Blue Sky Uranium Corp.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Blue Sky Uranium Corp.

We have audited the accompanying consolidated financial statements of Blue Sky Uranium Corp., which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013, and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in (deficit) equity for the years ended December 31, 2014 and December 31, 2013, 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.

Auditor's 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 auditor's 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 Blue Sky Uranium Corp. as at December 31, 2014 and December 31, 2013, and its financial performance and its cash flows for the years ended December 31, 2014 and December, 2013 in accordance with International Financial Reporting Standards.

Emphasis of Matter

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

"D&H Group LLP"

Vancouver, B.C.
April 7, 2015

Chartered Accountants

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Blue Sky Uranium Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	December 31, 2014 $	December 31, 2013 $
ASSETS			
Non-current assets			
Equipment	3	-	6,618
Mineral property interests	4	32,702	2,766,618
Total non-current assets		32,702	2,773,236
Current assets			
Prepaid expenses		8,180	87,951
Amounts receivable		4,116	5,461
Cash		53,751	426,810
Total current assets		66,047	520,222
Total Assets		98,749	3,293,458
(DEFICIT) EQUITY			
Share capital	7	19,137,576	18,927,627
Reserves	7	4,076,680	3,909,863
Deficit		(23,671,530)	(20,144,188)
Total (Deficit) Equity		(457,274)	2,693,302
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	284,183	485,028
Exploration liabilities	5	44,855	115,128
Interest payable	6, 8	8,985	-
Loans payable	6, 8	218,000	-
Total Liabilities		556,023	600,156
Total (Deficit) Equity and Liabilities		98,749	3,293,458

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

COMMITMENT (Note 12)

EVENTS AFTER THE REPORTING PERIOD (Note 15)

These consolidated financial statements are authorized for issue by the Board of Directors on April 7, 2015. They are signed on the Company's behalf by:

"Nikolaos Cacos" , Director

"David Terry" , Director

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

Blue Sky Uranium Corp.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Year ended December 31, 2014 $	2013 $
Expenses			
Accounting and audit		27,230	41,024
Depreciation		6,618	13,236
Corporate development and investor relations		90,489	99,670
Exploration	4	224,052	1,947,863
Exploration and other costs recovery	5	(70,273)	(1,848,698)
Foreign exchange (gain) loss		(46,234)	30,746
Management fees	8	80,700	190,200
Office and sundry	8	40,143	116,323
Professional fees	8	147,132	226,437
Rent, parking and storage	8	29,719	64,054
Salaries and employee benefits	8	172,050	190,412
Share-based compensation		8,787	-
Transfer agent and regulatory fees		25,339	16,440
Travel and accommodation		5,329	31,203
Loss from operating activities		741,081	1,118,910
Finance expenses	6, 8	43,600	-
Interest expense	6, 8	8,985	-
Interest income		(240)	(2,227)
Write-off of mineral property interests	4	2,733,916	-
Loss and comprehensive loss for the year		3,527,342	1,116,683
Basic and diluted loss per common share ($)	10	(1.07)	(0.46)

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

Blue Sky Uranium Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended December 31, 2014 $	2013 $
Cash flows used in operating activities		
Loss for the period	(3,527,342)	(1,116,683)
Depreciation	6,618	13,236
Finance expenses	43,600	-
Interest expense	8,985	-
Share-based compensation	8,787	-
Write-off of mineral property interests	2,733,916	-
	(725,436)	(1,103,447)
Change in non-cash working capital items:		
Decrease in amounts receivable	1,345	34,921
Decrease (increase) in prepaid expenses	79,771	(7,135)
(Decrease) increase in accounts payable and accrued liabilities	(244,445)	370,416
(Decrease) increase in exploration advances	(70,273)	151,302
Net cash used in operating activities	(959,038)	(553,943)
Cash flows used in investing activities		
Redemption of short term investments	-	650,000
Mineral property interests acquisitions	-	(31,963)
Net cash from investing activities	-	618,037
Cash flows from financing activities		
Loans received	218,000	-
Issuance of common shares and warrants	384,895	209,000
Share issue costs	(16,916)	(7,520)
Net cash from financing activities	585,979	201,480
Net (decrease) increase in cash	(373,059)	265,574
Cash at beginning of year	426,810	161,236
Cash at end of year	53,751	426,810

SUPPLEMENTARY CASH FLOW INFORMATION (Note 13)

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

Blue Sky Uranium Corp.
Consolidated Statements of Changes in (Deficit) Equity
(Expressed in Canadian Dollars)

	Share capital		Reserves				
	Number of Shares[1]	Amount $	Contributed Surplus $	Equity Settled Share-based Payments $	Warrants $	Accumulated Deficit $	Total $
Balance at January 1, 2013	2,340,199	18,784,971	2,599,426	987,253	264,360	(19,027,505)	3,608,505
Private placements	347,500	153,138	-	-	55,862	-	209,000
Share issue costs	-	(10,482)	-	-	-	-	(10,482)
Agent's warrants granted	-	-	-	-	2,962	-	2,962
Stock options expired	-	-	564,739	(564,739)	-	-	-
Warrants expired	-	-	23,179	-	(23,179)	-	-
Agent's warrants expired	-	-	64	-	(64)	-	-
Total comprehensive loss for the year	-	-	-	-	-	(1,116,683)	(1,116,683)
Balance at December 31, 2013	2,687,699	18,927,627	3,187,408	422,514	299,941	(20,144,188)	2,693,302
Private placements	749,000	241,805	-	-	143,090	-	384,895
Share issue costs	-	(31,856)	-	-	-	-	(31,856)
Agent's warrants granted	-	-	-	-	14,940	-	14,940
Share-based compensation	-	-	-	8,787	-	-	8,787
Stock options expired	-	-	51,820	(51,820)	-	-	-
Warrants expired	-	-	242,721	-	(242,721)	-	-
Agent's warrants expired	-	-	17,674	-	(17,674)	-	-
Total comprehensive loss for the year	-	-	-	-	-	(3,527,342)	(3,527,342)
Balance at December 31, 2014	3,436,699	19,137,576	3,499,623	379,481	197,576	(23,671,530)	(457,274)

[1] On December 3, 2014, the Company received approval by the TSX Venture Exchange and the Company's shareholders for the consolidation of the Company's issued and outstanding common shares on the basis of ten (10) pre-consolidation shares for one (1) post-consolidation share. Comparative periods have been retrospectively restated.

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

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company was incorporated under the Business Corporation Act of British Columbia on November 30, 2005 as Mulligan Capital Corp. On May 18, 2006, the Company received final receipts for a prospectus and became a reporting issuer in British Columbia and Alberta. On June 27, 2006 the Company completed its initial public offering (the "Offering") and on June 28, 2006 the Company listed its common shares on the TSX Venture Exchange (the "TSX-V") as a capital pool company. On February 7, 2007, the Company completed its qualifying transaction (the "QT") and was upgraded to Tier II status on the TSX-V. The Company also changed its name to Blue Sky Uranium Corp. to reflect its business as a junior uranium exploration company. The address of the Company's registered office is Suite 709 – 837 West Hastings Street, Vancouver, BC, Canada V6C 3N6.

On July 5, 2012, the Company acquired 100% of the outstanding common shares of Windstorm Resources Inc. ("Windstorm"), a Canadian junior mining and exploration company, which became a wholly-owned subsidiary of the Company. The Company issued to each shareholder of Windstorm 0.38868 (the "Share Exchange Ratio") of a common share in the capital of the Company in exchange for each Windstorm common share held by such shareholder. No fractional shares of the Company were issued, and fractions were rounded down to the nearest lower whole share. The holders of outstanding stock options and warrants of Windstorm received equivalent stock options and warrants of the Company as adjusted by the Share Exchange Ratio. As a result of the acquisition, the Company issued 8,000,021 common shares to Windstorm shareholders.

The amounts shown as mineral property interests represent acquisition costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values. The underlying value of the mineral property interests is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to advance the properties beyond the exploration stage, and future profitability of the properties.

The Company has experienced recurring operating losses and has an accumulated deficit of $23,671,530 at December 31, 2014 (December 31, 2013 - $20,144,188) and deficit of $457,274 at December 31, 2014 (December 31, 2013 – equity of $2,693,302). In addition, the Company had a working capital deficiency of $489,976 at December 31, 2014 (December 31, 2013 – $79,934). Working capital is defined as current assets less current liabilities and provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year. These factors raise significant doubt about the Company's ability to continue as a going concern. The Company's continued operations, as intended, are dependent upon its ability to raise additional funding to meet its obligations and to attain profitable operations. Management's plan in this regard is to raise equity financing as required. There are no assurances that the Company will be successful in achieving these goals. These consolidated financial statements do not include adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

Statement of compliance

The Company's consolidated financial statements, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee, effective for the Company's reporting for the year ended December 31, 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as available-for-sale that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries as follows:

	Place of Incorporation	Principal Activity
Blue Sky BVI Uranium Corp.	British Virgin Islands	Holding company
Minera Cielo Azul S.A. (Argentina)	Argentina	Exploration company
Desarrollo de Inversiones S.A. (Argentina)	Argentina	Exploration company
Viento de Oro S.A. de C.V. (Mexico)	Mexico	Exploration company

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

Foreign currencies

The presentation and functional currency of the Company is the Canadian dollar. Transactions in currencies other than the Canadian dollar are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Non-derivative financial assets

The Company has the following non-derivative financial assets: financial assets at fair value through profit or loss and loans and receivables.

(i) Financial assets at fair value through profit or loss ("FVTPL")

Financial assets are classified at fair value through profit or loss if they are classified as held for trading or are designated as such upon initial recognition. Financial assets are designated as FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. As at December 31, 2014 and 2013, the Company has not classified any liabilities as FVTPL.

(ii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and amounts receivable.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-derivative financial liabilities

(i) Financial liabilities at fair value through profit or loss ("FVTPL")

Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. As at December 31, 2014 and 2013, the Company has not classified any financial liabilities as FVTPL.

(ii) Other financial liabilities

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Other financial liabilities comprise accounts payable and accrued liabilities, exploration liabilities, interest payable and loans payable.

Equipment

Equipment is recorded at cost less accumulated depreciation calculated using the straight-line method over its estimated useful lives of two years for geological equipment and computer software. Depreciation of an asset begins once it is available for use.

Exploration, Evaluation and Development Expenditures

Exploration and evaluation expenditures are expensed as incurred, until the property reaches the development stage. The development stage is considered to begin once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable. All direct costs related to the acquisition of resource property interests are capitalized. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves.

Proceeds received for farm-out arrangements or recoveries of costs are credited against the cost of the related claims. The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount. Mineral property acquisition costs include cash costs and the fair market value of common shares issued, based on the trading price of the shares issued for mineral property interests, pursuant to the terms of the related property agreements. Payments related to a property acquired under an option or joint venture agreement are made at the sole discretion of the Company, and are recorded as mineral property acquisition costs upon payment. Mineral property interests are classified as intangible assets.

Cash and Cash Equivalents

Cash and cash equivalents are classified as loans and receivables and include short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company places its deposits with financial institutions with high credit ratings.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. 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 is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Valuation of equity units issued in private placements

The Company follows a pro rata allocation method with respect to the measurement of shares and warrants issued as private placement units. This values each component at fair value and allocates total proceeds received between shares and warrants based on the pro rata relative values of the components. The fair value of the common shares is based on the closing price on the issue date and the fair value of the common share purchase warrants is determined at the issue date using the Black-Scholes pricing model. The fair value attributed to the warrants is recorded in warrant equity.

Share-based Payment Transactions

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 equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Restoration, Rehabilitation, and Environmental Obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss. The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Significant Accounting Estimates and Judgments

The preparation of these financial statements 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 reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical accounting estimates

i. the assessment of indications of impairment of each mineral property and related determination of the recoverable amount and write-down of those properties where applicable. See Note 4 for further information

Critical accounting judgments

i. the determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

ii. the analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

iii. Management is required to assess impairment in respect to the Company's intangible mineral property interests. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves.

   During the year ended December 31, 2014 management has determined there were impairment indicators present with respect to the Company's mineral property interests. See Note 4 for further information.

Adoption of accounting standards and interpretations

The Company has adopted these accounting standards effective January 1, 2014. The adoption of these accounting standards had no significant impact on the consolidated financial statements. These standards are:

- IAS 36 *Financial Instruments: Presentation*

New Accounting Standards and Interpretations

The International Accounting Standards Board ("IASB") has issued new and amended standards and interpretations which have not yet been adopted by the Company. The Company has not yet begun the process of assessing the impact that the new and amended standards and interpretations will have on its financial statements or whether to early adopt any of the new requirements. The following is a brief summary of the new and amended standards and interpretations:

(Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 9 – Financial Instruments

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. In May 2011, the IASB issued IFRS 9, *Financial Instruments*. The new Standard limits the number of categories for classification of financial assets to two: amortized cost and fair value through profit or loss. IFRS 9 also replaces models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. The required adoption date for IFRS 9 has been deferred and is not expected until January 1, 2018, with early adoption permitted. IFRS 9 is not expected to have a material impact on amounts recorded in the financial statements of the Company.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 is effective for annual periods beginning on or after January 1, 2017. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. The new standard will apply to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 is not expected to have a material impact on amounts recorded in the financial statements of the Company.

3. EQUIPMENT

	Computer Software $
Cost	
Balance at January 1, 2014	26,469
Balance at December 31, 2014	26,469
Accumulated Depreciation	
Balance at January 1, 2014	19,851
Depreciation	6,618
Balance at December 31, 2014	26,469
Carrying Amount	
At January 1, 2014	6,618
At December 31, 2014	-

(Expressed in Canadian Dollars Unless Otherwise Noted)

3. EQUIPMENT (continued)

	Computer Software $
Cost	
Balance at January 1, 2013	26,469
Balance at December 31, 2013	26,469
Accumulated Depreciation	
Balance at January 1, 2013	6,615
Depreciation	13,236
Balance at December 31, 2013	19,851
Carrying Amount	
At January 1, 2013	19,854
At December 31, 2013	6,618

4. MINERAL PROPERTY INTERESTS

The schedules below summarize the acquisition costs and all exploration expenditures incurred to date for each mineral property interest that the Company holds title to as at December 31, 2014 and December 31, 2013:

Acquisition Costs

	Argentina						
	Santa Barbara $	**Anit $**	**Ivana $**	**Sierra Colonia $**	**Tierras Coloradas $**	**Other** (Note 4e) **$**	**Total $**
Balance – January 1, 2014	814,430	960,404	17,852	32,702	42,735	898,495	2,766,618
Impairment	(814,430)	(960,404)	(17,852)	-	(42,735)	(898,495)	(2,733,916)
Balance – December 31, 2014	-	-	-	32,702	-	-	32,702

(Expressed in Canadian Dollars Unless Otherwise Noted)

4. MINERAL PROPERTY INTERESTS (continued)

Exploration Expenditures

	Argentina					
	Santa Barbara $	**Anit** $	**Ivana** $	**Sierra Colonia** $	**Other** (Note 4e) $	**Total** $
Cumulative exploration costs – January 1, 2014	959,333	3,644,091	3,152,134	834,512	626,962	9,217,032
Expenditures during the period:						
Office	246	220	16,434	8,907	28,922	54,729
Property maintenance payments	3,546	15,004	7,788	4,092	8,296	38,726
Salaries and contractors	-	-	80,214	-	2,334	82,548
Supplies and equipment	-	-	1,966	-	600	2,566
Transportation	-	-	2,795	-	-	2,795
Statutory taxes	892	3,583	25,703	3,060	9,450	42,688
	4,684	18,807	134,900	16,059	49,602	224,052
Cumulative exploration costs – December 31, 2014	964,017	3,662,898	3,287,034	850,571	676,564	9,441,084

The schedules below summarize the acquisition costs and all exploration expenditures incurred to date for each mineral property interest that the Company holds title to as at December 31, 2013:

Acquisition Costs

	Argentina						
	Santa Barbara $	**Anit** $	**Ivana** $	**Sierra Colonia** $	**Tierras Colaradas** $	**Other** (Note 4e) $	**Total** $
Balance – January 1, 2013	814,430	960,404	17,852	27,024	34,611	880,334	2,734,655
Additions							
Land payments and staking fees	-	-	-	5,678	8,124	18,161	31,963
Balance – December 31, 2013	814,430	960,404	17,852	32,702	42,735	898,495	2,766,618

(Expressed in Canadian Dollars Unless Otherwise Noted)

4. MINERAL PROPERTY INTERESTS (continued)

Exploration Expenditures

	Argentina					
	Santa Barbara $	**Anit** $	**Ivana** $	**Sierra Colonia** $	**Other** (Note 4e) $	**Total** $
Cumulative exploration costs – January 1, 2013	956,294	3,643,594	1,733,407	456,956	478,918	7,269,169
Expenditures during the period:						
Assays	-	-	277	576	-	853
Community relations	-	-	23,485	7,565	3,152	34,202
Drilling	-	-	535,203	-	-	535,203
Geophysics	-	-	128,517	13,409	5,744	147,670
Office	2,688	439	100,392	74,398	12,533	190,450
Salaries and contractors	-	-	290,062	137,559	86,526	514,147
Supplies and equipment	-	-	126,152	66,244	13,904	206,300
Transportation	-	-	50,632	34,159	9,071	93,862
Statutory taxes	351	58	164,007	43,646	17,114	225,176
	3,039	497	1,418,727	377,556	148,044	1,947,863
Cumulative exploration costs – December 31, 2013	959,333	3,644,091	3,152,134	834,512	626,962	9,217,032

a) *Santa Barbara Property*
The Company owns a 100% interest in the 476 km^2 Santa Barbara uranium property in the Province of Rio Negro, located in the northern Patagonia region of Argentina.

During the year ended December 31, 2014, the Company determined that it would not be exploring the Santa Barbara property further, and wrote-off $814,430 in acquisition costs.

b) *Anit Property*
The Company owns a 100% interest in the 260 km^2 Anit uranium property, which lies to the south of, and is contiguous with, the Santa Barbara Property in the Province of Rio Negro, Argentina.

During the year ended December 31, 2014, the Company determined that it would not be exploring the Anit property further, and wrote-off $960,404 in acquisition costs.

c) *Ivana Property*
The Company owns a 100% interest in the 713 km^2 Ivana uranium property in the San Jorge Basin, Province of Rio Negro, located in the northern Patagonia region of Argentina.

During the year ended December 31, 2014, the Company determined that it would not be exploring the Ivana property further, and wrote-off $17,852 in acquisition costs.

d) *Sierra Colonia Property*
The Company owns a 100% interest in the 399 km^2 Sierra Colonia property in the central part of the province of Chubut, Argentina.

(Expressed in Canadian Dollars Unless Otherwise Noted)

4. MINERAL PROPERTY INTERESTS (continued)

e) *Other –Rio Negro and Chubut*
The Company owns a 100% interest in the 864 km^2 Cerro Parva property in the Province of Chubut, Argentina. The Company owns a 100% interest in the 1,355 km^2 Tierras Coloradas property east of the Sierra Colonia property in the province of Chubut, Argentina.

During the year ended December 31, 2014, the Company determined that it would not be exploring the properties in the Province of Rio Negro and the Province of Chubut further, and wrote-off $898,495 in acquisition costs.

5. EXPLORATION ADVANCES & COSTS RECOVERY

On December 20, 2011, the Company entered into a Memorandum of Understanding ("MOU") with AREVA Mines ("AREVA") to jointly explore for uranium deposits in Argentina. Under the terms of the MOU, as amended on November 12, 2013, the following commitments have been made (amounts in CAD):

(i) AREVA can select one or two projects and earn a 51% interest by:
   i. Funding $1 million in exploration by December 31, 2012 (received).
   ii. Funding $2 million in exploration by December 31, 2013 (received).
   iii. Upon the completion of phase 2 if AREVA:
      a) Elects to proceed with two projects it must incur a minimum of $4 million in phase 3; or
      b) Elects to proceed with one project it must incur a minimum of $3 million in phase 3.

   Phase 3 work must be completed no later than December 31, 2017.

(ii) Upon the completion of the phase 3 program, the Company will retain a 100% interest in all projects except the one (or two) project(s) AREVA selects to earn a 51% interest.

(iii) On newly acquired uranium targets in Argentina that are not listed in this MOU, AREVA can elect to earn a 51% interest by funding $1 million in exploration on each new target.

(iv) For any non-uranium discoveries made the Company will retain a 100% interest.

On April 28, 2014, the Company received notification from AREVA to discontinue with the MOU to jointly explore for uranium deposits in Argentina.

The schedule below summarizes the exploration and other costs recovery at each mineral property interest for the years ended December 31, 2014 and December 31, 2013:

Exploration expenses incurred	December 31, 2014	December 31, 2013
Santa Barbara	-	3,039
Anit	-	497
Ivana	82,205	1,418,727
Sierra Colonia	-	377,556
Other	831	148,044
Legal fees	-	57,734
Foreign exchange translation of Argentinean pesos, US and Canadian dollars	(12,763)	(156,899)
Exploration and other costs recovery	70,273	1,848,698

(Expressed in Canadian Dollars Unless Otherwise Noted)

5. EXPLORATION ADVANCES & COSTS RECOVERY (continued)

As of December 31, 2014, the Company had received the following in funding from AREVA:

	Amount ($)
Exploration and other costs recovery	70,273
Exploration funding for the period	-
Less: Exploration liabilities for funding received in the previous year	(115,128)
Exploration liabilities	(44,855)

As of December 31, 2013, the Company had received the following in funding from AREVA:

	Amount ($)
Exploration and other costs recovery	1,848,698
Exploration advances receivable	36,174
Less: Year two exploration funding for the period	(2,000,000)
Exploration liabilities	(115,128)

6. LOANS PAYABLE

At December 31, 2014, the Company has the following loans payable:

	December 31, 2014		
	Maturity	Currency	Fair value
Unsecured, 12% annual interest rate	July 21, 2015	Canadian dollar	$140,000
Unsecured, 12% annual interest rate	September 17, 2015	Canadian dollar	$38,000
Unsecured, 12% annual interest rate	December 18, 2015	Canadian dollar	$40,000
			$218,000

$140,000 Unsecured, 12% annual interest rate

On May 27, 2014 the Company received an advance for working capital purposes in the amount of $60,000 from an arm's length private B.C. Company. On July 21, 2014, the Company received an additional $80,000 and entered into a loan agreement with the lender. The principal amount of the loan is used for working capital purposes and bears interest at the rate of 12% per annum. The principal balance of the loan, together with all accrued and unpaid interest thereon shall become due and payable in full on the maturity date. As additional consideration for providing the loan, the Company will pay to the lender an arrangement fee in an amount equal to 20% of the principal amount of the loan totalling $28,000. Such amount is payable at the election of the lender in cash or common shares, or a combination of both. Payment of all or any part of the arrangement fee in common shares is subject to TSX Venture Exchange approval.

6. LOANS PAYABLE (continued)

$38,000 Unsecured, 12% annual interest rate

On September 17, 2014, the Company entered into a loan agreement with an arm's length private B.C. Company. The principal amount of the loan is used for working capital purposes and bears interest at the rate of 12% per annum. The principal balance of the loan, together with all accrued and unpaid interest thereon shall become due and payable in full on the maturity date. As additional consideration for providing the loan, the Company will pay to the lender an arrangement fee in an amount equal to 20% of the principal amount of the loan totalling $7,600. Such amount is payable at the election of the lender in cash or common shares, or a combination of both. Payment of all or any part of the arrangement fee in common shares is subject to TSX Venture Exchange approval.

$40,000 Unsecured, 12% annual interest rate

On December 18, 2014, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is used for working capital purposes and bears interest at the rate of 12% per annum. The principal balance of the loan, together with all accrued and unpaid interest thereon shall become due and payable in full on the maturity date. As additional consideration for providing the loan, the Company will pay to the lender an arrangement fee in an amount equal to 20% of the principal amount of the loan totalling $8,000. Such amount is payable at the election of the lender in cash or common shares, or a combination of both. Payment of all or any part of the arrangement fee in common shares is subject to TSX Venture Exchange approval. See Note 8 for further information.

All loans payable may be repaid in whole or in part at any time, without notice or penalty.

At December 31, 2013, the Company did not have any loans payable.

7. SHARE CAPITAL AND RESERVES

Authorized Share Capital

The Company's authorized share capital comprises an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

Capital Restructuring

On December 3, 2014, the Company received approval from the TSX Venture Exchange and the Company's shareholders for the consolidation of the Company's issued and outstanding common shares on the basis of ten (10) pre-consolidation shares for one (1) post-consolidation share. Comparative periods have been retrospectively restated in these consolidated financial statements.

Issued Share Capital

At December 31, 2014, the issued share capital comprised 3,436,699 common shares (December 31, 2013 – 2,687,699).

7. SHARE CAPITAL AND RESERVES (continued)

Details of Private Placement Issues of Common Shares in 2014

In April 2014, the Company completed the second tranche of a non-brokered private placement consisting of 600,000 units at a price of $0.055 per unit for gross proceeds of $33,000. Each unit consisted of one common share and one transferable common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at a price of $0.10 per share for two years from the date of issue of the warrant. Finders' fees were $2,640 in cash and 48,000 non-transferable warrants exercisable into common shares at $0.10 per share for two years having a fair value of $2,060. Fair value was calculated using the following Black-Scholes pricing model variables: risk-free interest rate – 1.06%; expected stock price volatility – 147.31%; dividend yield of 0%; and expected warrant life of 1.45 years.

In April 2014, the Company completed the first tranche of a non-brokered private placement consisting of 1,479,000 units at a price of $0.055 per unit for gross proceeds of $81,345. Each unit consisted of one common share and one transferable common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at a price of $0.10 per share for two years from the date of issue of the warrant. Finders' fees were $1,760 in cash and 32,000 non-transferable warrants exercisable into common shares at $0.10 per share for two years having a fair value of $1,629. Fair value was calculated using the following Black-Scholes pricing model variables: risk-free interest rate – 1.05%; expected stock price volatility – 147.97%; dividend yield of 0%; and expected warrant life of 1.45 years.

In March 2014, the Company completed the second tranche of a non-brokered private placement consisting of 3,450,000 units at a price of $0.05 per unit for gross proceeds of $172,500. Each unit consisted of one common share and one transferable common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at a price of $0.10 per share for two years from the date of issue of the warrant. Finders' fees were $4,240 in cash and 84,800 non-transferable warrants exercisable into common shares at $0.10 per share for two years having a fair value of $6,994. Fair value was calculated using the following Black-Scholes pricing model variables: risk-free interest rate – 1.05%; expected stock price volatility – 145.80%; dividend yield of 0%; and expected warrant life of 1.44 years.

In January 2014, the Company completed the first tranche of a non-brokered private placement consisting of 1,961,000 units at a price of $0.05 per unit for gross proceeds of $98,050. Each unit consisted of one common share and one transferable common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at a price of $0.10 per share for two years from the date of issue of the warrant. Finders' fees were $8,276 in cash and 156,880 non-transferable warrants exercisable into common shares at $0.10 per share for two years having a fair value of $4,257. Fair value was calculated using the following Black-Scholes pricing model variables: risk-free interest rate – 0.98%; expected stock price volatility – 150.74%; dividend yield of 0%; and expected warrant life of 1.50 years.

Details of Private Placement Issues of Common Shares in 2013

In December 2013, the Company completed a non-brokered private placement consisting of 2,300,000 units at a price of $0.05 per unit for gross proceeds of $115,000. Each unit consisted of one common share and one transferable common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at a price of $0.10 per share for 2 years from the date of issue of the warrant.

(Expressed in Canadian Dollars Unless Otherwise Noted)

7. SHARE CAPITAL AND RESERVES (continued)

In March 2013, the Company completed a non-brokered private placement consisting of 1,175,000 units at a price of $0.08 per unit for gross proceeds of $94,000. Each unit consisted of one common share and one-half of one transferable common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at a price of $0.15 per share for one year from the date of issue of the warrant. Finders' fees were $7,520 of cash and 94,000 non-transferable warrants exercisable into common shares at $0.15 per share for one year having a fair value of $2,962. Fair value was calculated using the following Black-Scholes pricing model variables: risk-free interest rate – 1.00%; expected stock price volatility – 133.36%; dividend yield of 0%; and expected warrant life of 1.40 years.

Share Purchase Option Compensation Plan

The Company has a share purchase option plan (the "Plan") approved by the Company's shareholders that allows it to grant share purchase options, subject to regulatory terms and approval, to its officers, directors, employees and service providers. The Plan is based on the maximum number of eligible shares equaling a rolling percentage of 10% of the Company's outstanding common shares, calculated from time to time. If outstanding share purchase options are exercised or expire, and/or the number of issued and outstanding common shares of the Company increases, then the share purchase options available to grant under the Plan increase proportionately.

The exercise price of each share purchase option is set by the Board of Directors at the time of grant but cannot be less than the market price less allowable discounts in accordance with the policies of the TSX Venture Exchange. Share purchase options granted vest immediately, are subject to a four-month hold period and are exercisable for a period of five years.

The continuity of share purchase options for the year ended December 31, 2014 is as follows:

Expiry date	Exercise Price	December 31, 2013[1]	Granted	Exercised	Expired/ Forfeited	December 31, 2014	Options Exercisable
May 6, 2014	$15.00	3,250	-	-	(3,250)	-	-
December 9, 2014	$65.00	585	-	-	(585)	-	-
March 4, 2015	$5.15	3,886	-	-	-	3,886	3,886
March 15, 2015	$73.00	1,000	-	-	-	1,000	1,000
October 5, 2015	$26.00	7,250	-	-	-	7,250	7,250
December 10, 2015	$11.58	2,526	-	-	-	2,526	2,526
January 23, 2016	$1.00	-	30,000	-	-	30,000	30,000
March 2, 2016	$10.81	6,413	-	-	-	6,413	6,413
May 31, 2016	$22.00	6,000	-	-	-	6,000	6,000
September 25, 2016	$10.00	2,000	-	-	-	2,000	2,000
September 24, 2017	$1.20	93,500	-	-	-	93,500	93,500
		126,410	30,000	-	(3,835)	152,575	152,575
Weighted average exercise price ($)		5.78	1.00	-	22.63	4.42	4.42
Weighted average contractual remaining life (years)		3.2	2.0	-	-	2.1	2.1

[1] On December 3, 2014, the Company received approval by the TSX Venture Exchange and the Company's shareholders for the consolidation of the Company's issued and outstanding common shares on the basis of ten (10) pre-consolidation shares for one (1) post-consolidation share. Comparative periods have been retrospectively restated.

(Expressed in Canadian Dollars Unless Otherwise Noted)

7. SHARE CAPITAL AND RESERVES (continued)

The continuity of share purchase options for the year ended December 31, 2013 is as follows:

Expiry date	Exercise Price	December 31, 2012[1]	Granted	Exercised	Expired/ Forfeited	December 31, 2013	Options Exercisable
January 25, 2013	$40.00	150	-	-	(150)	-	-
May 6, 2014	$15.00	12,550	-	-	(9,300)	3,250	3,250
July 6, 2014	$15.00	3,000	-	-	(3,000)	-	-
July 22, 2014	$18.00	750	-	-	(750)	-	-
December 9, 2014	$65.00	3,500	-	-	(2,915)	585	585
March 4, 2015	$5.15	11,658	-	-	(7,772)	3,886	3,886
March 15, 2015	$73.00	1,000	-	-	-	1,000	1,000
September 28, 2015	$6.43	9,715	-	-	(9,715)	-	-
October 5, 2015	$26.00	24,400	-	-	(17,150)	7,250	7,250
October 29, 2015	$29.50	750	-	-	(750)	-	-
December 10, 2015	$11.58	23,317	-	-	(20,791)	2,526	2,526
March 2, 2016	$10.81	6,413	-	-	-	6,413	6,413
May 31, 2016	$22.00	6,000	-	-	-	6,000	6,000
July 28, 2016	$4.12	3,886	-	-	(3,886)	-	-
September 25, 2016	$10.00	2,000	-	-	-	2,000	2,000
September 24, 2017	$1.20	97,250	-	-	(3,750)	93,500	93,500
		206,339	-	-	(79,929)	126,410	126,410
Weighted average exercise price ($)		9.48	-	-	15.33	5.78	5.78
Weighted average contractual remaining life (years)		3.6	-	-	-	3.2	3.2

[1] On December 3, 2014, the Company received approval by the TSX Venture Exchange and the Company's shareholders for the consolidation of the Company's issued and outstanding common shares on the basis of ten (10) pre-consolidation shares for one (1) post-consolidation share. Comparative periods have been retrospectively restated.

The weighted average fair value of share purchase options granted during the year ended December 31, 2014 is $0.05 (2013 - $Nil). Options were priced based on the Black-Scholes option pricing model using the following weighted average assumptions to estimate the fair value of options granted:

	Year ended December 31, 2014	Year ended December 31, 2013
Risk-free interest rate	0.98%	-
Expected option life in years	2.00	-
Expected share price volatility	148.36%	-
Grant date share price	$0.075	-
Expected forfeiture rate	-	-
Expected dividend yield	Nil	Nil

(Expressed in Canadian Dollars Unless Otherwise Noted)

7. SHARE CAPITAL AND RESERVES (continued)

Warrants

The continuity of warrants for the year ended December 31, 2014 is as follows:

Expiry date	Exercise Price	December 31, 2013[1]	Granted	Exercised	Expired	December 31, 2014
March 4, 2014	$1.50	68,150	-	-	(68,150)	-
August 16, 2014	$1.50	313,000	-	-	(313,000)	-
August 28, 2014	$1.50	142,800	-	-	(142,800)	-
September 12, 2014	$1.50	234,600	-	-	(234,600)	-
December 19, 2015	$1.00	230,000	-	-	-	230,000
January 28, 2016	$1.00	-	211,788	-	-	211,788
March 3, 2016	$1.00	-	353,480	-	-	353,480
April 13, 2016	$1.00	-	151,100	-	-	151,100
April 24, 2016	$1.00	-	64,800	-	-	64,800
		988,550	781,168	-	(758,550)	1,011,168
Weighted average exercise price ($)		1.38	1.00	-	1.50	1.00

[1] On December 3, 2014, the Company received approval by the TSX Venture Exchange and the Company's shareholders for the consolidation of the Company's issued and outstanding common shares on the basis of ten (10) pre-consolidation shares for one (1) post-consolidation share. Comparative periods have been retrospectively restated.

The continuity of warrants for the year ended December 31, 2013 is as follows:

Expiry date	Exercise Price	December 31, 2012[1]	Granted	Exercised	Expired	December 31, 2013
February 15, 2013	$14.10	112,138	-	-	(112,138)	-
June 5, 2013	$15.00	6,960	-	-	(6,960)	-
June 15, 2013	$15.00	1,000	-	-	(1,000)	-
March 4, 2014	$1.50	-	68,150	-	-	68,150
August 16, 2014	$1.50	313,000	-	-	-	313,000
August 28, 2014	$1.50	142,800	-	-	-	142,800
September 12, 2014	$1.50	234,600	-	-	-	234,600
		810,498	681,500	-	(120,098)	988,550
Weighted average exercise price ($)		3.38	1.50	-	14.16	1.38

[1] On December 3, 2014, the Company received approval by the TSX Venture Exchange and the Company's shareholders for the consolidation of the Company's issued and outstanding common shares on the basis of ten (10) pre-consolidation shares for one (1) post-consolidation share. Comparative periods have been retrospectively restated.

8. RELATED PARTY BALANCES AND TRANSACTIONS

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of the entities outlined below.

(Expressed in Canadian Dollars Unless Otherwise Noted)

8. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

The following entities transacted with the Company in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis. The aggregate value of transactions relating to key management personnel and entities over which they have control or significant influence were as follows:

Grosso Group Management Ltd.

On April 1, 2010, the Company entered into a Management Services Agreement ("Agreement") with Grosso Group Management Ltd. (Grosso Group) to provide services and facilities to the Company. Grosso Group provides its member companies with administrative and management services. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group's costs including its staff and overhead costs among the member companies. The fee is reviewed and adjusted quarterly based on the level of services required. The Agreement expired on December 31, 2012 and was automatically renewed for a period of two years pursuant to the terms of the Agreement. The Agreement contains termination and early termination fees in the event the services are terminated by the Company. The termination fee includes three months of compensation and any contractual obligations that Grosso Group undertook for the Company, up to a maximum of $750,000. The early termination fees are the aggregate of the termination fee in addition to the lesser of the monthly fees calculated to the end of the term and the monthly fees calculated for eighteen months, up to a maximum of $1,000,000.

	Year ended December 31,	
	2014	2013
Transactions	$	$
Services rendered:		
Grosso Group Management Ltd.		
Management fees[1]	80,700	190,200
Rent, parking and storage[1]	29,700	63,900
Office & sundry[1]	28,800	60,900
Total for services rendered	139,200	315,000

(1) Included in the Consolidated Statements of Loss and Comprehensive Loss for the year ended December 31, 2014 and 2013.

At December 31, 2014, the Company had $50,500 (December 31, 2013 - $ Nil) included in accounts payable and accrued liabilities to Grosso Group.

Mr. Joseph Grosso

Grosso Group Management Ltd. is a private company of which Mr. Joseph Grosso is a director and officer.

Oxbow International Marketing Corp. ("Oxbow") is a private company controlled by Mr. Joseph Grosso. For the year ended December 31, 2014, Oxbow was paid $50,000 (year ended December 31, 2013 - $50,000) for management consulting services. Amounts paid to Oxbow are classified as professional fees in the consolidated statements of loss and comprehensive loss.

At December 31, 2014, the Company had $35,220 (December 31, 2013 - $Nil) included in accounts payable and accrued liabilities to Oxbow.

(Expressed in Canadian Dollars Unless Otherwise Noted)

8. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

At December 31, 2014, the Company has $40,000 (December 31, 2013 - $Nil) included in loans payable, $171 (December 31, 2013 - $Nil) in interest payable and $8,000 (December 31, 2013 - $Nil) in accounts payable and accrued liabilities to Mr. Joseph Grosso. See Note 15 for further information.

Mr. Nikolaos Cacos

Cacos Consulting Ltd. ("Cacos Consulting") is a private company controlled by Mr. Nikolaos Cacos, a director and officer of the Company. For the year ended December 31, 2014, Cacos Consulting was paid $60,000 (year ended December 31, 2013 - $60,000) for management consulting services. Included in those fees was $20,000 (2013 - $Nil) for CEO services. Amounts paid to Cacos Consulting are classified as professional fees in the consolidated statements of loss and comprehensive loss.

At December 31, 2014, the Company had $52,500 (December 31, 2013 - $Nil) included in accounts payable and accrued liabilities to Cacos Consulting.

Mr. Ron H. McMillan

R.H. McMillan Ltd. ("R.H. McMillan") is a private company controlled by Ron McMillan, a former director of the Company. For the year ended December 31, 2014, R.H. McMillan Ltd. was paid $16,000 (year ended December 31, 2013 - $35,000) for geological services. Amounts paid to R.H. McMillan Ltd. are classified as professional fees in the consolidated statements of loss and comprehensive loss.

At December 31, 2014, the Company had $8,400 (December 31, 2013 - $7,676) included in accounts payable and accrued liabilities to R.H. McMillan Ltd.

Key management personnel compensation

During fiscal 2014 and 2013 the following amounts were incurred with respect to the Company's executive officers, comprising the current Chief Executive Officer and President, Nikolaos Cacos, current Chief Financial Officer, Darren Urquhart, former President and Chief Executive Officer, Sean Hurd and former Chief Financial Officer, Michael Iannacone:

	Year ended December 31, 2014			Year ended December 31, 2013		
Compensation	Salaries $	Other $	Total $	Salaries $	Other $	Total $
Chief Executive Officer	72,500	27,500[(1)]	100,000	124,550	-	124,550
Chief Financial Officer	8,000	-	8,000	52,221	-	54,221
Total	80,500	27,500	108,000	176,771	-	176,771

(1) Includes a severance amount of $27,500 to the former Chief Executive Officer to be paid in cash or common shares of the Company on or by September 1, 2016.

(Expressed in Canadian Dollars Unless Otherwise Noted)

9. INCOME TAXES

The recovery of income taxes shown in the consolidated statements of loss and comprehensive loss differs from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	2014	2013
Statutory tax rate	26.00%	26.50%
	$	$
Loss before income taxes	(3,527,342)	(1,116,683)
Income tax recovery at statutory rate	(917,109)	(295,921)
Non-deductible differences	2,303	801
Income tax rate change and differential between Canadian rate and rates applicable to entities in other countries	(15,947)	(132,013)
Amounts transferred on acquisition of Windstorm Resources Inc.	-	(939,509)
Unrecognized amounts	930,753	1,366,642
Income tax recovery	-	-

Deferred income taxes reflect the net tax effects of differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	2014 $	2013 $
Deferred income tax assets		
Resource deductions	208,762	685,019
Financing costs	21,836	53,983
Operating loss carryforwards	5,788,604	5,582,847
Property and equipment	9,513	7,942
	6,028,715	6,329,791
Net deferred income tax assets	6,028,715	6,329,791
Unrecognized deferred tax assets	(6,028,715)	(6,329,791)
Deferred income tax assets	-	-

(Expressed in Canadian Dollars Unless Otherwise Noted)

9. INCOME TAXES (continued)

As at December 31, 2014, the Company has Canadian non-capital loss carry forwards of $12,132,171 that may be available for tax purposes. The Company's non-capital losses expire as follows:

Expiry Date	$
2015	6,293
2026	131,664
2027	1,755,704
2028	1,960,034
2029	1,092,852
2030	2,138,810
2031	3,061,433
2032	888,316
2033	304,268
2034	792,797
	12,132,171

At December 31, 2014, the Company had net operating loss carry forwards for Argentinean income tax purposes of approximately $1,130,472 (2013 – $1,387,518) which, if not utilized to reduce Argentinean taxable income in future periods, expire through the year 2019. These available tax losses may only be applied to offset future taxable income from the Company's current Argentinean subsidiary.

At December 31, 2014, the Company had net operating loss carry forwards for Mexican income tax purposes of approximately $139,025 (2013 – $139,025) which, if not utilized to reduce Mexican taxable income in future periods, expire through the year 2021. These available tax losses may only be applied to offset future taxable income from the Company's current Mexican subsidiary.

10. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the years ended December 31, 2014 and 2013 was based on the following:

	Year ended December 31, 2014	2013
Loss attributable to common shareholders ($)	(3,527,342)	(1,116,683)
Weighted average number of common shares outstanding	3,300,689	2,444,659

Diluted loss per share did not include the effect of 152,575 (December 31, 2013 – 126,410) share purchase options and 1,011,168 (December 31, 2013 – 988,550) common share purchase warrants as they are anti-dilutive.

(Expressed in Canadian Dollars Unless Otherwise Noted)

11. OPERATING SEGMENTS

The Company is primarily involved in mineral exploration activities in Argentina. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating revenues for the years ended December 31, 2014 and 2013.

The Company's total non-current assets are segmented geographically as follows:

December 31, 2014	Argentina $	Total $
Mineral property interests	32,702	32,702
	32,702	32,702

December 31, 2013	Argentina $	Total $
Property and equipment	6,618	6,618
Mineral property interests	2,766,618	2,766,618
	2,773,236	2,773,236

12. COMMITMENT

Management Service Agreement

On April 1, 2010, the Company entered into an Agreement with Grosso Group to provide services and facilities to the Company. Grosso Group provides its member companies with administrative and management services. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group's costs including its staff and overhead costs among the member companies. The current monthly fee is $Nil per month due to a significant curtailment in activity. This fee is reviewed and adjusted quarterly based on the level of services required.

13. SUPPLEMENTARY CASH FLOW INFORMATION

	Year ended December 31, 2014 $	2013 $
Non-cash investing and financing activities		
Share issue costs – issuance of warrants to agents	14,940	2,962

14. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

14. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)

(a) Fair Values

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The Company's financial instruments consist of cash, amounts receivable, exploration liabilities, accounts payable and accrued liabilities, interest payable and loans payable. The recorded amounts for cash, amounts receivable, exploration liabilities, loans payable, interest payable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

(b) Financial Instrument Risk Exposure

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. Financial instruments that potentially subject the Company to credit risk consist of cash and amounts receivable. The Company has reduced its credit risk by depositing its cash and short-term investments with financial institutions that operate globally. The majority of the Company's receivables are with the government of Canada in the form of sales tax, the credit risk is minimal. Therefore, the Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior year.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due (Note 1). The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares and warrants to fund exploration programs and may require doing so again in the future.

Currency risk

Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations include: US dollars and Argentinean pesos, all denominated in cash, amounts receivable and accounts payable. The sensitivity of the Company's net earnings and other comprehensive income to changes in the exchange rate between the Canadian dollar and the United States dollar, and between the Canadian dollar and the Argentinean peso is summarized as follows:

14. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)

- A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by $97.

- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by $11,718.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The fair value of cash approximates its carrying value due to the immediate or short-term maturity of this financial instrument. Other current financial assets and liabilities are not exposed to interest rate risk because they are non-interest bearing or have prescribed interest rates.

(c) Capital Management

The Company's objectives of capital management are intended to safeguard the entity's ability to support the Company's normal operating requirements on an ongoing basis, continue the development and exploration of its mineral properties and support any expansionary plans.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, reserves and deficit. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets.

To effectively manage the entity's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares to develop its mineral projects and may require doing so again in the future. The Company is monitoring market conditions to secure funding at the lowest cost of capital. The Company is exposed to various funding and market risks which could curtail its access to funds.

15. EVENTS AFTER THE REPORTING PERIOD

Loan Agreement

On March 10, 2015, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is $30,000 and is to be used for working capital purposes and bears interest at the rate of 12% per annum. The principal balance of the loan, together with all accrued and unpaid interest thereon shall become due and payable in full on the maturity date. As additional consideration for providing the loan, the Company will pay to the lender an arrangement fee in an amount equal to 20% of the principal amount of the loan totalling $6,000. Such amount is payable at the election of the lender in cash or common shares, or a combination of both. Payment of all or any part of the arrangement fee in common shares is subject to TSX Venture Exchange approval.

Stock Options Expired

On March 4, 2015, 3,886 stock options expired with an exercise price of $5.15.

On March 15, 2015, 1,000 stock options expired with an exercise price of $73.00.