FALCO
RESOURCES

FALCO RESOURCES LTD.

(formerly "Falco Pacific Resource Group Inc.")

CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)

FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2015

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS

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

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

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

FALCO RESOURCES LTD.
(formerly "Falco Pacific Resource Group Inc.")
STATEMENTS OF FINANCIAL POSITION
As at March 31, 2015 and June 30, 2014
(Unaudited)
(Expressed in Canadian Dollars)

	March 31, 2015	June 30, 2014
ASSETS		
Current		
Cash and cash equivalents	$ 7,436,098	$ 3,833,365
Receivables	541,487	351,803
Prepaid expenses	108,956	165,870
Refundable tax credits	-	511,043
	8,086,541	4,862,081
Non-current		
Exploration deposits	60,000	75,000
Equipment (Note 4)	136,316	33,826
Option on property (Note 5)	1,000,000	-
Exploration and evaluation assets (Note 5)	13,316,811	10,330,484
	$ 22,599,668	$ 15,301,391
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 6)	$ 1,681,165	$ 720,103
Deferred premium on flow-through shares (Note 7)	807,587	217,877
	2,488,752	937,980
Equity attributable to Falco Resources Ltd. shareholders		
Capital stock (Note 8)	28,109,967	18,415,187
Warrant reserve (Note 8)	282,923	122,920
Share-based payments reserve (Note 8)	1,616,030	1,131,283
Deficit	(9,898,004)	(5,305,979)
	20,110,916	14,363,411
	$ 22,599,668	$ 15,301,391

Nature and continuance of operations (Note 1)
Subsequent events (Note 15)

Approved on behalf of the Board of Directors on May 26, 2015:

" Luc Lessard" Director *"James G. Davidson"* Director

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

FALCO RESOURCES LTD.
(formerly "Falco Pacific Resource Group Inc.")
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the three and nine months ended March 31, 2015 and 2014
(Unaudited)
(Expressed in Canadian Dollars)

	Three months ended March 31, 2015	Three months ended March 31, 2014	Nine months ended March 31, 2015	Nine months ended March 31, 2014
EXPENSES				
Office and miscellaneous	$ 115,813	$ 92,943	$ 288,222	$ 220,537
Depreciation	24,724	7,720	34,414	28,245
Filing fees	12,161	11,776	36,241	26,714
Professional fees	116,257	28,004	231,578	120,818
Consulting and compensation	2,209,651	260,030	3,083,051	638,755
Share-based compensation	151,121	190,135	678,962	578,553
Promotion and shareholder relations	60,261	67,299	173,280	183,533
Investor relations	66,827	30,230	187,403	31,791
Travel	35,479	62,472	238,321	201,613
Foreign exchange gain	(8)	(1,290)	(117)	(1,638)
	(2,792,286)	(749,319)	(4,951,355)	(2,028,921)
Other income – premium on flow through shares (Note 7)	98,195	66,000	359,330	153,500
Loss and comprehensive loss for the period	$ (2,694,091)	$ (683,319)	$ (4,592,025)	$ (1,875,421)
Loss per common share – basic and diluted (Note 9)	$ (0.03)	$ (0.01)	$ (0.05)	$ (0.03)
Weighted average number of common shares outstanding – basic and diluted (Note 9)	94,202,857	70,400,580	85,274,934	61,821,120

The loss and the comprehensive loss are solely attributable to Falco Resources Ltd. shareholders.

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

FALCO RESOURCES LTD.
(formerly "Falco Pacific Resource Group Inc.")
STATEMENTS OF CASH FLOWS
For the three and nine months ended March 31, 2015 and 2014
(Unaudited)
(Expressed in Canadian Dollars)

	Three months ended March 31, 2015	Three months ended March 31, 2014	Nine months ended March 31, 2015	Nine months ended March 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$ (2,694,091)	$ (683,319)	$ (4,592,025)	$ (1,875,421)
Adjustments for non-cash items:				
Depreciation	24,724	7,722	34,414	28,245
Loss on disposal of equipment	-	-	1,038	-
Share-based compensation	151,121	190,135	678,962	578,553
Other income – premium on flow-through shares	(98,195)	(66,000)	(359,330)	(153,500)
Changes in non-cash working capital items:				
Receivables and refundable tax credits	51,864	64,880	321,359	104,115
Prepaid expenses	(1,211)	(125,664)	56,914	(140,304)
Accounts payable and accrued liabilities	910,272	70,872	976,256	(51,270)
Cash used in operating activities	(1,655,516)	(541,374)	(2,882,412)	(1,509,582)
CASH FLOWS FROM INVESTING ACTIVITIES				
Equipment	(55,187)	(2,678)	(137,942)	(2,678)
Exploration deposits	-	-	15,000	-
Option on property	-	-	(1,000,000)	-
Investments in exploration and evaluation assets	(442,805)	(548,128)	(3,001,521)	(1,100,907)
Cash used in investing activities	(497,992)	(550,806)	(4,124,463)	(1,103,585)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of capital stock	285,875	460,349	11,368,657	5,565,547
Share issuance costs	(3,860)	-	(759,049)	(104,975)
Cash provided by financing activities	282,015	460,349	10,609,608	5,460,572
Increase (decrease) in cash during the period	(1,871,493)	(631,831)	3,602,733	2,847,405
Cash, beginning of period	9,307,591	6,281,363	3,833,365	2,802,127
Cash, end of period	$ 7,436,098	$ 5,649,532	$ 7,436,098	$ 5,649,532
Cash and cash equivalents is composed of:				
Cash	$ 7,405,642	$ 5,619,532	$ 7,405,642	$ 5,619,532
Cash equivalents	30,456	30,000	30,456	30,000
	$ 7,436,098	$ 5,649,532	$ 7,436,098	$ 5,649,532

Supplemental disclosure (Note 13)

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

FALCO RESOURCES LTD.
(formerly "Falco Pacific Resource Group Inc.")
STATEMENTS OF CHANGES IN EQUITY
For the nine months ended March 31, 2015 and 2014
(Unaudited)
(Expressed in Canadian Dollars)

	Capital Stock					
	Shares	Amount	Warrant Reserve	Share Based Payments Reserve	Deficit	Total
Balance June 30, 2014	71,280,458	$ 18,415,187	$ 122,920	$ 1,131,283	$ (5,305,979)	$14,363,411
Private placement, net of cash share issue costs and flow-through share premium	20,113,316	8,291,943				8,291,943
Share issue costs – non cash	-	(167,498)	167,498	-	-	-
Stock options exercised	925,000	490,715	-	(194,215)	-	296,500
Warrants exercised	2,379,583	1,079,620	(7,495)	-	-	1,072,125
Share-based compensation	-	-	-	678,962	-	678,962
Loss for the period	-	-	-	-	(4,592,025)	(4,592,025)
Balance March 31, 2015	94,698,357	$ 28,109,967	$ 282,923	$ 1,616,030	$ (9,898,004)	$ 20,110,916
Balance June 30, 2013	53,281,051	$ 13,214,253	$ -	$ 335,437	$ (2,383,522)	$11,166,168
Private placement, net of cash share issue costs and flow-through share premium	16,188,769	4,751,656	-	-	-	4,751,656
Shares issued for mineral property	50,000	16,500	-	-	-	16,500
Share issue costs – non cash	507,638	(124,389)	124,389	-	-	-
Warrants exercised	1,023,000	460,350	-	-	-	460,350
Reallocation of fair value of finders warrants on exercise	-	551	(551)	-	-	-
Share based compensation	-	-	-	578,553	-	578,533
Loss for the period	-	-	-	-	(1,875,421)	(1,875,421)
Balance March 31, 2014	71,050,458	$ 18,318,921	$ 123,838	$ 913,990	$ (4,258,943)	$15,097,806

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Falco Resources Ltd. (formerly "Falco Pacific Resource Group Inc.") (the "Company") was incorporated under the Business Corporations Act (British Columbia) on March 16, 2010 and was classified as a Capital Pool Company as defined in the TSX Venture Exchange Policy 2.4. The Company completed its qualifying transaction on September 24, 2012 and is now classified as a Tier 2 mining issuer and its common shares trade under the symbol "FPC" on the TSX Venture Exchange (the "TSX-V").

The Company's principal business address is 1100, avenue des Canadiens-de-Montréal, Suite 300, Montréal, Québec, Canada. The Company is domiciled in the Province of British Columbia and its registered office address is 1066 West Hastings Street, Suite 2600, Vancouver, British Columbia.

The Company is in the business of acquiring and exploring mineral properties in Canada. Its focus is currently on the exploration and evaluation of its mineral properties in the Rouyn-Noranda district in the Province of Québec for base/precious metals.

These financial statements have been prepared in accordance with *International Financial Reporting Standards* ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. The Company's continuing operations are dependent upon its ability to either secure additional equity capital or generate cash flow from operations in the future, which is not assured. An inability to raise additional financing may materially impact the future assessment of the Company as a going concern. These unaudited condensed interim financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary, should the Company be unable to secure additional equity capital or generate cash from operations in the future.

2. BASIS OF PRESENTATION

These unaudited condensed interim financial statements have been prepared in accordance with IFRS as issued by the *International Accounting Standards Board* ("IASB") applicable to the preparation of interim financial statements, including *International Accounting Standard* ("IAS") 34, *Interim Financial Reporting*. The condensed interim financial statements should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2014, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies, methods of computation and presentation applied in these condensed interim financial statements are consistent with those of the previous financial year, except for the adoption of new standards and amendments presented in Note 3. The Board of Directors approved the condensed interim financial statements on May 26, 2015.

3. RECENTLY ISSUED REPORTING STANDARDS AND AMENDMENTS

New standards and amendments issued and in effect

IFRIC 21, Levies ("IFRIC 21")

In May 2013, the IASB issued International Financial Reporting Interpretations Committee (IFRIC) 21, *Levies*. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014 and is to be applied retrospectively. IFRIC 21 provides guidance on accounting for levies in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. The Company has adopted IFRIC 21 effective July 1, 2014. This change was made in accordance with the applicable transitional provision. The adoption of IFRIC 21 did not affect the Company.

3. RECENTLY ISSUED REPORTING STANDARDS AND AMENDMENTS (cont'd…)

New standards and amendments issued and in effect (cont'd…)

Offsetting Financial Assets and Financial Liabilities (Amendment to IAS 32)

The amendment to IAS 32, *Financial Instruments: Presentation* ("IAS 32"), requires that a financial asset and a financial liability should only be offset and the net amount reported when an entity has a legal enforceable right to set off the amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company has adopted the amendment to IAS 32 effective July 1, 2014. This change was made in accordance with the applicable transitional provision. The adoption of this amendment did not affect the Company.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

Under the amended IAS 36, *Impairment* ("IAS 36"), the recoverable amount of a cash-generating unit is required to be disclosed only when an impairment loss has been recognized or reversed. The Company has adopted the amendment to IAS 32 effective July 1, 2014. This change was made in accordance with the applicable transitional provision. The adoption of this amendment did not affect the Company.

Accounting standards issued but not yet effective

The Company has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date of later than July 1, 2014. Many of these updates are not relevant to the Company and are therefore not discussed herein.

IFRS 9, Financial Instruments ("IFRS 9")

In November 2009 and October 2010, the IASB issued the first phase of IFRS 9, *Financial Instruments*. In November 2013, the IASB issued a new general hedge accounting standard, which forms part of IFRS 9. The final version of IFRS 9 was issued in July 2014 and includes a third measurement category for financial assets (fair value through other comprehensive income) and a single, forward-looking 'expected loss' impairment model.

This standard is part of a wider project to replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only three classification categories: amortized cost, fair value through other comprehensive income and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset or liability. It also introduces additional changes relating to financial liabilities and aligns hedge accounting more closely with risk management.

The new standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. Management is currently reviewing the impact that this standard will have on its financial statements.

(Expressed in Canadian Dollars)

4. EQUIPMENT

Cost	Leasehold Improvements	Office and Other Equipment	Computer Equipment	Total
Balance as at June 30, 2013	$ 10,161	$ 25,144	$ 59,549	$ 94,854
Additions	-	2,659	4,776	7,435
Balance as at June 30, 2014	$ 10,161	$ 27,803	$ 64,325	$ 102,289
Additions	11,095	66,758	60,090	137,943
Disposals	-	-	(2,678)	(2,678)
Balance as at March 31, 2015	$ 21,256	$ 94,561	$ 121,737	$ 237,554

Accumulated Depreciation	Leasehold Improvements	Office and Other Equipment	Computer Equipment	Total
Balance as at June 30, 2013	$ -	$ 2,515	$ 22,183	$ 24,698
Depreciation for the year	10,161	5,057	28,547	43,765
Balance as at June 30, 2014	$ 10,161	$ 7,572	$ 50,730	$ 68,463
Depreciation for the period	1,554	9,329	23,532	34,415
Disposals	-	-	(1,640)	(1,640)
Balance as at March 31, 2015	$ 11,715	$ 16,901	$ 72,622	$ 101,238

Carrying Amounts	Leasehold Improvements	Office and Other Equipment	Computer Equipment	Total
At June 30, 2014	$ -	$ 20,231	$ 13,595	$ 33,826
At March 31, 2015	$ 9,541	$ 77,660	$ 49,115	$ 136,316

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

On September 12, 2012, the Company entered into a purchase agreement (the "Agreement") with QMX Gold Corporation ("QMX") to acquire 100% of QMX's right, title and interest in the Rouyn-Noranda Project (the "Project") located in the Province of Québec, Canada. QMX is a company incorporated in Ontario and listed on the TSX-V.

Pursuant to the Agreement, the Company acquired the Project by paying QMX a $5,000,000 cash consideration and issuing QMX 7,000,000 common shares of the Company. An additional $131,761 in legal and other related acquisition costs were capitalized in securing the project.

On August 15, 2013, the Company finalized an option agreement to acquire a 100% interest in the Beauchastel Gold property, which was approved by the TSX-V on September 3, 2013. The Beauchastel property is located in the Flavrian portion of the Project area contiguous with claims held by the Company, and is included as part of the Company's exploration and evaluation assets in the Rouyn-Noranda district in the Province of Québec. Under the terms of the option agreement, the Company has paid $25,000 and issued 50,000 common shares to Société d'Exploration Minière Vior Inc. ("Vior").

On May 22, 2014 the Company completed the exercise of the option by making the final option payment of $25,000 and issuing 125,000 common shares to Vior, subject to a four month hold period. In addition, under the terms of the option agreement, Vior will retain a net smelter return ("NSR") royalty of 2% on the property. The Company has the right to buy back up to 1% of the NSR for $1 million at any time and has been granted a right of first refusal on the sale of the remaining 1% NSR royalty.

On September 8, 2014 the Company announced that it had signed an option agreement with the City of Rouyn-Noranda to acquire surface rights to land above the Horne 5 deposit and immediately adjacent to the Horne smelter. The agreement provides the Company with a 5-year option to purchase additional hectares of land in the Horne Complex. The total purchase price is $2,900,000, of which a $1,000,000 non-refundable deposit was paid upon transfer of the property. The remaining $1,900,000 is payable by August 1, 2019.

The Company has included the following costs on its exploration and evaluation assets in the Rouyn-Noranda district in the Province of Québec, Canada:

	Three months ended March 31, 2015	Nine months ended March 31, 2015	Year ended June 30, 2014
Balance – beginning of period	**$ 12,488,256**	**$ 10,330,484**	**$ 8,164,571**
Acquisition costs	-	-	129,138
Consulting and salaries	183,096	576,101	758,415
Data compilation and other	28,835	185,360	88,348
Drilling	536,703	1,379,535	287,394
Geochemistry	18,621	152,584	18,238
Geology	42,991	377,301	645,418
Geophysics	18,309	319,108	371,479
Total expenditures for the period	**828,555**	**2,989,989**	**2,298,430**
Refundable tax credits for the period	-	(3,662)	(132,517)
Total for the period, net of tax credits	**828,555**	**2,986,327**	**2,165,913**
Balance – end of period	**$ 13,316,811**	**$ 13,316,811**	**$ 10,330,484**

(Expressed in Canadian Dollars)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2015	June 30, 2014
Trade payables	$ 435,587	$ 498,103
Accrued liabilities	181,598	222,000
Severance payable	1,063,980	-
	$ 1,681,165	$ 720,103

7. DEFERRED PREMIUM ON FLOW-THROUGH SHARES

	March 31, 2015	June 30, 2014
Balance at beginning of the period	$ 217,877	$ 237,967
Deferred premium on flow-through shares issued	949,040	248,566
Recognition of deferred premium on flow-through shares	(359,330)	(268,656)
Balance at the end of the period	$ 807,587	$ 217,877

The Company periodically issues flow-through shares with any resulting premium on flow-through shares deferred on the balance sheet. The deferred premium on flow-through shares is subsequently recognized when the required exploration and evaluation expenditures are incurred. The recognition of the deferred premium on flow-through shares is presented as other income on the statement of loss.

During the nine months ended March 30, 2015, the Company issued 13,557,716 flow-through shares for gross proceeds of $7,050,012 and recognized a deferred premium on flow-through shares of $949,040. As at March 31, 2015, the Company is committed to spend $5,999,000 by December 31, 2015 on eligible exploration and evaluation expenses.

During the year ended June 30, 2014 the Company issued 4,142,770 flow-through shares for gross proceeds of $1,491,397 and recognized a deferred premium on flow-through shares of $248,566. The Company has completed its obligations related to this flow-through share financing in October 2014.

8. CAPITAL STOCK AND RESERVES

Authorized: Unlimited common shares without par value
Shares held in Escrow: 2,859,000

Capital stock

On October 22, 2014, the Company closed a brokered private placement of flow-through shares and common shares. Falco issued 6,555,600 common shares at a price of $0.45 per common share and 13,557,716 flow-through shares at a price of $0.52 per flow-through share for aggregate gross proceeds of $10,000,032. Proceeds of $949,040 were allocated to the flow-through share premium (Note 7).

(Expressed in Canadian Dollars)

8. CAPITAL STOCK AND RESERVES (cont'd...)

Capital stock (cont'd...)

In conjunction with the closing of the offering, the Company agreed to pay the agents a cash commission of 6% of the gross proceeds raised from subscriptions in the offering from persons placed by the agents which is equal to $540,691. Other share issuance costs of $218,358 were incurred and are composed of legal fees, filing fees and other associated costs. In addition, the Company has issued to the agents common share warrants ("Agent's Warrants") equal to 6% of the common shares and flow-through shares subscribed by persons placed to the Company by the agents totaling 967,014 Agent's Warrants at an exercise price of $0.5625 per common share exercisable until October 22, 2016.

The following assumptions were used for the Black-Scholes valuation of the Agent's Warrants issued during the year to calculate a fair value of $167,498. The fair value per warrant was evaluated at $0.17; the risk-free interest rate used was 1.04%; the expected life of the warrants used was 2 years; and the expected annualized volatility used was 90%. Annualized volatility was based on an average of comparable companies.

Stock options

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, June 30, 2013	2,205,000	$ 0.32
Granted	2,415,000	0.45
Exercised	(50,000)	0.10
Forfeited	(85,000)	0.30
Balance, June 30, 2014	4,485,000	$ 0.40
Granted	4,503,890	$ 0.51
Exercised	(925,000)	0.32
Forfeited	(500,000)	0.67
Balance, March 31, 2015	7,563,890	$ 0.46
Options exercisable, March 31, 2015	3,524,630	$ 0.38

(Expressed in Canadian Dollars)

8. CAPITAL STOCK AND RESERVES (cont'd...)

Stock options (cont'd…)

Stock options outstanding and exercisable at March 31, 2015 are as follows:

Exercise Price	Number of Options Outstanding	Number of Options Exercisable	Weighted Average Remaining Contractual Life (years)
$ 0.10	50,000	50,000	0.42
$ 0.30	1,240,000	1,240,000	2.49
$ 0.40	990,000	990,000	3.58
$ 0.45	3,198,890	1,099,630	3.64
$ 0.50	95,000	95,000	1.58
$ 0.57	1,100,000	-	4.26
$ 0.64	840,000	-	4.93
$ 0.70	50,000	50,000	0.67
	7,563,890	3,524,630	

The stock options, when granted, are accounted for at their fair value determined by the Black-Scholes option pricing model based on the vesting period and on the following weighted average assumptions:

	Nine months ended March 31, 2015	2014
Risk-free interest rate	1.09%	1.54%
Expected life of options	4 years	5 years
Annualized volatility	90%	100%
Dividend rate	-	-
Weighted average fair value per option	$ 0.33	$ 0.30

Share-based compensation expense of $658,787 was recorded for stock options vesting during the nine months ended March 31, 2015 ($578,553 during the nine months ended March 31, 2014).

Restricted and performance share units

At the Annual General and Special Meeting of the shareholders held on December 23, 2014, the shareholders approved a new share unit plan (the "Long-Term Incentive Plan") for the benefit of the Company's employees and consultants. The Long-Term Incentive Plan provides for the issuance of common shares from treasury, in the form of Restricted Share Units ("RSUs") and Performance Share Units ("PSUs"). The RSUs or PSUs can be settled in cash or whole common shares, at the discretion of the Company. As the Company has no past practice or stated policy of settling in cash, the Company has accounted for these transactions as a share-settled plan.

(Expressed in Canadian Dollars)

8. CAPITAL STOCK AND RESERVES (cont'd...)

Restricted and performance share units (cont'd…)

During the nine months ended March 31, 2015, 300,000 RSUs (nil during the nine months ended March 31, 2014) were granted under the Company's Long-Term Incentive Plan, vesting 1/3 in 12 months, 1/3 in 24 months, and 1/3 in 36 months after the grant date. As at March 31, 2015, there were 300,000 RSUs issued and outstanding under the Long-Term Incentive Plan, none of which had vested as of March 31, 2015. Share-based compensation expense for the nine months ended March 31, 2015 amounted to $20,175 (nil for the nine months ended March 31, 2014). The share-based compensation expense is recognized by the Company over the RSU vesting periods.

Warrants

	Number of Warrants		Weighted Average Exercise Price
Balance, June 30, 2013	3,400,000	$	0.45
Issued	6,954,507		0.59
Exercised	(1,078,000)		0.45
Balance, June 30, 2014	9,276,507	$	0.55
Issued	967,014	$	0.56
Exercised	(2,379,583)		0.45
Balance, March 31, 2015	7,863,938	$	0.58

Warrants outstanding at March 31, 2015 are as follows:

Exercise Price	Number of Warrants		Expiry Date	Weighted Average Remaining Contractual Life (years)
$ 0.45	628,855	(1)	May 14, 2015	0.12
$ 0.60	6,268,069		November 14, 2015	0.62
$ 0.5625	967,014	(2)	October 22, 2016	1.56
	7,863,938			

(1) Finder's Warrants
(2) Agent's Warrants

9. LOSS PER SHARE

As a result of the loss for three and nine months ended March 31, 2015 and 2014, all potentially dilutive common shares are deemed to be antidilutive and thus diluted loss per share is equal to the basic loss per share for these periods.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS

Key management includes directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management for employee services is presented below for the nine months ended March 31, 2015 and 2014:

	March 31, 2015	March 31, 2014
Salaries and short-term employees benefits[(1),(2)]	$ 2,312,725	$ 354,961
Share-based compensation	586,293	276,606
	$ 2,899,018	$ 631,567

(1) Includes consulting and directors' fees.
(2) Includes severance costs of $1,653,980.

As at March 31, 2015, an amount of $873,980 ($134,621 as at March 31, 2014) is included in accounts payable and accrued liabilities.

In addition, an amount of $51,797 was payable to a company related to a significant shareholder for services and rental of offices.

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company has no financial assets and no financial liabilities at fair value in the balance sheets as at March 31, 2015 and December 31, 2014.

Financial instruments that are not measured at fair value on the balance sheets are represented by cash and cash equivalents, accounts receivables, and accounts payable and accrued liabilities. The fair values of cash and cash equivalents, accounts receivables, and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

12. SEGMENTED INFORMATION

The chief operating decision-maker organizes and manages the business under a single operating segment, consisting of exploration and evaluation of resource properties. All of the Company's assets and expenses are attributable to this single operating segment. The Company's operations and assets are all located in Canada.

(Expressed in Canadian Dollars)

13. SUPPLEMENTAL DISCLOSURE – STATEMENTS OF CASH FLOWS

	2015	2014
Exploration and evaluation asset expenditures included in accounts payable and accrued liabilities		
End of period	$ 433,237	$ 120,119
Beginning of period	448,431	77,151
Shares issued for acquisition of exploration and evaluation assets	-	16,500

14. COMMITMENTS

As at March 31, 2015, the Company is committed under a flow-through share agreement to spend $5,999,000 by December 31, 2015 on eligible exploration and evaluation expenses.

15. SUBSEQUENT EVENTS

The following significant events occurred subsequently to March 31, 2015:

(i) 180,000 stock options were exercised for gross proceeds of $57,000;

(ii) 207,300 warrants were exercised to gross proceeds of $93,285;

(iii) $790,250 were paid as severance fees following the departure of employees and consultants.