova Street, Vancouver, British Columbia, V6B 0C2. The Company's shares are traded on the Canadian Securities Exchange ("CSE") under the symbol "CBK", and its principal business is the acquisition and development of mineral properties.

Going concern

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Accordingly, these consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company is a resource exploration stage company, which does not generate any revenue and has been relying on equity-based financing to fund its operations. At December 31, 2014, the Company has working capital of $724,695 (2013 - working capital deficiency $23,365,995) and an accumulated deficit of $21,528,841 (2013 - $8,950,378). The Company will require additional financing either through equity or debt financing, sale of assets, joint venture arrangements or a combination thereof in order to meet its administrative costs and to continue to explore and develop its mineral properties. There is no assurance that sufficient future funding will be available on a timely basis or on terms acceptable to the Company. These conditions indicate the existence of material uncertainties that cast significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern is in significant doubt.

The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and maintain an adequate level of financial resources to discharge its ongoing obligations. Management seeks to raise capital, when necessary, to meet its funding requirements and has undertaken available cost-cutting measures. There can be no assurance that management's plan will be successful as it is dependent on prevailing capital market conditions and the availability of other financing opportunities.

2. STATEMENT OF COMPLIANCE

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies below have been applied consistently by the Company and its subsidiary for all periods presented.

Basis of preparation

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

These consolidated financial statements incorporate the accounts of the Company and its wholly-owned subsidiaries, Enexco International Inc. ("Enexco US") (Nevada), 1016079 B.C Ltd. (British Columbia), and Copperbank Resources Alaska Inc. (Alaska). A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investees. All intercompany transactions and balances have been eliminated on consolidation.

Significant estimates and judgments

Apart from making estimates and assumptions as described below, the Company's management makes critical judgments in the process of applying its accounting policies that have a significant effect on the amounts recognized in the Company's consolidated financial statements. The significant judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimation uncertainties, that have the most significant effect include, but are not limited to:

- The carrying value of property and equipment and resource properties

  Assets or cash-generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's property and equipment and resource properties.

  In respect of the carrying value of property and equipment recorded on the consolidated statement of financial position, management has determined that it continues to be appropriately recorded, as there have been no obsolescence or physical damage to the assets, and there are no indications that the value of the assets have declined more than what is expected from the passage of time or normal use.

  In respect of costs incurred for its resource properties, management has determined that exploratory drilling, evaluation, development and related costs incurred, which have been capitalized, continue to be appropriately recorded on the consolidated statement of financial position at their carrying value. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, economics assessment/studies, accessible facilities and existing permits.

- The determination of the Company and its subsidiary's functional currency

  The functional currency of the Company and its subsidiary is the currency of the primary economic environment and the Company reconsiders the functional currency if there is a change in events and conditions, which determined the primary economic environment.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant estimates and judgments (continued)

- The assessment of the Transaction as an asset acquisition or business combination

  Management has had to apply judgments relating to its acquisition during the year with respect to whether the acquisition was a business combination or an asset acquisition. Management applied a three-element process to determine whether a business or an asset was purchased, considering inputs, processes and outputs of each acquisition in order to reach a conclusion.

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include:

- The provision for income taxes and recognition of deferred income tax assets and liabilities.
- The inputs used in the Black-Scholes option pricing model to calculate the fair value of options and warrants.
- The inputs in determining the bifurcation of unit offerings into the different equity components.
- The fair value of the total consideration in the Transaction.
- The fair value of net assets of Choice Gold and Full Metal acquired during the year.
- The completeness of asset retirement and environmental obligations.

While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

Loss per share

Basic loss per share is computed by dividing net loss attributable to common shareholders by the weighted average number of shares outstanding in the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. The calculation of diluted loss per share excludes the effects of conversion or exercise of options and warrants if they would be anti-dilutive.

Financial instruments

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

Loans and receivables – These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. The Company does not have loan and receivables financial assets.

Held-to-maturity investments – These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest 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 net income (loss). The Company does not have any held-to-maturity financial assets.

Available-for-sale – These consist of non-derivative financial assets that are designated as available-for sale or are not suitable to be classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within twelve months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income (loss), except for impairment losses and foreign exchange gains and losses on monetary financial assets. The Company does not have any available-for-sale financial assets. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of significant or prolonged decline in value, the amount of the loss is removed from equity and recognized in net income (loss).

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

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

The Company 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:

FVTPL – 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 consolidated statements of financial position at fair value with changes in fair value recognized in net income (loss). The Company does not have any FVTPL financial liabilities.

Other financial liabilities – This category includes non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the consolidated statement of comprehensive loss over the period to maturity using the effective interest method. The Company designates its accounts payable and accrued liabilities and advances from parent company as other financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. The functional currency of the Company's US subsidiaries is the US dollar and the functional currency of the Company's Canadian subsidiary is the Canadian dollar.

Transactions and balances:

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

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

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

Foreign operations:

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency will be translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recorded to the Company's other comprehensive loss.

Resource properties

Costs directly related to the exploration and evaluation of resource properties are capitalized once the legal rights to explore the resource properties are acquired or obtained. When the technical and commercial viability of a mineral resource has been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the unit-of-production method on commencement of commercial production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Resource properties are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Resource properties (continued)

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee, and accordingly, are recorded as resource property costs or recoveries when the payments are made or received. After costs are recovered, the balance of the payments received is recorded as a gain on option or disposition of resource property.

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU (the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflow from other assets or groups of assets (the (CGU), where the recoverable amount of the CGU is the greater of the CGU's fair value less costs to sell and its value in use) to which the assets belong.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in profit or loss for the period, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding the projects. Discounted cash flow techniques often require management to make estimates and assumptions on reserves and expected future production revenues and expenses.

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

Property and equipment

Property and equipment are recorded at cost less accumulated amortization, with amortization calculated on a declining-balance basis at the following annual rates: Building 5%; Equipment 30%; Furniture 20%; Computer equipment 45%; Vehicles 30%.

Additions during the year are amortized on a pro-rated basis. Amortization on property and equipment used directly on exploration projects is included in resource properties.

Non-monetary transactions

Shares issued for non-monetary consideration are valued at the fair value of the assets received or services rendered or the quoted market price at the date of issuance, whichever is determined to be the more reliable measure.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unit issuance

Proceeds from the issuance of units are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to common shares based on the fair value of a common share at the announcement date of the unit offering and any residual remaining is allocated to common share purchase warrants.

Share-based payments

The Company has a stock option plan that is described in Note 5. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as capital stock and the related amount originally recorded in share-based payments reserve is transferred to capital stock. For those unexercised options that expire, the recorded value is transferred to deficit.

Income taxes

Current income tax:

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

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

Deferred income tax:

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provision for closure and reclamation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of resource properties. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company’s estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

The Company has deposited $41,386 (US$35,674) with the Bureau of Land Management and the State of Nevada for the estimated reclamation cost of exploration permitted to date.

Accounting standards issued but not yet adopted

The new and revised standard described below may be early-adopted. One standard that may have a significant impact on the Company is discussed below. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s consolidated financial statements. The Company does not expect any material impact from adopting this standard.

IFRS 9 *Financial Instruments* (2014)

This is a finalized version of IFRS 9, which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement.* The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a “fair value through other comprehensive income” category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.
- Impairment. The 2014 version of IFRS 9 introduces an “expected credit loss” model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

The finalized version of IFRS 9 is applicable to the Company's annual period beginning January 1, 2018.

4. CORPORATE RESTRUCTURING

a) Amalgamation

Copperbank was formed on October 21, 2014 as a result of a plan of arrangement (the "Transaction") involving Choice Gold, 0999279 (Note 4b) and Full Metal, a subsidiary of Full Metal Minerals Ltd. ("FMM"). Choice Gold, 0999279 and Full Metal amalgamated pursuant to section 269 of the *Business Corporations Act* (British Columbia).

Effective October 31, 2014, Copperbank completed a five-for-one share consolidation. All figures as to the number of common shares, stock options, warrants, as well as loss per share in these consolidated financial statements have been retroactively restated to reflect the share consolidation unless otherwise stated.

Upon the completion of the Transaction, each holder of 0999279 common shares received, for each common share held, 8.8 (pre-consolidation) common shares of Copperbank (369,200,574 pre-consolidation); each holder of Choice Gold common shares received, for each common share held, one (pre-consolidation) common share of Copperbank (37,508,872 pre-consolidation); and each holder of Full Metal common shares received, for each common share held, two (pre-consolidation) common shares of Copperbank (118,618,790 pre-consolidation).

The Transaction's accounting has been assessed in accordance with IFRS 3 *Business Combinations*, and determined that 0999279 is deemed to be the accounting acquirer. The acquisition of Choice Gold and Full Metal do not fulfill the requirements to be accounted for business combinations; therefore, the Transaction will be accounted for as an asset acquisition with 0999279 as the continuing entity.

Options and share purchase warrants of each of 0999279, Choice Gold, and Full Metal were converted or exchanged as follows:

- Each outstanding 0999279 option was exchanged for 8.8 (pre-consolidation) Copperbank options on the same terms and conditions of the original option, except only exercisable for a period of six months after the Transaction (30,536,000 pre-consolidation);

- Each outstanding Full Metal option was exchanged for two (pre-consolidation) Copperbank options on the same terms and conditions of the original option, except only exercisable for a period of six months after the Transaction (8,883,335 pre-consolidation);

- Each outstanding 0999279 share purchase warrant was exchanged for 8.8 (pre-consolidation) Copperbank warrants on the same terms and conditions of the original warrants (38,182,830 pre-consolidation);

- Each outstanding Choice Gold share purchase warrant was exchanged for one (pre-consolidation) Copperbank warrant. Each warrant entitles the holder thereof to purchase one common share at a price of $0.10 (pre-consolidation) until five years following the date of the closing of the Transaction (79,499,750 pre-consolidation);

- Each shareholder of Full Metal received one arrangement warrant, which was exchanged for one (pre-consolidation) Copperbank warrant. Each warrant entitles the holder thereof to purchase one common share at a price of $0.10 (pre-consolidation) until five years following the date of the closing of the Transaction (59,309,395 pre-consolidation); and

- Each outstanding 0999279 arrangement warrant was exchanged for 4.4 (pre-consolidation) Copperbank warrants. Each warrant entitles the holder thereof to purchase one common share at a price of $0.10 (pre-consolidation) until five years following the date of the closing of the Transaction (226,501,055 pre-consolidation).

Expressed in Canadian dollars

4. CORPORATE RESTRUCTURING (Continued)

a) Amalgamation (continued)

Acquisition of Choice Gold

Fair value of consideration		
Common shares issued	$	750,177
Replacement warrants issued		1,468,251
Total consideration	$	2,218,428

Fair value of the identifiable net assets acquired		
Cash	$	3,153
GST receivable		1,877
Equipment		784
Accounts payable and accrued liabilities assumed		(64,078)
		(58,264)
Excess of consideration over net assets acquired		2,276,692
	$	2,218,428

The fair value of the Copperbank shares was estimated to be $750,177 based on an estimated fair value of approximately $0.02 per share (pre-consolidation) based on the recently completed private placement as a concurrent with the Transaction. The fair value of the consideration is $2,276,692 greater than the fair value of the net assets acquired and has been recorded as a transaction cost.

Upon closing of the Transaction, Copperbank issued 79,499,750 (pre-consolidation) share purchase warrants to the shareholders of Choice Gold with each warrant exercisable at $0.10 for five years from closing of the Transaction. A fair value of $1,468,251 was included in total consideration and was estimated using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.40%
Expected warrant life	5 years
Expected stock price volatility	186%
Expected dividend yield	-

Acquisition of Full Metal

Fair value of consideration		
Common shares issued	$	2,372,376
Replacement options issued		1,673
Arrangement warrants issued		1,095,363
Transaction costs		111,243
Total consideration	$	3,580,655

Fair value of the identifiable net assets acquired		
Pyramid project	$	4,001,208
Accrued liabilities assumed		(420,553)
	$	3,580,655

Expressed in Canadian dollars

4. CORPORATE RESTRUCTURING (Continued)

a) Amalgamation (continued)

The fair value of the Copperbank shares was estimated to be $2,372,376 based on an estimated fair value of approximately $0.02 per share (pre-consolidation) based on the recently completed private placement as a concurrent financing of the Transaction. The fair value of the identifiable net assets acquired is based on the residual value of purchase consideration, after giving effect to the assumed liabilities of approximately $420,553. The Company incurred $111,243 in transaction costs.

Upon closing of the Transaction, Copperbank issued 59,309,395 (pre-consolidation) arrangement warrants to the shareholders of Full Metal with each arrangement warrant exercisable at $0.10 for five years from closing of the Transaction. A fair value of $1,095,363 was included in total consideration using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.40%
Expected warrant life	5 years
Expected stock price volatility	186%
Expected dividend yield	-

In addition, Copperbank issued 8,883,335 (pre-consolidation) options to the shareholders of Full Metal with a weighted average exercise price of $0.18 exercisable six months from closing of the Transaction. A fair value of $1,673 has been included in total consideration representing an allocation of the fair value of the options estimated using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	0.91%
Expected warrant life	0.50 years
Expected stock price volatility	136%
Expected dividend yield	-

The expected volatility is based on historical prices of comparable companies. The risk-free rate of return is the yield on a zero-coupon Canadian treasury bill of a term consistent with the assumed option life. The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche.

Concurrent Financing

Pursuant to the Transaction, Choice Gold completed a private placement of 79,499,750 units (pre-consolidation) at a price of $0.02 per unit for gross proceeds of $1,589,995 ("Concurrent Financing"). Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of $0.10 (pre-consolidation) for five years from issuance. The proceeds of the Concurrent Financing have been bifurcated using the residual value method resulting in $1,589,995 recorded as share capital and $nil representing the fair value of the warrants recorded as reserves.

Aggregate finder's fees of $116,000 in cash and 5,879,980 (pre-consolidation) share purchase warrants were paid in connection with the private placement upon completion of the Transaction. Each finder's warrant entitles the holder thereof to purchase one common share at a price of $0.10 until five years from issuance. The fair value of the finder's warrants is valued at $108,780. The fair value of the finder's warrants is valued using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.40%; dividend yield of nil%; volatility of 186%; and an expected life of five years.

4. CORPORATE RESTRUCTURING (Continued)

b) Acquisition of Enexco US

On June 6, 2014, 0999279 acquired all of International Enexco Limited ("Enexco") shares of its wholly-owned subsidiary, Enexco US (the "Reorganization"), which holds the Contact Copper Property ("Contact") in Nevada, as part of a plan of arrangement between Enexco and Denison Mines Corp. ("Denison"). 0999279 acquired Enexco US by issuing 42,942,632 common shares (pre-consolidation) and 42,942,632 arrangement warrants (pre-consolidation) to the shareholders of Enexco for 100% of the issued and outstanding common shares of Enexco US, and the balance of the intercompany loan. In addition, each option holder and warrant holder of Enexco was issued an arrangement warrant for each option or warrant of Enexco held. Each arrangement warrant entitles the holder thereof to purchase 0.50 common share at a price of $5 until six months from issuance.

The common shares and arrangement warrants of the Company were distributed to the shareholders of Enexco by way of a dividend in kind on the basis of one common share and one arrangement warrant of the Company for each common share of Enexco held. As the shareholders of Enexco continued to hold their respective interests in the Company, there was no resulting change in control. These consolidated financial statements have been presented using the continuity of interest basis of accounting and reflect the consolidated statement of financial position, consolidated statement of comprehensive loss, consolidated statement of cash flows and statement of changes in deficiency as if the assets and liabilities transferred to the Company from Enexco US had always been in 0999279.

Following the continuity of interest basis of accounting, the net identifiable assets of $7,557,949 was recognized as mineral property and property and equipment. 42,942,632 (pre-consolidation) common shares worth $7,557,949 were issued to the former parent, Enexco, in partial settlement of a $23,740,184 intercompany balance due, with the remainder of $16,182,235 being forgiven and recognized in other reserve.

5. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued and outstanding

During the year ended December 31, 2014, the Company:

- Issued 8,588,526 common shares to acquire Enexco US (Note 4(b));
- Issued 145,185 common shares fair valued at $127,763 as finder's fee in connection with the acquisition of Enexco US (Note 4(b));
- Completed a private placement of 235,294 common shares for gross proceeds of $200,000 with Denison;
- Issued 497,682 common shares fair valued at $437,960 to settle the debt owed to Denison (for expenses incurred from the acquisition of Enexco US and paid by Denison on the Company's behalf);
- Issued 105,065,652 common shares as part of the Transaction (Note 4(a)); and
- Completed the Concurrent Financing of 15,899,950 common shares for gross proceeds of $1,589,995 (Note 4(a)).

The Company did not issue any shares during the year ended December 31, 2013.

Expressed in Canadian dollars

5. SHARE CAPITAL (Continued)

c) Warrants

Warrants activity for the years ended December 31, 2014 and 2013 is as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding and exercisable, December 31, 2012 and 2013	-	$ -
Issued	81,874,602	$ 0.48
Expired	(4,136,000)	$ 0.34
Outstanding and exercisable, December 31, 2014	77,738,602	$ 0.49

As at December 31, 2014 and 2013, the following warrants were outstanding:

		Number of Warrants	
Expiry Date	Exercise Price	**2014**	**2013**
February 2, 2015	$ 0.23	2,227,500	-
August 20, 2015	$ 0.23	1,273,066	-
October 20, 2019	$ 0.50	74,238,036	-
		77,738,602	-

The remaining contractual life of the warrants as at December 31, 2014 is 4.6 (2013 - N/A) years.

d) Options

The Company has retained and adopted the "rolling" stock option plan (the "Plan") of Choice Gold that allows it to grant options to its employees, directors, consultants and officers. Under the terms of the Plan, the exercise price of each option will not be lower than the lowest exercise price permitted by the TSX Venture Exchange. The Plan allows for a maximum of 10% of outstanding shares to be issued.

Options have a maximum term of five years and terminate up to 90 days following the date on which an optionee ceases to be an employee, director, consultant or officer, and up to 30 days following the date on which an optionee who is engaged to provide investor relations activities ceases to be engaged to provide such services. In the case of death, the option terminates at the earlier of twelve months after the date of death and the expiration of the option period.

Options activity for the years ended December 31, 2014 and 2013 is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable, December 31, 2012 and 2013	-	$ -
Granted	7,883,867	$ 0.37
Outstanding and exercisable, December 31, 2014	7,883,867	$ 0.37

Expressed in Canadian dollars

5. SHARE CAPITAL (Continued)

d) Options (continued)

As at December 31, 2014 and 2013, the following stock options were outstanding:

		Number of Options	
Expiry Date	Exercise Price	**2014**	**2013**
April 20, 2015	$ 0.37	7,883,867	-

The remaining contractual life of the options as at December 31, 2014 is 0.3 (2013 - N/A) years.

Expressed in Canadian dollars

6. RESOURCE PROPERTIES

	Contact	Blue Bird	Camas	Pyramid	Other	Total
	$	$	$	$	$	$
Balance, December 31, 2012	13,274,670	223,628	75,335	-	214,530	13,788,163
Acquisition	-	10,636	10,636	-	-	21,272
Deferred exploration costs:						
Engineering and pre-feasibility study	473,713	-	-	-	-	473,713
Assays	4,453	-	-	-	-	4,453
Communication and utilities	818	-	-	-	-	818
Permitting	50,974	-	-	-	-	50,974
Metallurgical service	43,819	-	-	-	-	43,819
License, permits and fees	53,053	-	609	-	4,110	57,772
Exploration and geology personnel	139,459	-	-	-	-	139,459
Amortization	15,855	-	-	-	-	15,855
Effects of change in foreign exchange	916,635	7,506	5,202	-	14,814	944,157
Impairment of mineral properties	-	(241,770)	-	-	-	(241,770)
Balance, December 31, 2013	14,973,449	-	91,782	-	233,454	15,298,685
Acquisition	-	-	-	4,001,208	-	4,001,208
Deferred exploration costs:						
Communication and utilities	2,490	-	-	-	-	2,490
Supplies	744	-	-	-	-	744
Permitting	21,232	-	-	-	-	21,232
License, permits and fees	63,220	-	-	-	-	63,220
Exploration and geology personnel	95,266	-	-	-	-	95,266
Amortization	6,874	-	-	-	-	6,874
Effects of change in foreign exchange	923,407	-	3,530	-	21,181	948,118
Impairment of mineral properties	(8,643,805)	-	(95,312)	-	-	(8,739,117)
Balance, December 31, 2014	**7,442,877**	-	-	**4,001,208**	**254,635**	**11,698,720**

6. RESOURCE PROPERTIES (Continued)

a) Contact Property, Nevada

The Company owns a 100% interest in the Contact property located in Elko County, Nevada.

On July 6, 2006, Enexco acquired from Golden Phoenix Minerals Inc. ("Golden Phoenix") the Red Metal claims and transferred the rights to Enexco US at cost. The claims are contiguous to the Contact property. As consideration for a 100% interest in the Red Metal claims, Enexco issued to Golden Phoenix 100,000 common shares fair valued at $1.10 per share, and released Golden Phoenix of all claims by Enexco US.

On September 22, 2011, Enexco acquired from Allied Nevada Gold Corp. ("Allied Nevada") a certain number of claims, including patented claims that adjoin the Contact property and transferred the rights to Enexco US at cost. As consideration for a 100% interest in the claims, Enexco issued to Allied Nevada 3,225,806 common shares fair valued at $0.31 per share.

On January 24, 2011 and June 27, 2011, Enexco US acquired a further five lots in the Contact property area for $9,650.

The Company has deposited $41,386 (2013 - $37,943) with the Bureau of Land Management, Nevada, for potential reclamation costs.

During the year ended December 31, 2014, the Company performed an assessment of potential impairment indicators and management determined that as the carrying value of the Contact property exceeded the recoverable amount, an impairment test was required resulting in an impairment loss of $8,643,805 (2013 - $nil). The recoverable amount was determined by estimating the fair value of the consideration in the Reorganization (Note 4(b)) and categorized in Level 3 of the fair value hierarchy.

b) Blue Bird, Idaho

On April 1, 2011, Enexco US entered into a lease agreement for property in Owyhee County, Idaho. The term of the lease is ten years, with the right to renew for an additional five years; thereafter, the lease shall be extended for so long as minerals are produced from the property.

Enexco US is required to make quarterly lease payments of US$5,000 to the owner, and is required to undertake a program of exploration and development of $50,000 per year. During the year ended December 31, 2013, Enexco US spent US$10,000 (2012 - US$20,000) in lease payments.

The property is subject to a 3% net smelter return (“NSR”) royalty, of which the Company has the right to purchase 1% for US$1,000,000.

During the year ended December 31, 2013, Enexco US decided not to continue with the lease. Accordingly, the lease payments and exploration costs of $241,770 were written off.

Expressed in Canadian dollars

6. RESOURCE PROPERTIES (Continued)

c) Camas, Idaho

A royalty agreement for property in Camas County, Idaho, was entered on May 1, 2011. The term of the agreement is ten years, with the right to renew for an additional five years; thereafter, the lease shall be extended for so long as minerals are produced from the property.

The Company is required to make advanced royalty payments as follows:

- May 1, 2011 US$10,000 (paid)
- May 1, 2012 US$20,000 (paid)
- May 1, 2013 US$10,000 (paid)*
- May 1, 2014 US$40,000-$60,000
- May 1, 2015 and thereafter US$50,000.

**Enexco US entered into an amended agreement during the year ended December 31, 2013 to reduce the May 1, 2013 payment from US$30,000 to US$10,000 with a one year work commitment of US$20,000 to be completed before May 1, 2014. If the work is not performed, the third anniversary payment shall be US$60,000.*

The property is subject to a 3% NSR royalty, of which the Company has the right to purchase 1% for US$1,000,000.

During the year ended December 31, 2014, management decide to discontinue this property, and accordingly, capitalized costs of $95,312 were written off.

d) Pyramid property, Alaska

The Company acquired this property from Full Metal as a result of the Transaction (Note 4 (a)).

Full Metal entered into an option agreement ("Pyramid Agreement") with The Aleut Corporation ("TAC"), an Alaska Regional Native Corporation, on January 5, 2007, to acquire a 100% interest in subsurface mineral rights covering the Pyramid project. The Pyramid Agreement was amended on June 30, 2010 to extend the original date to December 31, 2016. The terms of the agreement are as follows:

1) Pay the following cash payments:

Date (on or before)	Amount (USD)$	
January 1, 2011	35,000	(paid)
January 1, 2012	40,000	(paid)
January 1, 2013	45,000	(paid)
January 1, 2014	50,000	(paid)
January 1, 2015	55,000	(paid)
January 1, 2016	60,000	
January 1, 2017	60,000	
Total	345,000	

Expressed in Canadian dollars

6. RESOURCE PROPERTIES (Continued)

d) Pyramid property, Alaska (continued)

2) Incur the following exploration expenditures:

Date	Annual expenditures (USD)$	
By December 31, 2010	300,000	(incurred)
By December 31, 2011	300,000	(incurred)
By December 31, 2012	400,000	(incurred)
By December 31, 2013	500,000	(incurred)
By December 31, 2014	1,000,000	(incurred)
By December 31, 2015	1,000,000	(incurred)
By December 31, 2016	1,000,000	(incurred)
Total	4,500,000	

At any time prior to December 31, 2016, the Company may enter into a mining lease with TAC. Upon entry into the mining lease, the Company will make annual advanced royalty payments escalating from US$25,000 in the first year, to US$400,000 on the 16th anniversary and subsequent years. In the event of the Company delivering a feasibility study, the Company will transfer 100,000 of its own common shares to TAC, subject to approval from the TSX Venture Exchange. Upon commencement of commercial production, the Company will pay a NSR royalty to TAC of 2.5% for all commodities, except for gold and other precious metals. For gold and other precious metals, the Company will pay a sliding scale NSR royalty of 2% to 5% depending on the price of gold.

<u>Option agreement with Antofagasta Minerals</u>

On August 6, 2010, Full Metal entered into an option agreement with Antofagasta Minerals to explore the Pyramid property claims. Antofagasta Minerals can earn an initial 51% interest by fulfilling the following:

1) Pay a total of US$200,000 by August 20, 2014 (received); and
2) Incur a total of US$6,000,000 in exploration expenditures by August 20, 2014 (incurred).

During the year ended May 31, 2013, Antofagasta Minerals completed all required cash payments and exploration expenditures, and therefore earned a 51% interest in the Pyramid property. All exploration expenditures were incurred by the Company and subsequently reimbursed by Antofagasta Minerals. The schedule of Pyramid mineral property costs does not include these costs.

Antofagasta Minerals can further earn an additional 14% interest for a total aggregate of 65% interest by preparing and delivering at its sole cost, a scoping study costing a minimum of US$4,000,000 in expenditures within two years of earning 51% initial interest. Antofagasta Minerals can then earn an additional 15% interest for a total aggregate of 80% interest by funding at its sole cost a feasibility study on the Pyramid property project within two years after obtaining the additional 15% interest. Antofagasta Minerals is also required to reimburse the Company for certain of its obligations relating to the Aleut Agreement - Pyramid, the Shumagin Letter Agreement and the TDX Agreement (collectively, the “Property Agreements”).

6. RESOURCE PROPERTIES (Continued)

d) Pyramid property, Alaska (continued)

Reacquisition of Antofagasta Minerals' interest

On March 5, 2014 (the "Assignment Date"), Full Metal reacquired the 51% interest in the Pyramid property (the "Assignment Agreement"), previously earned by Antofagasta Minerals under the 2010 option agreement discussed above. Total consideration is comprised of the following:

1) US$3,000,000 due on or before the fifth anniversary of the Assignment Date ("First Assignment Payment"); and
2) US$2,500,000 due upon completion of a positive, bankable feasibility study ("Second Assignment Payment").

i. Certain provisions in the Assignment Agreement, if triggered, would require the First Assignment Payment to become due and payable within 15 days after the occurrence of an accelerating event. The accelerating event is defined in the Assignment Agreement as not maintaining in good standing, one or all of, the Property Agreements, with the term "good standing" having meaning as defined in each of the Property Agreements in regard to the terms and conditions of default.Shumagin Agreement – Pyramid Surface Rights:

   On August 5, 2011, Full Metal and Shumagin Corporation, an Alaska Native Village Corporation, signed an agreement for a surface rights mining Exploration Agreement and Option to Lease in respect of the Pyramid property. The agreement terms include annual cash payments totaling US$290,000 through December 31, 2016 (US$70,000 paid, US$50,000 of which was paid by Antofagasta Minerals).

ii. TDX Agreement – Pyramid Surface Rights:

   On July 15, 2010, Full Metal and TDX Pyramid LLC ("TDX Pyramid"), an affiliate of an Alaska Native Village Corporation, signed an Exploration Agreement with Option to Lease covering surface lands at the Pyramid property. Under this agreement, the Company must make an initial option payment of US$15,000 (paid by Antofagasta Minerals) upon the effective date of the agreement, and annual cash payments totaling US$171,000 over seven years, of which US$52,000 has been paid from 2012 through 2014 (paid by Antofagasta Minerals). At any time prior to December 31, 2016, the Company may enter into a Lease Agreement with TDX Pyramid. On or before the effective date of the lease and then on or before each annual anniversary during the term of the lease until there is commercial production, the Company shall pay to TDX Pyramid an annual rental equal to 10% of the fair market value of the lease area. After commercial production has commenced, the Company will pay TDX Pyramid an annual rental equal to 10% of the fair market value of the lease area, provided, however, that in no event shall the annual rental be less than US$75,000.

e) Other properties

The Company has staked additional mineral exploration projects in Nevada and Idaho. The projects are at a grass-roots stage. As at December 31, 2014, the Company had invested a cumulative of $254,635 (2013 - $233,454) on these projects.

6. RESOURCE PROPERTIES (Continued)

f) Realization of assets

The investment in and expenditures on resource properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims are allowed to lapse.

g) Title to resource properties

Although the Company has taken steps to verify the title to resource properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

h) Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company. Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the property may be diminished or negated.

7. RELATED PARTY TRANSACTION

During the year ended December 31, 2014, the Company paid salary of $165,675 (2013 - $159,619) to a key member of management and no long-term benefits were paid to key management (2013 - $nil).

Included in the Company's due to related party, is an amount owing to this management member of $43,500 (2013 - $Nil). Payable to related party has the same terms as the Company's trade payable, which is unsecured and non-interesting-bearing.

Expressed in Canadian dollars

8. PROPERTY AND EQUIPMENT

Cost	Building	Production Equipment	Exploration Equipment	Furniture and Equipment	Vehicles	Total
December 31, 2012	$ 44,283	$ 172,809	$ 609,488	$ 54,137	$ 551,843	$ 1,432,560
Disposals	-	-	-	-	-	-
Effect of foreign exchange	3,058	11,933	35,067	3,738	(86,548)	(32,752)
December 31, 2013	47,341	184,742	644,555	57,875	465,295	1,399,808
Additional	-	-	-	785	-	785
Disposals	-	-	(214,214)	-	(406,510)	(620,724)
Impairment	(49,161)	(191,846)	-	(60,101)	(48,358)	(349,466)
Effect of foreign exchange	1,820	7,104	47,697	2,226	19,318	78,165
December 31, 2014	$ -	$ -	$ 478,038	$ 785	$ 29,745	$ 508,568

Accumulated Amortization	Building	Production Equipment	Exploration Equipment	Furniture and Equipment	Vehicles	Total
December 31, 2012	$ 9,116	$ -	$ 448,904	$ 45,201	$ 268,779	$ 772,000
Additions	1,759	-	53,842	4,523	64,897	125,021
Disposals	-	-	-	-	(318,177)	(318,177)
Effect of foreign exchange	750	-	19,031	1,602	253,158	274,541
December 31, 2013	11,625	-	521,777	51,326	268,657	853,385
Additions	1,854	-	32,002	2,200	61,259	97,315
Disposals	-	-	(164,229)	-	(280,453)	(444,682)
Impairment	(13,927)	-	-	(55,285)	(43,269)	(112,481)
Effect of foreign exchange	448	-	40,684	1,975	11,162	54,269
December 31, 2014	$ -	$ -	$ 430,234	$ 216	$ 17,356	$ 447,806

Carrying Value	Building	Production Equipment	Exploration Equipment	Furniture and Equipment	Vehicles	Total
December 31, 2013	$ 35,716	$ 184,742	$ 122,778	$ 6,549	$ 196,638	$ 546,423
December 31, 2014	$ -	$ -	$ 47,804	$ 569	$ 12,389	$ 60,762

Expressed in Canadian dollars

9. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of shareholders' equity (deficiency) and debt. 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 resource properties. 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.

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company will depend on additional debt/equity financing to pay for administrative costs and exploration expenditures in the future. 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.

There were no changes in the Company's approach to capital management during the year ended December 31, 2014. The Company is not subject to externally imposed capital requirements.

10. SEGMENTED INFORMATION

The Company operates primarily in one business segment, which is the exploration and development of exploration properties, with operations located in the United States. The majority of the Company's operating expenses are incurred in the United States, with a smaller portion in Canada. All of the Company's non-current assets are located in the United States.

11. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the statutory income tax rate of 26% (2013 – 25.75%) to income before income taxes. The reasons for the differences are as follows:

	2014 $	2013 $
Loss before income tax	(12,578,463)	(642,070)
Statutory income tax rate	26%	25.75%
	(3,270,400)	(165,333)
Items not deductible for tax purposes	593,874	570
Change in timing differences	(1,098,569)	20,683
Unrecognized tax benefits	3,775,095	144,080
Total income taxes	-	-

Expressed in Canadian dollars

11. INCOME TAXES (Continued)

The tax effected items that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities at December 31, 2014 and 2013 are presented below:

	2014	2013
Deferred income tax assets		
Non-capital losses	$ -	$ 127,382
Total deferred income tax assets	-	127,382
Deferred income tax liability		
Property and equipment	-	(127,382)
Total deferred income tax liability	-	(127,382)
Net deferred income tax liabilities	$ -	$ -

The Company recognizes tax benefits on losses or other deductible amounts where the probable criteria for the recognition of deferred tax assets have been met.

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2014	2013
Resource properties	$ 9,428,337	$ 1,730,791
Non-capital losses	7,428,337	6,601,950
Property and equipment	120,188	-
Unrecognized deductible temporary differences	$ 16,976,862	$ 8,332,741

As at December 31, 2014, the Company has US non-capital losses of approximately $7,000,000 US that may be applied to reduce future US taxable income. The Company also has Canadian non-capital losses of approximately $224,000 that may be applied to reduce future Canadian taxable income expiring in 2034.

12. FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to a number of financial and market risks including credit, interest rate, liquidity and commodity risks. The Company may, or may not, establish from time to time active policies to manage these risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale and pattern of cash flow of its operations would warrant such hedging activities. There was no change in the management of the financial risks compared to prior year.

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, due to related party, and advances from parent company. The carrying values of these financial instruments approximate their fair values due to their short-term nature.

12. FINANCIAL INSTRUMENTS (Continued)

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

The financial instruments that potentially subject the Company to a significant concentration of credit risk consist of cash. The Company mitigates its exposure to credit loss associated with cash by placing its cash in a major financial institution.

Liquidity risk

Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due or that it will be required to meet them at excessive cost. The Company reviews its working capital position regularly to ensure there is sufficient capital in order to meet short-term business requirements, after taking into account the Company’s holdings of cash. The Company’s cash is invested in business accounts, which are available on demand. The Company manages its liquidity risk mainly through raising funds from private placements and loan from related parties.

The Company's operating cash requirements are continuously monitored and adjusted as input variables change. As these variables change, liquidity risks may necessitate the need for the Company to pursue equity issuances, obtain project or debt financing, or enter into joint arrangements. There is no assurance that the necessary financing will be available in a timely manner.

At December 31, 2014, the Company had cash of $772,418 (2013 - $48,271) available to apply against short-term business requirements and current liabilities of $122,007 (2013 - $23,423,182). All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of year-end. Advances from parent company and due to related parties included in accounts payable and accrued liabilities are due on demand

Commodity risk

The Company is subject to commodity price risk arising from the fluctuation of metal price beyond the Company's control. The Company may have difficulties to identify and acquire economically viable projects for the Company to invest in if metal prices are depressed in an extended period.

Interest rate risk

The Company is exposed to the risk that the value of financial instruments will change due to movements in market interest rates. As of December 31, 2014 and 2013, the Company has no interest-bearing debt with long-term maturities, and therefore does not believe that interest rate risk is significant. The Company does not use derivative instruments to reduce its interest rate risk as the Company’s management believes that the likely financial impact of interest rate changes does not justify using derivatives.

Expressed in Canadian dollars

12. FINANCIAL INSTRUMENTS (Continued)

Foreign currency risk

Foreign currency risk is the risk that fair value of the Company's assets and liabilities will fluctuate due to changes in foreign exchange rates.

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in its functional currency. The Company does not manage currency risk through hedging or other currency management tools.

As at December 31, 2014 and 2013, the Company's net exposure to foreign currency risk on its financial instruments is as follows:

	2014	2013
Cash	$ 26,199	$ 45,385
Accounts payable and accrued liabilities	(4,125)	(23,021)
Due to related party	(37,500)	-
	$ (15,426)	$ (22,364)
Canadian Dollar Equivalent	C$ (17,894)	C$ (23,791)

A 5% (2013 - 5%) change in the US dollar against the Canadian dollar at December 31, 2014 would result in a change of approximately $720 (2013 - $1,190) in comprehensive loss.

Fair value

The Company's financial instruments measured at fair value on the consolidated statement of financial position consist of cash, which is measured at Level 1 of the fair hierarchy. There are no other financial instruments that have their fair values measured at Levels 2 or 3 of the fair hierarchy. The three levels of the fair value hierarchy are as follows:

> Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
>
> Level 2: Values based on quoted prices in markets that are not active or models inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
>
> Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Expressed in Canadian dollars

13. SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid during the year for:				
Interest	$	-	$	-
Income taxes	$	-	$	-

Non-cash transactions during the year:				
Warrants issued for asset acquisition	$	2,672,394	$	-
Options issued for asset acquisition	$	1,673	$	-
Common shares issued for reorganization and asset acquisition	$	9,930,325	$	-
Amortization included in resource properties	$	6,874	$	15,855
Expenditures on resource properties included in accounts payable	$	-	$	11,491

14. EVENTS AFTER THE REPORTING DATE

Subsequent to December 31, 2014, the Company:

a) Decided to not pursue the TDX Agreement – Pyramid Surface Right (Note 6(d)(ii));

b) 2,227,500 warrants expired February 2, 2015 unexercised;

c) Granted 4,950,000 stock options to directors, officers and consultants of the Company, with an exercise price of $0.10 per share. The options can be exercised for a period of five years; and

d) 7,883,867 stock options expired April 20, 2015 unexercised.