FIRST AMERICAS GOLD CORPORATION

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2014

(EXPRESSED IN CANADIAN DOLLARS - UNAUDITED)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the 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 have been prepared by and are the responsibility of the management.

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

FIRST AMERICAS GOLD CORPORATION

DECEMBER 31, 2014

(Expressed in Canadian Dollars - Unaudited)

FIRST AMERICAS GOLD CORPORATION

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars - Unaudited)

	December 31, 2014	March 31, 2014
	$	$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**9,003**	23,094
Receivables	**620**	847
Prepaid expenses and deposits	**848**	947
	10,471	24,888
Equipment (Note 3)	**1,044**	1,348
Exploration and evaluation property interests (Note 4)	**1**	111,454
	11,516	137,690
LIABILITIES AND SHAREHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	**163,883**	83,574
SHAREHOLDERS' DEFICIT		
Share capital (Note 6)	**1,239,767**	1,239,767
Reserves (Note 6)	**213,586**	226,482
Accumulated deficit	**(1,605,720)**	(1,412,133)
	(152,367)	54,116
	11,516	137,690

Nature and continuance of operations (Note 1)
Commitment (Note 10)
Contingency (Note 11)

Approved and authorized by the Board on March 2, 2015.

On Behalf of the Board:

"Drew Bonnell"	"David McElhanney"
Drew Bonnell, Director	David McElhanney, Director

FIRST AMERICAS GOLD CORPORATION

CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars - Unaudited)

	For the three months ended December 31,		For the nine months ended December 31,	
	2014	2013	**2014**	2013
	$	$	**$**	$
ADMINISTRATIVE EXPENSES				
Depreciation (Note 3)	**102**	144	**304**	433
Filing fees and transfer agent fees	**707**	830	**4,660**	7,786
Investor relations	**3,164**	1,000	**3,164**	13,000
Management and director fees	**31,500**	37,500	**92,500**	112,500
Office and miscellaneous expenses	**1,641**	5,925	**4,368**	12,063
Professional fees	**7,480**	18,967	**18,261**	41,847
Property investigation expenses	**-**	-	**-**	1,974
Travel expenses	**194**	173	**1,062**	806
	(44,788)	(64,539)	**(124,319)**	(190,409)
OTHER ITEMS				
Gain (loss) on foreign exchange	**(5)**	121	**(138)**	(276)
Interest income	**6**	26	**53**	95
Write-down of exploration and evaluation property interests	**-**	(247,122)	**(82,079)**	(247,122)
	1	(246,975)	**(82,164)**	(247,303)
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**(44,787)**	(311,514)	**(206,483)**	(437,712)
BASIC AND DILUTED LOSS PER COMMON SHARE	**(0.01)**	(0.04)	**(0.03)**	(0.05)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	**8,245,400**	8,245,400	**8,245,400**	8,210,855

FIRST AMERICAS GOLD CORPORATION

CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT

(Expressed in Canadian Dollars - Unaudited)

	Share Capital		Reserves		
	Number	**Amount**	**Stock Options**	**Accumulated Deficit**	**Total**
		$	**$**	**$**	**$**
Balance, March 31, 2013	8,145,400	1,226,348	226,482	(885,412)	567,418
Shares issued for exploration and evaluation property interests	100,000	10,000	-	-	10,000
Loss for the period	-	-	-	(437,712)	(437,712)
Balance, December 31, 2013	8,245,400	1,236,348	226,482	(1,323,124)	139,706
Recovery of share issuance costs	-	3,419	-	-	3,419
Loss for the period	-	-	-	(89,009)	(89,009)
Balance, March 31, 2014	8,245,400	1,239,767	226,482	(1,412,133)	54,116
Options cancelled	-	-	(12,896)	12,896	-
Loss for the period	-	-	-	(206,483)	(206,483)
Balance, December 31, 2014	**8,245,400**	**1,239,767**	**213,586**	**(1,605,720)**	**(152,367)**

FIRST AMERICAS GOLD CORPORATION

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars - Unaudited)

	For the nine months ended December 31,	
	2014	2013
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	**(206,483)**	(437,712)
Adjustments for non-cash items		
Depreciation	**304**	433
Write-down of exploration and evaluation property interests	**82,079**	247,122
Changes in non-cash operating working capital items		
Receivables	**227**	3,255
Prepaid expenses and deposits	**99**	(200)
Accounts payable and accrued liabilities	**80,309**	16,422
	(43,465)	(170,680)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation property interest expenditures	**(850)**	(136,607)
BC mining tax credit	**30,224**	-
Short-term investments	**-**	9,905
	29,374	(126,702)
CHANGE IN CASH AND CASH EQUIVALENTS	**(14,091)**	(297,382)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	**23,094**	321,556
CASH AND CASH EQUIVALENTS, END OF PERIOD	**9,003**	24,174

Supplemental cash flow information				
Cash paid for interest	**$**	**-**	$	-
Cash paid for taxes	**$**	**-**	$	-
Non-cash transactions				
Shares issued for exploration and evaluation property interests	**$**	**-**	$	10,000
Reclassification from reserves to deficit on cancelled stock options	**$**	**12,896**		-

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Nature of operations

First Americas Gold Corporation (the "Company") was incorporated under the Business Corporations Act (British Columbia) on April 3, 2007. On January 31, 2012, the Company completed its Qualifying Transaction and as a result, the Company ceased to be a Capital Pool Company and commenced trading as a Tier 2 Mining Issuer on the TSX Venture Exchange ("TSX-V") on February 2, 2012 under the new trading symbol "FAC.V". The Company's business is to acquire, explore, and develop interests in mining projects.

The Company's head office and principal address is 2300 - 1066 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3X2. The Company's registered and records office is located at 800-885 West Georgia Street, Vancouver, British Columbia, Canada V6C 3H1.

Going concern

The Company's mineral property is at the exploration stage and is without a known body of commercial ore. The business of exploring for minerals and mining involves a high degree of risk. Major expenses may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities. The amounts shown as exploration and evaluation property interests represent acquisition, holding and deferred exploration costs and do not necessarily represent present or future recoverable values. The recoverability of the amounts shown for exploration and evaluation property interests is dependent upon the Company obtaining the necessary financing to complete the exploration and development of the properties, the discovery of economically recoverable reserves and future profitable operations.

These condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at December 31, 2014, the Company had not advanced its property to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. The Company will require additional financing for the upcoming fiscal year in order to maintain its operations and exploration activities and there are no assurances that the Company will be successful in raising additional capital on commercially reasonable terms or at all. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with current cash on hand, proceeds from exercise of options and warrants, and further private placements, if available.

The condensed interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounts Standards ("IAS") 34, "Condensed Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended March 31, 2014.

These condensed interim financial statements of the Company were approved and authorized for issue by the Board of Directors on March 2, 2015.

Basis of preparation

These condensed interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar and was determined through an analysis of the consideration factors identified in International Accounting Standards ("IAS") 21, *The Effects of Changes in Foreign Exchange Rates.*

Transactions in currencies other than Canadian dollars are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in loss.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of exploration and evaluation assets, valuation of share-based compensation and the recoverability and measurement of deferred tax assets and liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates (continued)

Critical judgments exercised in apply accounting policies that have the most significant effects on the amounts recognized in the financial statements are as follows:

Economic recoverability and probability of future economic benefits of exploration and evaluation assets

Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Information about assumptions and estimations uncertainties that have a significant risk of resulting in material adjustments are as follow:

Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company’s earnings and equity reserves.

Income taxes

In assessing the probability of realizing deferred tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Accounting pronouncements not yet adopted

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the nine months ended December 31, 2014 and have not been applied in preparing these condensed interim financial statements. The Company is currently considering the possible effects of the new and revised standards which will be effective to the Company’s financial statements for the year ending March 31, 2016 or later:

a) *IFRS 9 – Financial Instruments: Classification and Measurement* applies to classification and measurement of financial assets and liabilities as defined in IAS 39. This amendment is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company does not expect any effect on its financial statements from the adoption of this standard.

(Expressed in Canadian Dollars - Unaudited)

3. EQUIPMENT

	Computer equipment
	$
Cost:	
At March 31, 2013, March 31, 2014 and December 31, 2014	3,236
Depreciation:	
At March 31, 2013	1,311
Charge for the year	577
At March 31, 2014	1,888
Charge for the period	304
At December 31, 2014	2,192
Net book value:	
At March 31, 2014	1,348
At December 31, 2014	**1,044**

4. EXPLORATION AND EVALUATION PROPERTY INTERESTS

Title to mineral properties

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral property interests. The Company has investigated title to all of its mineral property interests and to the best of management's knowledge, title to all of its properties are in good standing and free of material defect.

Gold Basin Property

On January 31, 2012, the Company completed its Qualifying Transaction through the closing of an amended and restated option agreement dated October 31, 2011 (the "Option Agreement") with Aurumbank Incorporated ("Aurumbank"), Watering Hole Productions Inc. ("Watering Hole"), and Nevada Pacific Mining Inc. ("Nevada Pacific") (collectively, the "Optionors"), pursuant to which Nevada Pacific and Watering Hole granted the Company an option to acquire a 100% interest, and Aurumbank granted the Company an option to acquire a 50% interest, in their respective interests in certain mineral rights and unpatented mining claims located in the Gold Basin Mining District, located in Mohave County, Arizona.

4. EXPLORATION AND EVALUATION PROPERTY INTERESTS (continued)

The Company may earn a 45% interest (the "First Option") in the properties (which will include a 100% interest in the portion of the properties owned by Nevada Pacific Mining Inc. and such other portions of the properties where the Company focuses its exploration during the First Option period) by:

(a) allotting and issuing the Optionors an aggregate of:

(i) 500,000 common shares on completion of the Qualifying Transaction (issued on January 31, 2012 at a value of $100,000), and

(ii) 500,000 common shares on or before January 31, 2014; and

(b) incurring exploration expenditures on any one or more of the properties of $1,500,000 on or before January 31, 2014, with a minimum obligation to incur at least $275,000 in exploration expenditures by January 31, 2013.

The Company may earn an additional 35% interest (the "Second Option") in the properties (which will include such portions of the properties where the Company focuses its exploration during the Second Option period) by:

(a) allotting and issuing the Optionors an additional aggregate of:

(i) 875,000 common shares on or before January 31, 2015, and

(ii) 875,000 common shares on or before January 31, 2016; and

(b) incurring exploration expenditures on any one or more of the properties of $2,000,000 (for an aggregate total of $3,500,000) on or before January 31, 2016.

The Company may earn an additional 20% interest (the "Third Option") in the properties, for a total 100% interest, by:

(a) allotting and issuing the Optionors an additional aggregate of:

(i) 1,125,000 common shares on or before January 31, 2017, and

(ii) 1,125,000 common shares on or before January 31, 2018; and

(b) incurring exploration expenditures on any one or more of the properties of $3,250,000 (for an aggregate total of $6,750,000) on or before January 31, 2018.

There remains a 3.5% Net Smelter Royalty ("NSR") on some of the properties.

The Company has been unable to obtain access to critical records and technical data regarding the properties subject to the Option Agreement primarily due to a dispute with the Optionors. As a result, the Company has been unable to properly identify mineral exploration targets on the properties and has been effectively prohibited from pursuing its exploration and development program. The Company has accordingly deferred further activities and expenditures on the properties until all disputes with and/or among the Optionors are settled and an agreement to proceed is reached. The Company gave notice to the Optionors to this effect on January 25, 2013.

On March 1, 2013, the Company received notice from the Optionors that the Company was allegedly in breach of the Option Agreement as the Company had not incurred the required $275,000 in exploration expenditures. The Optionors further advised that they intend to pursue arbitration to determine the matter.

On April 30, 2013, the Company responded re-confirming its earlier notice of January 25, 2013.

On June 28, 2013, the Company received correspondence from the Optionors, which stated their obligations under the Option Agreement have ended.

4. EXPLORATION AND EVALUATION PROPERTY INTERESTS (continued)

Gold Basin Property (continued)

On July 4, 2013, the Company responded to the Optionors, reiterating the Option Agreement remains in full force and effect pursuant to Article 10 of the Option Agreement, and the Company will hold the Optionors liable for all losses and damages resulting from non-compliance.

On September 27, 2013, the Company received correspondence from the Optionors reiterating their obligations under the Option Agreement have ended and that the agreement has terminated (see Note 11).

Given the uncertainty in the status of the Option Agreement, the Company decided to write down the property to $1 during the year ended March 31, 2014. At the time of this filing, no resolution to the dispute between the Company and the Optionors has been reached.

Chu Chua Property

The Company entered into an option agreement dated June 17, 2013, which was later amended on July 11, 2013 and June 4, 2014, with two arm's length owners (collectively, the "Optionors") of certain mining claims that comprise the Chu Chua Project (the "Property"). The Property is located in the Kamloops Mining Division, approximately 24 kilometres northeast of Barriere, British Columbia.

The Optionors granted an option to the Company to acquire a 100% interest in the Property on the terms and conditions of the Option Agreement subject to the following:

(a) Incur exploration expenditures on the Property as follows:
   - (i) $125,000 on or before August 31, 2014;
   - (ii) an additional $475,000 on or before August 31, 2015;
   - (iii) an additional $650,000 on or before August 31, 2016;
   - (iv) an additional $750,000 on or before August 31, 2017;

(b) Issuing shares to the Optionor, in each case, other than the initial share issuance, upon the Company deciding to continue with exploration efforts on the claim, as follows:
   - (i) 100,000 shares on July 5, 2013 (issued at a value of $10,000),
   - (ii) an additional 150,000 shares thirty calendar days after confirmation of the Company incurring $125,000 in cumulative exploration expenditures,
   - (iii) an additional 200,000 shares thirty calendar days after confirmation of the Company incurring $600,000 in cumulative exploration expenditures,
   - (iv) an additional 250,000 shares thirty calendar days after confirmation of the Company incurring $1,250,000 in cumulative exploration expenditures,
   - (v) an additional 300,000 shares thirty calendar days after confirmation of the Company incurring $2,000,000 in cumulative exploration expenditures; and

(c) The Company making a one-time cash payment of $500,000 to the Optionors thirty calendar days after confirmation that the Company incurred $2,000,000 in exploration expenditures on or before August 31, 2017 and upon the Company deciding to continue with exploration efforts on the claim.

The Company failed to meet its payment obligation under the option agreement and consequently wrote-down related costs of $82,079 during the nine months ended December 31, 2014.

(Expressed in Canadian Dollars - Unaudited)

4. EXPLORATION AND EVALUATION PROPERTY INTERESTS (continued)

Idaho Property

In April 2013, the Company staked certain mining claims South East of Salmon, Idaho, United States.

During the year ended March 31, 2014, the Company abandoned the property and wrote down related exploration and evaluation property interests of $37,229.

Expenditures for the fiscal period related to the Company's exploration and evaluation property interests are as follows:

	Gold Basin Property	Idaho Property	Chu Chua Property	Total
	$	$	$	$
Balance as at March 31, 2013	**248,398**	-	-	**248,398**
Property acquisition and staking costs	-	10,067	10,708	20,775
Exploration expenditures				
Field gear & supplies	-	-	646	646
General administration	182	1,267	4,599	6,048
Geological consulting and engineering	-	12,600	57,164	69,764
Land claims	-	4,988	-	4,988
Mapping & prospecting	-	-	8,950	8,950
Samples & lab analysis	-	-	15,264	15,264
Travel and accommodation	24	8,307	14,122	22,453
Write down of exploration and evaluation property interests	(248,603)	(37,229)	-	(285,832)
Balance as at March 31, 2014	**1**	**-**	**111,453**	**111,454**
Exploration expenditures				
General administration	-	-	850	850
B.C. mineral exploration tax credit	-	-	(30,224)	(30,224)
Write down of exploration and evaluation property interests	-	-	(82,079)	(82,079)
Balance as at December 31, 2014	**1**	**-**	**-**	**1**

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2014	March 31, 2014
	$	$
Accounts payable	**18,338**	15,057
Accrued liabilities	**3,545**	14,017
Due to related parties (Note 7)	**142,000**	54,500
	163,883	83,574

(Expressed in Canadian Dollars - Unaudited)

6. SHARE CAPITAL AND RESERVES

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

Issued share capital

On July 4, 2013, the Company issued 100,000 common shares (valued at $10,000) pursuant to the Chu Chua Property option agreement (Note 4).

Escrow shares

As at December 31, 2014, 292,500 (March 31, 2014 – 585,000) shares of the Company are held in escrow and will be released to shareholders in accordance with Exchange Policy 2.4 over a period of up to 8 months.

Share purchase warrants

A summary of share purchase warrant activities are as follows:

	Number of warrants	Weighted average exercise price
		$
Outstanding and exercisable at March 31, 2013	1,595,400	0.30
Expired	(40,400)	0.30
Outstanding and exercisable at March 31, 2014 and December 31, 2014	1,555,000	0.30

a) In June 2013, the Company received approval from the TSX Venture Exchange to extend the expiry date of the 1,555,000 warrants issued pursuant to the private placement from July 27, 2013 to July 27, 2015. In all other respects, the terms of the warrants remained unchanged.

b) On July 27, 2013, 40,400 warrants exercisable at $0.30 expired.

A summary of the share purchase warrants outstanding at December 31, 2014 is as follows:

Exercise Price	Number Outstanding	Expiry Date
$0.30	1,555,000	July 27, 2015

The weighted average life of warrants outstanding at December 31, 2014 is 0.57 years.

(Expressed in Canadian Dollars - Unaudited)

6. SHARE CAPITAL AND RESERVES (continued)

Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors and employees to acquire up to 10% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 10 years and vesting periods are determined by the Board of Directors.

On March 22, 2012, the Company announced its board of directors has approved a new 2012 stock option plan. This plan allows for the granting of stock options to eligible employees, officers, directors and consultants of the Company to acquire up to such number of common shares of the Company as is equal to 20% of the issued and outstanding shares on the date of approval of the plan by the Company's shareholders. This plan was approved by the Company's shareholders on December 7, 2012.

The Company's stock option transactions are summarized as follows:

	Number of Options	Weighted average exercise price
		$
Outstanding and exercisable at March 31, 2013, March 31, 2014	1,497,500	0.23
Cancelled	(100,000)	0.25
Outstanding and exercisable, December 31, 2014	1,397,500	0.22

During the nine months ended December 31, 2014, the Company cancelled 100,000 stock options and accordingly, reclassified $12,896 from reserves to deficit.

The following table summarizes the options outstanding and exercisable at December 31, 2014.

Options outstanding and exercisable	Exercise price	Expiry date
	$	
10,000	0.25	April 11, 2017
527,500	0.20	February 10, 2021
175,000	0.20	January 27, 2022
685,000	0.25	March 23, 2022
1,397,500		

The weighted average life of stock options outstanding at December 31, 2014 was 6.76 years.

(Expressed in Canadian Dollars - Unaudited)

7. RELATED PARTY TRANSACTIONS

During the nine months ended December 31, 2014, the Company entered into the following transactions with key management personnel (senior officers and directors), not disclosed elsewhere in these condensed interim financial statements:

	For the nine months ended December 31,	
	2014	2013
	$	$
Management and director fees	**92,500**	112,500

As at December 31, 2014, $142,000 (March 31, 2014 - $54,500) was included in accounts payable and accrued liabilities owing to an officer and director of the Company (Note 5).

8. FINANCIAL INSTRUMENTS & RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables and accounts payable and accrued liabilities approximate their carrying values. The Company's other financial instrument, being cash and cash equivalents, is measured at fair value using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit risk:
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company has deposited the cash with its bank from which management believes the risk of loss is remote. The majority of the Company's receivables are amounts receivable from Canada Revenue Agency for excise tax credits and as such, the credit risk is minimal.

(b) Liquidity risk:
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Accounts payable and accrued liabilities are due within the current operating period. The Company does not currently have sufficient cash to settle current liabilities.

(c) Market risk:
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

8. FINANCIAL INSTRUMENTS & RISK MANAGEMENT (continued)

(d) Interest rate risk:
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates.

9. CAPITAL DISCLOSURE AND MANAGEMENT

The Company considers its capital structure to include the components of shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As an exploration stage company, the Company is currently unable to self-finance its operations.

Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable.

The Company's share capital is not subject to any external restrictions and the Company did not change its approach to capital management during the period.

10. COMMITMENT

In April 2012, the Company entered into an Investor Relations Agreement ("IRA") for the provision of certain investor relations services, including assisting the Company with developing a social media platform, as further set out in the IRA. In consideration for the services, the Company agreed to pay the Consultant: $2,500 upon the execution of the IRA; $2,500 upon the Company reviewing and approving the launch of the social media platform; $2,000 per month during the initial six month term of the IRA; and $2,500 per month upon completion of the initial term, which term will continue on a month to month basis until terminated by the Company and the Consultant. Effective February 1, 2013 to April 30, 2013, the IR fee had been reduced to $1,000 per month on a month to month basis with review to follow. The Company suspended payment to this consultant effective November 1, 2013.

Pursuant to the terms of the IRA, the Company agreed to grant the consultant up to 30,000 stock options based on certain milestones, with an initial 10,000 options being granted upon the commencement of services, at an exercise price of $0.25 per share and exercisable for a period of five years, vesting over a period of twelve months, with 25% of such initial options vesting every three months.

The remaining 20,000 stock options were not granted and the IRA was terminated during the year ended March 31, 2014.

11. CONTINGENCY

The Company received correspondence from a group of shareholders of Aurumbank in which such shareholders have notified the Company that they have commenced a lawsuit against a current director of Aurumbank alleging breach of fiduciary duty against such director. Although at the time no such threat of litigation was made against the Company, the Company may be included as a party in such litigation and portions of the properties may become the subject of any such lawsuit. Although the Company believes that any such litigation will not have any significant effect on the Option Agreement or its right to the properties, any such litigation may be time consuming and costly, and, as with all litigation, there is no guarantee of success. Should any such litigation be determined adversely to the Company, such litigation may have a material and adverse effect on the Company's ongoing operations and financial condition.

In addition, due to the dispute between the shareholders and the director of Aurumbank and the repeated failures to respond to requests for information made by the Company to the director of Aurumbank, the Company has been unable to obtain access to critical records and technical data regarding the properties. As a result, the Company has been unable to properly identify mineral exploration targets on the properties and has been effectively prohibited from pursuing its exploration and development program. The Company has accordingly deferred further activities and expenditures on the properties until the dispute are settled. The Company gave notice to the Optionors to this effect on January 25, 2013. In addition, the Company has provided notice that it wishes the outstanding items under the Option Agreement to be sent to arbitration in the Province of British Columbia.

The Company had been advised by the Optionors that, by reason of the Company's failure to pursue its exploration and development program on the Properties, the Option Agreement has effectively been terminated and that the Company had until July 30, 2013 to retrieve any equipment, machinery or supplies brought onto the Properties.

On April 24, 2014, the Company was advised by the Optionors that unless the Company returned an executed Quit Claim Deed within an imposed time frame, the Optionors would proceed with judicial action to quiet title to the properties.

On August 6, 2014, the Company was served a summon, Certificate on Compulsory Arbitration, and Complaint (Quiet Title) stating a lawsuit had been filed against the Company in the Superior Court of the State of Arizona USA regarding the Gold Basin Project in Arizona. While discussions designed to resolve matters between the Company and the Optionors have been initiated, at the time of this filing no resolution has been reached.

The Company remains of the position that the Optionors have frustrated the performance of the Option Agreement and that the Option Agreement remains in full force and effect.

(Expressed in Canadian Dollars - Unaudited)

12. SEGMENTED INFORMATION

The Company has one operating segment, being the acquisition and exploration of exploration and evaluation property interests. Geographic information is as follows:

	As at December 31, 2014		
	Canada	**US**	**Total**
	$	**$**	**$**
Equipment	1,004	-	1,004
Exploration and evaluation property interests	-	1	1
	1,004	**1**	**1,005**

	As at March 31, 2014		
	Canada	**US**	**Total**
	$	**$**	**$**
Equipment	1,348	-	1,348
Exploration and evaluation property interests	111,453	1	111,454
	112,801	**1**	**112,802**