**Condensed Consolidated Financial Statements**

# Plato Gold Corp.

**For the Three Months Ended March 31, 2015**
**(Stated in Canadian Dollars)**

**Unaudited**

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## NOTICE TO READER

The accompanying unaudited condensed consolidated financial statements have been prepared by the Company's management and the Company's independent auditors have not performed a review of these interim financial statements.

# Plato Gold Corp.

Condensed Consolidated Statements of Financial Position
Unaudited - See Notice to Reader
Stated in Canadian dollars

| | March 31, 2015 | December 31, 2014 |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash | $ 569 | $ 3,678 |
| Other receivables (note 4) | 64,768 | 65,157 |
| Deposits and prepaid expenses | 165 | 165 |
| Portfolio investments (note 5) | 46,135 | 47,529 |
| | 111,637 | 116,529 |
| **Mineral Properties and Deferred Exploration Costs** (note 6) | 1,343,113 | 1,342,031 |
| **Equipment** | 241 | 261 |
| | $ 1,454,991 | $ 1,458,821 |
| **Liabilities** | | |
| **Current Liabilities** | | |
| Accounts payable and accrued liabilities (note 11) | $ 582,993 | $ 536,579 |
| Due to a related party (note 7 & 11(e)) | 606,700 | 552,200 |
| | 1,189,693 | 1,088,779 |
| **Shareholders' Equity** | | |
| **Share Capital** (note 8) | 6,179,587 | 6,179,587 |
| **Contributed Surplus** (note 10) | 3,187,275 | 3,187,275 |
| **Deficit** | (9,113,029) | (9,008,285) |
| | 253,833 | 358,577 |
| **Non-Controlling Interest** | 11,465 | 11,465 |
| | $ 1,454,991 | $ 1,458,821 |

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

Approved on behalf of the Board

"Anthony J. Cohen", Director

"Robert Van Tassell", Director

# Plato Gold Corp.

Condensed Consolidated Statements of Loss and Comprehensive Loss
For the Three Months Ended March 31
Unaudited - See Notice to Reader
Stated in Canadian dollars

| | 2015 | 2014 |
|---|---|---|
| **Income** | | |
| Interest income | $ 526 | $ 509 |
| **Expenses** | | |
| Amortization | 20 | 28 |
| Consulting fees | 29,499 | 29,499 |
| Insurance | 3,261 | 3,087 |
| Interest and flow-through fees | 522 | 534 |
| Office and general | 2,085 | 1,928 |
| Professional fees | 12,321 | 11,375 |
| Publicity and advertising | 182 | 2,389 |
| Rent | 1,500 | 1,500 |
| Salaries and benefits | 38,978 | 38,978 |
| Transfer and filing fees | 15,508 | 8,247 |
| Unrealized (gain) loss on portfolio investment | 1,394 | (4,846) |
| | 105,270 | 92,719 |
| **Net Income (Loss) and Comprehensive Income (Loss)** | $ (104,744) | $ (92,210) |
| **Loss per Share - basic and diluted** | $ (0.00) | $ (0.00) |
| **Weighted Average Number of Common Shares Outstanding - basic and diluted** | 143,591,655 | 143,591,655 |

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

# Plato Gold Corp.

Condensed Consolidated Statements of Changes in Shareholders' Equity
For the Three Months Ended March 31
Unaudited - See Notice to Reader
Stated in Canadian dollars

| | Share Capital | | | Contributed | Accumulated | Non-Controlling | |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | Warrants | Surplus | Deficit | Interest | Total |
| Balance - December 31, 2013 | 143,591,655 | $ 6,179,587 | $ - | $ 3,187,275 | $ (8,512,716) | $ 11,465 | $ 865,611 |
| Total comprehensive loss | - | - | - | - | (92,210) | - | (92,210) |
| Balance - March 31, 2014 | 143,591,655 | $ 6,179,587 | $ - | $ 3,187,275 | $ (8,604,926) | $ 11,465 | $ 773,401 |

| | Share Capital | | | Contributed | Accumulated | Non-Controlling | |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | Warrants | Surplus | Deficit | Interest | Total |
| Balance - December 31, 2014 | 143,591,655 | $ 6,179,587 | $ - | $ 3,187,275 | $ (9,008,285) | $ 11,465 | $ 370,042 |
| Total comprehensive loss | - | - | - | - | (104,744) | - | (104,744) |
| Balance - March 31, 2015 | 143,591,655 | $ 6,179,587 | $ - | $ 3,187,275 | $ (9,113,029) | $ 11,465 | $ 265,298 |

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

# Plato Gold Corp.

Condensed Consolidated Statements of Cash Flow
For the Three Months Ended March 31
Unaudited - See Notice to Reader
Stated in Canadian dollars

| | 2015 | 2014 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Net loss | $ (104,744) | $ (92,210) |
| Items not involving cash | | |
| Amortization | 20 | 28 |
| Unrealized (gain) loss on portfolio investments | 1,394 | (4,846) |
| | (103,330) | (97,028) |
| Changes in non-cash working capital | | |
| Other receivables | 389 | 1,267 |
| Deposits and prepaid expenses | - | 2,389 |
| Accounts payable and accrued liabilities | 46,414 | 49,515 |
| | (56,527) | (43,857) |
| **Cash Flows from Financing Activities** | | |
| Advances from a related party (note 7 & 11(e)) | 54,500 | 45,500 |
| **Cash Flows from Investing Activities** | | |
| Mineral properties and deferred explorations costs | (1,082) | (1,022) |
| **Change in cash** | (3,109) | 621 |
| **Cash - beginning of period** | 3,678 | 5,670 |
| **Cash - end of period** | $ 569 | $ 6,291 |

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

## 1. Nature of Operations and Going Concern

Plato Gold Corp. (the “Company”) is an Ontario corporation formed by amalgamation on May 30, 2005. The primary offices are located at 1300 Bay Street, Suite 300, Toronto, Ontario M5R 3K8.

The Company is a public gold exploration company with two projects. The first project, the Lolita Project in Santa Cruz, Argentina, includes three adjoining concessions in Southern Argentina, which are held by the Company's 75% owned subsidiary, Winnipeg Minerals S.A. ("WMSA"). The second project is the Timmins Gold Project in Northern Ontario which includes four properties (Guibord, Harker, Holloway and Marriott) in what is sometimes referred to as the Harker/Holloway gold camp located east of Timmins.

The Company is in the process of exploring its mineral properties and has not yet determined whether its properties in Argentina and Ontario contain economic mineral reserves. Consequently, at March 31, 2015 the Company considers itself to be an exploration stage company with respect to these properties.

The Company has not yet realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of $9,113,029 as at March 31, 2015. The Company’s continued existence is dependent upon its ability to raise additional capital and/or obtaining financing from related parties and develop profitable operations. Management believes that it has the ability to raise the required additional funding. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be able to execute on its business strategy or be successful in future financing activities. As at March 31, 2015, the Company had current assets of $111,637 to cover current liabilities of $1,189,693.

The condensed consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these condensed consolidated financial statements, then adjustments may be necessary in the carrying value of assets and liabilities and the classifications used. These adjustments may be material.

## 2. Basis of Presentation

The Company's condensed consolidated financial statements reflect the results of operations for the three months ended March 31, 2015 and 2014, and the assets, liabilities and shareholders' equity as at March 31, 2015 and December 31, 2014.

The condensed consolidated financial statements include the accounts of the Company and its 75% owned subsidiary, Winnipeg Minerals S.A., an Argentinean company. All significant intercompany balances and transactions have been eliminated on consolidation.

## 2. Basis of Presentation (continued)

a) Statement of Compliance

The Company's interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"). The IAS 34 interim financial statements do not include all of the information required for annual financial statements.

The significant accounting policies (note 3) have been applied consistently to all periods presented in these condensed consolidated financial statements.

The policies applied in the Company's condensed consolidated financial statements are based on International Financial Reporting Standards ("IFRS") effective as of March 31, 2015. The date that the Board of Directors approved the statements is May 25, 2015.

b) Basis of Measurement

The Company's condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which have been measured at fair value. In the opinion of management, all adjustments considered necessary for a fair presentation have been included.

c) Functional and Presentation Currency

Plato Gold Corp.'s and Winnipeg Minerals S.A.'s ("WMSA") functional currency is Canadian Dollars. The condensed consolidated financial statements are presented in Canadian Dollars.

d) Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of operations during the reporting period. Significant estimates and assumptions include those related to the following:

- the recoverability of the carrying value of the resource properties,
- the inputs used in determining the value of share based payments,
- management's determination that there is no deferred tax asset recognized in these condensed consolidated financial statements and
- the ability to continue as a going concern.

While management believes that the estimates and assumptions are reasonable, actual results could differ from those estimates.

Management has also used its judgement in determining that the functional currency of the Company is the Canadian dollar and the state of development of the mineral properties as exploration stage for the Company's properties in Argentina and Ontario.

## 3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated financial statements, unless otherwise indicated.

a) Foreign Currency Transactions

The Company's condensed consolidated financial statements are presented in Canadian Dollars. Costs are primarily incurred in Canadian Dollars. The Company incurs costs at its Lolita Project in Argentina primarily in US Dollars and Argentine Pesos. Although these transactions are in foreign currencies, the predominant currency of financing and management decisions is the Canadian Dollar, and as such, it is also the Company's functional currency and the functional currency of its subsidiary.

The Company translates monetary assets and liabilities at the rate of exchange in effect at the reporting date and non-monetary assets and liabilities at historical exchange rates. Income and expenses are translated at average rates in the month they occur. Gains and losses on translation are recorded in the statement of operations.

b) Mineral Properties and Deferred Exploration Costs

The Company records its mineral exploration expenditures at cost. Acquisition costs of resource properties together with direct exploration expenditures thereon are deferred in the accounts starting on the date of acquisition of the property rights. When production is attained, these costs will be amortized on a units-of-production basis. If the properties are abandoned, sold or considered to be impaired in value, the costs of the properties and related deferred expenses will be written down at that time. When deferred expenditures on individual producing properties exceed the estimated recoverable amount, the properties are written down to the recoverable amount.

Exploration and evaluation expenditures include costs which are directly attributable to acquisition, surveying, geological, geochemical, geophysical, exploratory drilling, land maintenance, sampling and assessing technical feasibility and commercial viability. Management salaries directly related to exploration and evaluation expenditures are not capitalized. These expenditures are capitalized until the technical feasibility and commercial viability of the extraction of mineral reserves in a project is demonstrated. Amounts received from other parties to earn an interest in the Company's resource properties are applied as a reduction of the resource properties. During the exploration period, exploration and evaluation assets are not amortized.

## 3. Significant Accounting Policies (continued)

b) Mineral Properties and Deferred Exploration Costs (continued)

All capitalized exploration and evaluation expenditures are monitored for indications of impairment, to ensure that commercial quantities of reserves exist or that exploration activities related to the property are continuing or planned for the future. If an exploration property does not prove viable, all unrecoverable costs associated with the project are expensed. Once a project is determined to be technically feasible and commercially viable and a decision has been made to proceed with development, the relevant exploration and evaluation asset is tested for impairment and the balance is reclassified as a mine development asset which is allocated between property, plant and equipment and intangible assets. All subsequent expenditures to ready the property for production are capitalized within mine development assets, other than those costs related to the construction of property, plant and equipment. Once production has commenced, all costs included in mine development assets are reclassified to mining properties.

Government rebates and option payments received related to exploration are reflected as a reduction of the cost of exploration.

The Company is in the process of exploring and evaluating its mineral properties and has not yet determined the amount of reserves available. On a quarterly basis in connection with quarterly reporting, senior management reviews the carrying amount of mineral properties and deferred exploration and development costs to assess whether there has been any indication of impairment in value.

c) Equipment

Equipment is recorded at cost. Amortization is provided over the estimated useful lives of the assets using the declining-balance method at the following rates per annum:

| | |
|---|---|
| Computer equipment | 30% |
| Furniture and fixtures | 30% |

During the year of acquisition, half of the annual amortization is recorded.

d) Impairment of Long Lived Assets

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

## 3. Significant Accounting Policies (continued)

d) Impairment of Long Lived Assets (continued)

The recoverable amount of an asset is the higher of fair value less costs of disposal 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 for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

e) Flow-through Financing

The Company has financed a portion of its exploration activities through the issuance of flow-through shares, which transfer the tax deductibility of exploration expenditures to the investors. Proceeds received on the issuance of such shares have been credited to share capital less the premium paid for the sale of tax deductions.

The issue of flow through shares is in substance an issue of ordinary shares and the sale of tax deductions. The sale of tax deductions are measured using the relative fair value method. At the time the flow through shares are issued, the sale of tax deductions is deferred and is presented as other liabilities in the statement of financial position, because the Company has not yet fulfilled its obligation to pass on the tax deductions to the investor. When the Company fulfills its obligation:

(i) the sale of tax deductions is recognized in the income statement as a reduction of the deferred tax expense; and

(ii) a deferred tax liability is recognized, in accordance with IAS 12, Income Taxes, for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base.

The obligation is fulfilled when the eligible expenditures are incurred and there is an intention to renounce the expenditures.

## 3. Significant Accounting Policies (continued)

f) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are determined based on the differences between the carrying amount of assets and liabilities on the statement of financial position and their corresponding tax value, using the substantively enacted tax rates expected to apply when these temporary differences are reversed. Deferred income tax assets are recorded to recognize tax benefits only to the extent that, based on available evidence, it is probable that they will be realized. Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity.

g) Share-based Payments

The Company accounts for share-based payments to employees using the fair value method. Under this method, compensation expense is measured at fair value on the date of grant using the Black-Scholes option pricing model, and is recognized as an expense or capitalized, depending on the nature of the grant, with a corresponding increase in equity, over the period that the options are earned, after taking any expected forfeitures into account. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility.

Common share purchase warrants, stock options and other equity instruments issued to parties other than employees and as purchase consideration in non-cash transactions are recorded at the fair value of the goods and services received, unless the fair value cannot be estimated reliably. If the fair value of the goods or services received cannot be reliably estimated, then the value is determined by management using the Black-Scholes option pricing model or for shares issued as purchase consideration for mineral property assets is based upon the trading price of those shares on the date that the consideration is transferred.

h) Warrants

Proceeds from unit placements, net of issuance costs, are allocated between shares and warrants issued according to their relative fair value.

i) Decommissioning Liabilities

The Company's exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and becoming more restrictive. The fair value of an obligation to incur restoration, rehabilitation and environmental costs is to be recognized when incurred and the corresponding increase to the asset is amortized over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value.

## 3. Significant Accounting Policies (continued)

i) Decommissioning Liabilities (continued)

As at March 31, 2015 and December 31, 2014, the Company has not incurred and is not committed to any decommissioning obligations in respect of its mineral exploration properties.

j) Loss Per Share

Loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year, including contingently issuable shares which are included when the conditions necessary for issuance have been met. Diluted loss per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase options, if dilutive. The number of additional shares included in the calculation is based on the weighted average number of shares that would be issued on the conversion of all potentially dilutive options into common shares. The Company was in a loss position as at March 31, 2015 and December 31, 2014, therefore its options are anti-dilutive.

If the number of shares increases or decreases as a result of capitalization, bonus issue, share splits or share consolidation, earnings per share is accounted for retrospectively. If these transactions occur after the reporting period but prior to the issuance of the financial statements, loss per share is calculated based on the new number of shares.

k) Related Party Transactions

All transactions with related parties are in the normal course of business and are measured at the amount agreed to by the parties involved in the transactions.

l) Cash

Cash include bank deposits. As at March 31, 2015 and December 31, 2014, the Company did not have any cash equivalents.

m) Financial Instruments

IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39") requires classification of financial instruments into one of four categories: financial assets at fair value through profit and loss, held-to-maturity investments, loans and receivables, available-for-sale securities, and other financial liabilities. The Company determines the classification of its financial assets and liabilities at initial recognition.

## 3. Significant Accounting Policies (continued)

m) Financial Instruments (continued)

All of the Company's financial instruments are initially measured at fair value, with subsequent measurements dependent on the classification of each financial instrument. Financial assets at fair value through profit or loss include cash and portfolio investments, which are measured at fair value and all gains and losses are included in net loss in the period in which they arise. Loans and receivables, which include other receivables, are recorded at amortized cost. The Company has no financial assets classified as available-for-sale or as held-to-maturity. Other financial liabilities at amortized cost include accounts payable and accrued liabilities and amount due to a related party.

The Company's financial instruments measured at fair value on the statement of financial position consist of cash and portfolio investments. Cash and portfolio investments are measured at level 1 of the fair value hierarchy. There are three levels of the fair value hierarchy as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Transaction costs are expensed as incurred for financial instruments classified as fair value through profit and loss. For other financial instruments, transaction costs are capitalized on initial recognition.

n) Future Accounting Changes

IFRS 9, Financial instruments ("IFRS 9") was issued by the IASB in July 2014 and will replace IAS 39, Financial Instruments: recognition and measurement" ("IAS 39"). IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Final amendments released in July 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Corporation is currently evaluating the impact of this standard and amendments on its consolidated financial statements.

## 4. Other Receivables

Other receivables include Government mining rebates receivable of $Nil based on exploration expenditures and receivables from related party of $53,926. During the year ended December 31, 2014, the Company determined the full amount of the mining rebates to be uncollectible and incurred a write off of $100,627.

The receivables from related party are due on demand and do not bear interest. Due to the short term nature, the carrying amount of the receivables approximates fair value. The related party holds the non-controlling interest in WMSA.

## 5. Portfolio Investments

a) Northern Gold Mining Inc.

On May 25, 2011, the Company acquired 175,000 common shares of the publicly traded company Northern Gold Mining Inc. ("Northern Gold") with a cost of $89,250 as a result of a property sale agreement.

On July 26, 2012, the Company acquired 1,000,000 shares of the publicly traded company Victory Gold Mines Inc. ("Victory Gold") with a cost of $140,000 as a result of an option agreement. On February 7, 2013, Victory Gold amalgamated with Northern Gold, therefore the 1,000,000 Victory Gold shares were exchanged for 500,000 Northern Gold shares.

On February 1, 2013, the Company sold an 80% interest in its Harker Properties to Northern Gold and entered into a joint venture agreement with Northern Gold in exchange for $200,000 payable to the Company and 250,000 common shares of Northern Gold issuable to the Company.

As at March 31, 2015, the Company holds a total of 925,000 shares of Northern Gold. The estimated fair value of this investment at March 31, 2015 is $18,500.

b) Monarques Gold Corporation (formerly known as Monarques Resources Inc.)

During the year ended December 31, 2013, the Company acquired 192,308 shares of the publicly traded company Monarques Gold Corporation with a cost of $25,000 as a result of a property sale agreement. The estimated fair value of this investment at March 31, 2015 is $15,385.

c) St Andrew Goldfields Ltd.

During the year ended December 31, 2013, the Company acquired 50,000 shares of the publicly traded company St Andrew Goldfields Ltd. with a cost of $15,250 as a result of an option agreement. The estimated fair value of this investment at March 31, 2015 is $12,250.

## 6. Mineral Properties and Deferred Exploration Costs

| | March 31, 2015 | | |
|---|---|---|---|
| | Lolita Project | Timmins Gold Project | Total |
| Acquisition costs | $ - | $ - | $ - |
| Geology | - | - | - |
| Other | 1,082 | - | 1,082 |
| Current expenditures | 1,082 | - | 1,082 |
| Less option consideration received | - | - | - |
| Net current expenditures (recoveries) | 1,082 | - | 1,082 |
| Balance - beginning of period | 316,964 | 1,025,067 | 1,342,031 |
| Balance - end of period | $ 318,046 | $ 1,025,067 | $ 1,343,113 |

a) Lolita Project

On August 27, 2007, the Company entered into an agreement to acquire a 75% interest in 29,904 hectares known as the Lolita Property in Argentina. The Company is required to incur US$50,000 in initial expenditures before June 19, 2009. On June 16, 2009 the parties extended this requirement to December 31, 2009. As of December 31, 2009 the initial expenditures of US$50,000 (CDN$50,094) had been met in accordance with the agreement.

Upon completion of the initial expenditures, a Joint Work Program for up to US$500,000 was to be jointly developed and financed 75% by the Company and 25% by the other party ("Lhotka").

The agreement allows that Lhotka shall have its Joint Venture interest in the property diluted by 5% for each US$100,000 in expenditures spent by the Company, if Lhotka declines its portion of the expenditure. Lhotka's interest in the property shall not be reduced to less than 2%, unless otherwise agreed by the parties, and Lhotka is entitled to receive a 2% Net Smelter Royalty ("NSR"). The Company has available an option to purchase all but not less than all of the NSR for US$500,000.

With the completion of the initial expenditures, registration of ownership of the property will proceed in accordance with the Joint Venture Agreement. As of August 9, 2011, Winnipeg Minerals S.A. ("WMSA") was incorporated in Argentina with the Company holding 75% and Lhotka holding 25% of the outstanding shares. The mineral claims totalling 27,857 hectares were subsequently transferred to WMSA as of November 14, 2011.

With the exception of the amendment on June 16, 2009, there have been no changes to the terms of the option agreement since August 27, 2007.

## 6. Mineral Properties and Deferred Exploration Costs (continued)

a) Lolita Project (continued)

Expenditures after the initial stage from January 1, 2010 to the incorporation of Winnipeg Minerals S.A. in 2011 incurred by the Company were $179,829. As of the incorporation of Winnipeg Minerals S.A., the total due from Lhotka amounted to CDN $47,823 and consisted of:

1. 25% of $179,829 which amounts to $44,957
2. 25% of the mandatory deposit for shares of $11,465 which amounts to $2,866

Subsequent to August 9, 2011 the incorporation of Winnipeg Minerals S.A., funding to the Lolita Project consists of loans to Winnipeg Minerals S.A. from the Company (75%) and Lhotka (25%). As of March 31, 2015, the total loan receivable from Lhotka was $64,426.

The option agreement, including the amendment, is in good standing as of March 31, 2015 and there are no breaches of any covenants, terms or conditions in respect thereof.

b) Timmins Gold Project

The Timmins Gold Project is comprised of four properties along the Destor-Porcupine Fault Zone located east of Timmins. The properties are comprised of 4 leases and 93 claims for a total of approximately 2,200 hectares in the region. The properties are subject to a 2% net smelter royalty to a former director of the Company.

i) St Andrew Option

On November 8, 2010, the Company entered into an agreement granting St Andrew Goldfields Ltd. ("St Andrew") the option to earn a 75% interest in the Company's Timmins Gold Project consisting of four properties located in the Townships of Guibord, Harker, Holloway, and Marriott.

The Company received an initial payment of $100,000 upon the execution of the option agreement.

(A) With respect to the Holloway Property, to earn its 75% interest St Andrew will be required to incur exploration expenditures of $100,000 on or before the first anniversary, $200,000 on or before the second anniversary, and $500,000 on or before the third anniversary of the effective date. As well, St Andrew will be required to make additional payments to the Company of $20,000 on or before the first anniversary, $40,000 on or before the second anniversary, and $60,000 on or before the third anniversary of the effective date. On June 21, 2013, the option agreement of November 8, 2010 was amended to incur the $500,000 exploration expenditure on or before the fifth anniversary, and the amendment on the Marriott Property noted below, for 50,000 common shares of St. Andrew. As of March 31, 2015, St Andrew is in compliance with the requirements of this agreement.

## 6. Mineral Properties and Deferred Exploration Costs (continued)

b) Timmins Gold Project (continued)

i) St Andrew Option (continued)

(B) With respect to the Marriott Property, to earn its 75% interest St Andrew will be required to incur exploration expenditures of $100,000 on or before the third anniversary, and $200,000 on or before the fourth anniversary of the effective date. As well, St Andrew will be required to make additional payments to the Company of $20,000 on or before the third anniversary, and $30,000 on or before the fourth anniversary of the effective date. On June 21, 2013, the option agreement of November 8, 2010 was amended to incur the $100,000 exploration expenditure on or before the fifth anniversary, and $200,000 on or before the sixth anniversary, and the amendment on the Holloway Property noted above, for the same 50,000 common shares of St. Andrew. In addition, for an additional 25,000 shares, St. Andrew at its option may at anytime extend the exercise period of the option for both Holloway and Marriott by one additional year. In November 2014, the company received $30,000 representing the payment due for the fourth anniversary. As of March 31, 2015, St Andrew is in compliance with the requirements of this agreement.

In addition, if a National Instrument 43-101 compliant mineral resource, whether measured, indicated or inferred, of not less than 500,000 ounces of gold is discovered on any one of the properties while St Andrew is earning its interest, St Andrew will make a payment of $1,000,000 to the Company for each property reaching such milestones. The additional payment obligation shall apply to each property independently of the other properties and as of March 31, 2015 this amounts to a potential of up to $2,000,000 in milestone payments. As of March 31, 2015, no such resources have been discovered. The option in respect of each property may be exercised or terminated separately by St Andrew.

(C) With respect to the Guibord Property, to earn its 75% interest St Andrew will be required to incur exploration expenditures of $100,000 on or before the first anniversary, $200,000 on or before the second anniversary, and $500,000 on or before the third anniversary of the effective date. As well, St Andrew will be required to make additional payments to the Company of $60,000 on or before the second anniversary, and $60,000 on or before the third anniversary of the effective date.

In July 2012, an amending joint option agreement was entered into between Victory Gold Mines Inc., St Andrew and the Company in exchange for a cash payment of $40,000 from Victory Gold and 1,000,000 Victory Gold Shares with a fair value at the time of acquisition of $140,000. The 16 claims will be owned 40% by Victory Gold and 10% by St. Andrew, with the remaining 50% retained by the Company. Victory Gold has the opportunity to earn an additional 20% and St. Andrew has the opportunity to earn an additional 5% if Victory Gold spends a minimum of $700,000 in eligible exploration expenditures and makes a cash payment of $100,000 to the Company on or before July 26, 2015.

On February 7, 2013, Victory Gold amalgamated with Northern Gold Mining Inc., therefore the 1,000,000 Victory Gold shares were exchanged for 500,000 Northern Gold Mining Inc shares.

## 6. Mineral Properties and Deferred Exploration Costs (continued)

b) Timmins Gold Project (continued)

i) St Andrew Option (continued)

On or before July 26, 2014, Victory Gold, now Northern Gold Mining, could have notified the Company and St Andrew as to whether they intended to complete the option of the additional 20%. The Company received no notice and thus this option expired.

Upon the expiry of the Victory Gold option in 2014, St Andrew has the option to spend an additional $200,000 in eligible expenditures and a $100,000 cash payment by Victory Gold, now Northern Gold Mining, to the Company, by July 26, 2015, to earn a 25% interest in the property, resulting in the property being owned by the Company 25%, Victory Gold, now Northern Gold Mining, 50% and St Andrew 25%.

(D) With respect to the Harker Property, to earn its 75% interest St Andrew will be required to incur exploration expenditures of $50,000 on or before the first anniversary, and $250,000 on or before the second anniversary of the effective date. As well, St Andrew will be required to make additional payments to the Company of $50,000 on or before the second anniversary of the effective date. As of December 7, 2011, St Andrew has not met the requirement of the option agreement and the property has reverted to the Company.

ii) Sale of Harker Properties

On February 1, 2013, the Company sold 80% of its interest in the Harker Properties to Northern Gold Mining Inc. and entered into a joint venture agreement with Northern Gold in exchange for:

- CDN$200,000 payable to the Company; and
- 250,000 common shares of Northern Gold.

If at any time, either party's interest is reduced to 10% or less, such interest shall be surrendered and the forfeiting party shall be granted a one percent (1%) NSR from production on the Harker Properties. The non-forfeiting party shall have the right and option to purchase the entire 1% NSR for $1,000,000.

## 7. Due to a Related Party

| | March 31, 2015 | December 31, 2014 |
|---|---|---|
| Related Company | $ 606,700 | $ 552,200 |

Amounts due to related parties are non-interest bearing, unsecured and due on demand. The Company and the related company have a director in common. This director is also a shareholder and officer of both companies.

## 8. Share Capital

### a) Authorized:

Unlimited common shares
Unlimited preferred shares

### b) Common Shares Issued and Outstanding

| | Number | Amount |
|---|---|---|
| Balance - December 31, 2014 and March 31, 2015 | 143,591,655 | $ 6,179,587 |

There were no share issuances during the three months ended March 31, 2015.

## 9. Warrants

The company had no common share purchase warrants outstanding at March 31, 2015 and December 31, 2014.

## 10. Contributed Surplus

a) Stock Options Plan

The Board of Directors has adopted a stock option plan for the Company (the “Plan”). Pursuant to the Plan, the Board of Directors may, from time to time at its discretion, allocate non-transferable options to purchase shares to directors, officers, employees and consultants of the Company.

Under the Plan, the aggregate number of shares to be issued upon the exercise of options granted thereunder may not exceed 10% of the number of issued and outstanding shares at the time of granting the options. Options shall expire no later than ten years after the date of grant.

The exercise price of options granted pursuant to the Plan shall be established based on the average closing price of the shares for the five days prior to the date of grant or such other method of pricing as may be acceptable to the stock exchange on which the shares are listed. The options shall vest and may be exercised as determined by a resolution of the board of directors.

## 10. Contributed Surplus (continued)

b) A summary of changes to stock options is as follows:

| | Number | Weighted Average Exercise Price |
|---|---|---|
| Balance - December 31, 2014 | 4,845,000 | $ 0.100 |
| Granted/vested | - | - |
| Expired | - | - |
| Forfeited | - | - |
| Balance - March 31, 2015 | 4,845,000 | $ 0.100 |

All outstanding options have fully vested and are exercisable.

c) During the three months ended March 31, 2015, the Company did not issue any options and no options expired.

Stock option pricing models require the input of highly subjective assumptions including the expected price volatility. Volatility is determined based on historical trends. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

d) As at March 31, 2015 the following options were outstanding:

| | Number of Options | | |
|---|---|---|---|
| Exercise Price | Unvested | Vested | Expiry Date |
| $ 0.100 | - | 595,000 | December 4, 2019 |
| $ 0.100 | - | 1,325,000 | April 20, 2020 |
| $ 0.100 | - | 300,000 | November 7, 2020 |
| $ 0.100 | - | 2,625,000 | March 29, 2021 |
| | - | 4,845,000 | |

## 11. Related Party Transactions

During the three months ended March 31, 2015, the Company:

a) incurred rent of $1,500 with a related company. The Company and the related company have an officer in common. This officer is also a director and shareholder of both companies. As at March 31, 2015, accounts payable and accrued liabilities included (net of taxes) $61,500.

b) incurred consulting fees of $21,024 with one of the Company's officers. As at March 31, 2015, accounts payable and accrued liabilities included (net of taxes) $126,144 of consulting fees payable to the officer.

c) incurred consulting fees of $1,475 with one of the Company's directors. As at March 31, 2015, accounts payable and accrued liabilities included (net of taxes) $1,475 of consulting fees payable to the director.

d) incurred directors fees of $7,000. As at March 31, 2015, accounts payable and accrued liabilities included (net of taxes) $176,700.

e) received an advance of $54,500 from a related corporation. The Company and the related corporation have a director in common. This director is also a shareholder and officer of both corporations. As at March 31, 2015, the amount due to the related party was $606,700.

## 12. Financial Instruments

a) Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at March 31, 2015, the Company had current assets of $111,637 to settle current liabilities of $1,189,693. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

The Company has no income and relies on equity financing to support its exploration program. Additional financing is required to fund the related operating expenses required to manage the Company through fiscal 2015. Management prepares budgets and ensures funds are available prior to commencement of any exploration program.

b) Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk relates to cash and other receivables. Cash is held with a reputable financial institution and is closely monitored by management. Management believes the credit risk with respect to other receivables is not significant.

## 12. Financial Instruments (continued)

c) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign exchange rates and equity prices.

(i) Foreign Exchange Risk

The Company is exposed to financial risk related to foreign exchange rates. The Company operates in Canada and Argentina. A significant change in the currency exchange rates between the Canadian dollar and Argentinean peso could have an effect on the Company's results of operations. At March 31, 2015, the Company is exposed to currency risk through Argentinean cash expressed in Canadian dollars of $176. A 10% depreciation or appreciation of the Canadian dollar against the Argentinean peso would result in an increase/decrease of approximately $18 in the Company's consolidated statement of comprehensive loss.

(ii) Equity Price Risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company's investments in the common shares of Northern Gold Mining Inc., Monarques Resources and St. Andrew Goldfields Ltd. is subject to fair value fluctuations arising from changes in the equity market. At March 31, 2015, should the equity prices of the Company’s holdings increase or decrease by 5%, the impact on net loss would be approximately $2,307.