



**SATURN MINERALS INC.**  
(an exploration stage company)

CONDENSED INTERIM FINANCIAL STATEMENTS  
THREE MONTHS ENDED MARCH 31, 2015 AND 2014  
(Unaudited – Prepared by Management)  
(In Canadian dollars)

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

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

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

**SATURN MINERALS INC.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**AS AT**

	Note	March 31, 2015	December 31, 2014
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 38,607	\$ 723,886
Amounts receivable	4	54,600	15,074
Prepaid expenses		47,836	70,009
Due from related parties	11	26,002	66,423
<b>Total current</b>		<b>167,045</b>	<b>875,392</b>
<b>Non-current</b>			
Deposit		4,000	4,000
Exploration advance	6	102,758	-
Exploration and evaluation assets	7	2,133,823	1,734,039
Investments	5	204,716	305,245
<b>Total non-current</b>		<b>2,445,297</b>	<b>2,043,284</b>
<b>Total assets</b>		<b>\$ 2,612,342</b>	<b>\$ 2,918,676</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	8	\$ 352,103	\$ 295,452
Due to related parties	11	131,843	118,515
<b>Total liabilities</b>		<b>483,946</b>	<b>413,967</b>
<b>Shareholders' Equity</b>			
Share capital	12	17,070,218	17,070,218
Subscriptions received in advance	17	20,700	-
Equity reserves	12	4,720,050	4,542,144
Accumulated other comprehensive loss	5	(1,063,892)	(974,462)
Deficit		(18,618,680)	(18,133,191)
<b>Total shareholders' equity</b>		<b>2,128,396</b>	<b>2,504,709</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 2,612,342</b>	<b>\$ 2,918,676</b>

**Nature and Continuance of Operations** (Note 1)

**Contingencies and Commitments** (Note 16)

**Subsequent Events** (Note 17)

**Approved by the Board of Directors on June 1, 2015**

“Stan Szary”

Director

“William Elston”

Director

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

**SATURN MINERALS INC.**  
**CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**(EXPRESSED IN CANADIAN DOLLARS)**

	Note	Three months ended March 31,	
		2015	2014
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>			
Accounting and auditing	11	\$ 11,300	\$ 10,500
Administration, office and rent		10,429	18,785
Advertising, promotion and public relations		125,001	755
Consulting		5,000	29,364
Filing fees		13,327	8,158
Insurance		341	262
Legal fees		1,451	1,862
Management fees	11	116,280	48,000
Project development and evaluation		-	-
Share-based payments	11,12	177,906	181,864
Travel and accommodation		14,354	4,363
		(475,389)	(303,913)
Settlement of flow-through share premium liabilities		-	4,786
Write-down of due from related parties	11	(23,100)	(28,036)
Recovery of due from related parties		13,000	-
<b>Loss for the period</b>		<b>(485,489)</b>	<b>(327,163)</b>
<b>Other comprehensive loss</b>			
Unrealized loss on investments	5	(89,430)	(94,990)
<b>Total comprehensive loss for the period</b>		<b>\$ (574,919)</b>	<b>\$ (422,153)</b>
<b>Basic and diluted loss per share</b>		<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of shares outstanding</b>		<b>116,468,565</b>	<b>94,298,562</b>

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

**SATURN MINERALS INC.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**(EXPRESSED IN CANADIAN DOLLARS)**

	<b>Three months ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (485,489)	\$ (327,163)
Items not affecting cash:		
Share-based payments	177,906	181,864
Settlement of flow-through share premium liabilities	-	(4,786)
Write-down of due from related parties	23,100	28,036
Foreign exchange loss on investments	11,099	-
Changes in non-cash working capital items:		
Accounts receivable	(39,526)	(14,920)
Due to/from related parties	30,649	(176,292)
Prepaid expenses	22,173	(83,888)
Accounts payable and accrued liabilities	23,333	(66,833)
<b>Net cash used in operating activities</b>	<b>(236,755)</b>	<b>(463,982)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of common shares for cash	-	764,250
Share issuance costs	-	(13,882)
Shares subscribed	20,700	205,000
Repayments of loans payable	-	(40,000)
<b>Net cash provided by financing activities</b>	<b>20,700</b>	<b>915,368</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration advances	(102,758)	-
Exploration and evaluation assets	(366,466)	(64,154)
<b>Net cash used in investing activities</b>	<b>(469,224)</b>	<b>(64,154)</b>
<b>Change in cash</b>	<b>(685,279)</b>	<b>387,232</b>
<b>Cash, beginning of period</b>	<b>723,886</b>	<b>2,779</b>
<b>Cash, end of period</b>	<b>\$ 38,607</b>	<b>\$ 390,011</b>

**Supplemental disclosure with respect to cash flows (Note 15)**

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

**SATURN MINERALS INC.**  
**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**(EXPRESSED IN CANADIAN DOLLARS)**

	Number of Shares	Share Capital	Shares Subscribed	Share-based Payment Reserves	Warrant Reserves	Accumulated Other Comprehensive Loss	Deficit	Total
<b>Balance as at December 31, 2013</b>	<b>88,078,899</b>	<b>\$ 13,166,356</b>	<b>\$ -</b>	<b>\$ 4,142,585</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (14,888,484)</b>	<b>\$ 2,420,457</b>
Private placements	16,275,000	2,071,750	205,000	-	-	-	-	2,276,750
Share issuance costs and broker's warrants	800,000	(59,440)	-	29,933	-	-	-	(29,507)
Share-based payments	-	-	-	181,864	-	-	-	181,864
Unrealized loss on available-for-sale investments	-	-	-	-	-	(94,990)	-	(94,990)
Loss for the period	-	-	-	-	-	-	(327,163)	(327,163)
<b>Balance as at March 31, 2014</b>	<b>105,153,899</b>	<b>\$ 15,178,666</b>	<b>\$ 205,000</b>	<b>\$ 4,354,382</b>	<b>\$ -</b>	<b>\$ (94,990)</b>	<b>\$ (15,215,647)</b>	<b>\$ 4,427,411</b>
<b>Balance as at December 31, 2014</b>	<b>116,468,565</b>	<b>\$ 17,070,218</b>	<b>\$ -</b>	<b>\$ 4,517,769</b>	<b>\$ 24,375</b>	<b>\$ (974,462)</b>	<b>\$ (18,133,191)</b>	<b>\$ 2,504,709</b>
Private placements	-	-	20,700	-	-	-	-	20,700
Share-based payments	-	-	-	177,906	-	-	-	177,906
Unrealized loss on available-for-sale investments	-	-	-	-	-	(89,430)	-	(89,430)
Loss for the period	-	-	-	-	-	-	(485,489)	(485,489)
<b>Balance as at March 31, 2015</b>	<b>116,468,565</b>	<b>\$ 17,070,218</b>	<b>\$ 20,700</b>	<b>\$ 4,695,675</b>	<b>\$ 24,375</b>	<b>\$ (1,063,892)</b>	<b>\$ (18,618,680)</b>	<b>\$ 2,128,396</b>

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**SATURN MINERALS INC.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**THREE MONTHS ENDED MARCH 31, 2015**  
**(EXPRESSED IN CANADIAN DOLLARS)**

**1. NATURE AND CONTINUANCE OF OPERATIONS**

Saturn Minerals Inc. (the “Company”) was incorporated under the laws of British Columbia on August 16, 2001. The Company is in the business of acquiring, exploring, evaluating and developing economically viable energy and resource deposits in Canada. The Company’s current focus is to advance the exploration of its coal and oil & gas properties in Eastern Saskatchewan and Western Manitoba.

The Company’s head office and registered office address is Suite 312, 744 West Hastings Street, Vancouver, British Columbia, V6C 1A5. Effective May 3, 2004, the common shares of the Company were listed on the TSX Venture Exchange (“TSXV”) and trade under the symbol “SMI”.

*Going concern of operations*

These condensed interim financial statements have been prepared assuming the Company will continue on a going concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going concern depends on its ability to raise adequate financing and to develop profitable operations. As at March 31, 2015, the Company has an accumulated deficit of \$18,618,680 (December 31, 2014 - \$18,133,191).

Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company’s operations and exploration programs. In addition, management closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur.

As the Company is in the exploration and evaluation stage, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration and development programs will result in profitable mining operations. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain financing to complete their development, and future profitable production or disposition thereof.

These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

**2. BASIS OF PREPARATION**

These condensed interim financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting. The policies applied in these condensed interim financial statements are based on IFRS issued and effective as of March 31, 2015.

**SATURN MINERALS INC.**  
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**(EXPRESSED IN CANADIAN DOLLARS)**

**2. BASIS OF PREPARATION (cont'd)**

The condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position 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:

- a) The recoverability of amounts receivable which is included in the statement of financial position;
- b) The carrying value of the investment in exploration and evaluation costs and the recoverability of the carrying value which are included in the statement of financial position;
- c) The determination of the fair value of stock options or warrants using stock pricing models requires the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate; therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants;
- d) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values; and
- e) Recorded costs of flow-through share premium liabilities reflect the premium received by the Company on the issue of flow-through shares. The premium is subject to measurement uncertainty and requires the Company to assess the value of non-flow-through shares. This determination is subjective and does not necessarily provide a reliable single measure of the fair value of the flow-through share premium liability.



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**3. SIGNIFICANT ACCOUNTING POLICIES**

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual consolidated financial statements as at December 31, 2014. These condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2014.

**New accounting standards and interpretation**

IFRS 7 is effective for annual periods beginning after January 1, 2015. IFRS 7 is amended to require additional disclosures on transition from IAS 39 to IFRS 9.

The Company has adopted this policy and it doesn't have a significant effect on the condensed interim financial statements. The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its condensed interim financial statements.

Effective (proposed) for annual periods beginning on or after January 1, 2018:

IFRS 9, Financial Instruments – Classification and Measurement. IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

IFRS 15, Revenue from Contracts with Customers: IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Service.

**4. AMOUNTS RECEIVABLE**

As at March 31, 2015, the Company had GST receivable in the amount of \$54,600 (December 31, 2014 - \$15,074).

**SATURN MINERALS INC.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
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**(EXPRESSED IN CANADIAN DOLLARS)**

**5. INVESTMENTS**

	<b>March 31, 2015</b>	<b>December 31, 2014</b>
Global Resources Investment Trust – cost	\$ 1,300,000	\$ 1,300,000
Fair value adjustment	(1,063,892)	(974,462)
Foreign exchange loss associated with fair value adjustment	(31,392)	(20,293)
	<u>\$ 204,716</u>	<u>\$ 305,245</u>

During the year ended December 31, 2014, the Company acquired 704,301 shares of Global Resources Investment Trust (“GRIT”) valued at £1.00 each, in consideration for 10,000,000 units of the Company valued at \$0.13 each. The GRIT shares trade through the facilities of the London Stock Exchange. Each unit consists of one common share and one-half common share purchase warrant exercisable at \$0.17 per share for two years.

On acquisition, the GRIT shares were valued at \$1,300,000. The GRIT shares have been designated as available-for-sale and are recorded at fair value. Fair value is determined by reference to the last bid price at the date of the statement of financial position. Unrealized losses are recognized in other comprehensive loss. At March 31, 2015, the fair value of the GRIT shares is \$204,716.

**6. EXPLORATION ADVANCE**

During the period ended March 31, 2015, the Company paid an exploration advance related to the Little Swan property in the amount of \$102,758 (December 31, 2014 - \$Nil).

Subsequent to period ended March 31, 2015, the Company paid an exploration advance related to the Bannock Creek property in the amount of \$49,728.

**7. EXPLORATION AND EVALUATION ASSETS**

Although the Company has taken steps to verify title to mineral exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company’s title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

a) Armit

The Company’s 100% owned Armit property initially consisted of 23 contiguous Coal Prospecting Permits. The property is located in Saskatchewan and hosts the Leif Coal Discovery. The Company has applied to the Saskatchewan Ministry of the Economy to convert a number of hectares of the Coal Prospecting Permits with the highest potential to host economic amounts of coal, into eight (8) Coal Leases, and has paid the annual rental fee of \$23,584 and associated filing and other fees to the Saskatchewan Ministry of the Economy with respect to these Coal Leases at \$5.50 per hectare. As at March 31, 2015, the Company has not received approval for conversion of the Coal Prospecting Permits to Coal Leases. The Company has written off all related exploration and evaluation expenditures to operations.

**SATURN MINERALS INC.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
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**7. EXPLORATION AND EVALUATION ASSETS (cont'd)**

b) Overflowing

The Company's 100% owned Overflowing property consists of five contiguous Quarry Leases located in the province of Manitoba. The Quarry Leases associated with the Overflowing property entail an annual rental of \$27 per hectare. For the Quarry Leases associated with the Overflowing property, annual rentals are a total of \$9,018.

The Overflowing property consists of five contiguous Quarry Leases ("Leases") located in the province of Manitoba. The Leases entail an annual rental of \$27 per hectare. For the Leases, annual rental fees amount to a total of \$9,018, which is due in 2015. As at December 31, 2013, the Company wrote-off the Permit Deposits to the Manitoba government relating to the abandoned Permits.

c) Red Earth

The Company's Red Earth property consists of six contiguous Coal Prospecting Permits located in the province of Saskatchewan. On November 9, 2011 the Company entered into a property transfer and option agreement (the "Agreement") whereby the Company transferred a 10% interest in certain Coal Prospecting Permits in Saskatchewan to Jameson Resources Ltd. ("Jameson") for a cash payment of \$46,080.

Jameson can earn up to an additional 50% interest in the Coal Prospecting Permits by expending \$870,000 in exploration expenses over three years following which the Company and Jameson will enter into a joint venture agreement. During the term of the Agreement, Jameson will make cash payments to the Company equivalent to \$5 and \$10 per hectare in years two and three, respectively up to a maximum of \$69,120. The Company will also retain a 7% royalty interest in all future production from the Coal Prospecting Permits.

In February 2012, the Company entered into an amended agreement whereby it agreed to pay finder's fees of \$16,600 payable by the issuance of 75,000 common shares upon regulatory approval of the amended agreement. As at December 31, 2012, the Company received approvals and issued 75,000 common shares. The Company will also pay \$6,920 payable in cash or the issuance of 37,000 common shares, at the sole election of the Company, upon completion of the first year's exploration work on the Coal Prospecting Permits, recommendation of an independent geologist that further exploration work be conducted and Jameson's commitment to fund the second year's exploration work.

As at December 31, 2013, Jameson had reimbursed the Company \$124,608 for exploration expenditures in the first year on the Red Earth property and pursuant to the Agreement, Jameson's ownership interest in the Red Earth Property has been increased to 20%. The Company has applied to the Saskatchewan Ministry of the Economy to convert the entire Red Earth property from Coal Prospecting Permits into Coal Leases. Coal Leases grant the right to commercially produce coal. Jameson had reimbursed the Company an additional \$25,344 and associated filing and other fees with respect to these Coal Leases as prescribed in the annual rental for Coal Leases of \$5.50 per hectare. As at December 31, 2013, the Company has received approval for conversion of the Coal Prospecting Permits to Coal Leases.

In April 2014, Jameson elected to relinquish its stake in the Red Earth property and had no on-going interest or liability in the property. As at March 31, 2015, all Coal Prospecting Permits expired and the Company has written off all related exploration and evaluation expenditures to operations.

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**7. EXPLORATION AND EVALUATION ASSETS (cont'd)**

d) Little Swan

In 2010, the Company submitted a successful bid for a Petroleum & Natural Gas Exploration Permit (“Little Swan”), located near the town of Hudson Bay, Saskatchewan during the Lands Sale held by the Saskatchewan Ministry of Energy & Resources. The bid was submitted by the Company in conjunction with Gulf Shores Resources Ltd (25% interest) and a privately owned Canadian oil company (25% interest) (collectively, the “Partners”). The Little Swan Project grants its owners an exclusive right to explore for petroleum and natural gas within permit boundaries.

The Company paid \$88,189 in connection with this Bid of which \$62,500 relates to an expenditure deposit and is recorded as a Permit Deposit and is refundable upon completion of exploration work and submission of technical work reports to Saskatchewan Energy and Resources. The remaining \$25,689 relates to land rental costs. The Bid was submitted by the Company in conjunction with the Partners for a total work commitment of \$500,000. The Company funded 100% of the cost of the Bid, half of which was reimbursed by the Partners. In 2012, the Company paid \$38,540 to the Partners to acquire a 100% interest in the Little Swan Project.

During the year ended December 31, 2013, the Company paid the third year’s refundable Permit Deposit of \$62,500 to the government of Saskatchewan and the third year’s annual land rental fee of \$25,689. The Company received \$Nil in refunds on the related Permit Deposits during the year.

In November 2012, the Company entered into a preliminary agreement with a private, Calgary based oil & gas company, Vector Exploration Corp. (“Vector”) for exploration and development of the Company’s Little Swan and Bannock Creek oil & gas properties (“the Properties”). The Company and Vector have agreed that:

- 1) Upon signing of a definitive agreement between the Company and Vector, the Company will grant Vector a 5% carried interest in the Properties in consideration for services and expertise to be rendered to the Company by Vector for exploration of the Properties from the date of the definitive agreement to December 1, 2013.
  - a. On or before December 1, 2013, the Company and Vector will evaluate exploration results of the Properties and mutually decide to pursue one of two options: The Company will transfer the Properties into Vector in consideration for a 90% equity interest in Vector. Vector’s 5% carried interest will be converted into a 10% equity interest of Vector to be held by the Vector Team, provided that Vector pays to the Company 5% of the exploration expenses incurred by the Company on the Properties from December 1, 2012 to the date of the transfer; or
  - b. The Properties will remain entirely owned by the Company and Vector’s 5% carried interest in the Properties will convert to a 5% working interest.

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**7. EXPLORATION AND EVALUATION ASSETS (cont'd)**

d) Little Swan (cont'd)

In November 2013, the Company amended the agreement with Vector to a Farm-In Agreement for oil and gas permits EP-71 and EP-72 (the “Little Swan” and “Bannock Creek” properties). Under the Farm-In Agreement, Vector is required to make an initial payment of \$200,000. After the initial payment, the requirements are divided into two phases of operations. Phase 1 will commence prior to January 14, 2014 and requires Vector to pay an additional \$200,000 to the Company and fund a minimum of 60 km of seismic data over the Little Swan property and 20km over the Bannock Creek property. On completion of Phase 1 Vector will have earned a 50% interest in the permits. Phase 2 requires Vector to drill 2 wells of which the first well must be spudded on or before January 15, 2015 and the second within 180 days of rig release of the first well. On completion of Phase 2 Vector will have earned an additional 30% interest for an aggregate interest of 80%. Both wells will be subject to a 1/350 (2.0 -7.5%) royalty payable to the Company until payout. Upon payout, Vector will have the option to convert the 1/350 royalty into a 20% working interest.

During the year ended December 31, 2014, the Company amended the existing Farm-In Agreement with Vector for oil & gas permits EP-71 and EP-72 (the “Little Swan” and “Bannock Creek” properties). Under the terms of a new Joint-Operating Agreement, both the Company and Vector will each retain a 50% working interest in both projects. Additionally, both the Company and Vector have agreed on an Area of Mutual Interest surrounding the Little Swan and Bannock Creek projects within which both companies will retain a right of first refusal to participate at their Working Interest on any operations, including Land Purchase, geological and geophysical programs, drilling and completions.

During the year ended December 31, 2014, the Company executed a Letter of Intent (“LOI”) with Bayhorse Silver Inc. (“Bayhorse”) whereby Bayhorse can earn 50% of the Company’s 50% interest in the EP-71 (Little Swan). As per the formal agreement executed in November 2014 (amended in February 2015), Bayhorse will make equalization payments to the Company totaling \$600,000, issue 500,000 shares of Bayhorse to the Company and assume the Company’s 2014-2015 seismic costs on Little Swan for \$230,000 as per the following schedule:

- A \$50,000 non-refundable deposit to the Company upon execution of the LOI (received)
- An installment payment of \$150,000 payable within ten business days of the TSX Venture Exchange (“TSX”) approval
- Issue 500,000 shares of Bayhorse Silver Inc. to the Company within two business days of TSX approval
- An additional \$200,000 payment on or before 45 days after TSX approval
- A final \$200,000 payment on or before 90 days after TSX approval
- Assume \$230,000 of the Company’s costs on the planned 2014-2015 seismic program, payable on or before January 30, 2015. The seismic program will be conducted and operated by the Company.

Other than lands converted by drilling into an oil lease, Bayhorse must participate as to 25% of all ongoing geological or geophysical expenditures on the Farm-in Lands or forfeit its interest.

During the year ended December 31, 2014, the Company paid the annual land rental fee of \$25,689 and received a refund of \$125,485 on the related Permit Deposits.

During the period ended March 31, 2015, the Company paid the annual land rental fee of \$25,689.

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**7. EXPLORATION AND EVALUATION ASSETS (cont'd)**

d) Little Swan (cont'd)

During the period ended March 31, 2015, the Company received a total amount of \$230,000 from Bayhorse.

e) Bannock Creek

The Company submitted a successful bid for a Petroleum & Natural Gas Exploration Permit (“Bannock Creek”) during the Lands Sale held by the Saskatchewan Ministry of Energy & Resources. The Company paid \$37,432 in connection with this bid of which \$25,000 relates to a Permit Deposit, which is refundable upon completion of exploration work and submission of technical work reports to Saskatchewan Energy and Resources. The remaining \$12,432 relates to the first year’s land rental fee.

During the year ended December 31, 2013, the Company paid the third year’s Permit Deposit of \$25,000 and the third year’s annual land rental fee of \$12,432. During the year ended December 31, 2014, the Company received \$50,000 in refunds on the related Permit Deposits.

In November 2012, the Company entered into an agreement with Vector for exploration and development of the Company’s Little Swan and Bannock Creek oil & gas properties which were further amended to a Farm-In Agreement in November 2013 and an amended Farm-In Agreement during the year ended December 31, 2014 (see Note 7(d)).

Subsequent to the period ended March 31, 2015, the Company was granted a Permit and License under the Oil and Gas Conservation Act, Province of Saskatchewan, to drill an oil well at its Bannock Creek Property.

Subsequent to the period ended March 31, 2015, the Company paid annual land rental fee of \$12,370.

f) Gem

Pursuant to an agreement dated April 20, 2005, and subsequently amended, the Company has acquired a 100% interest in the Apex 3 and 4 mineral claims located in the New Westminster Mining Division, British Columbia, subject to a net smelter return royalty of 1%. The Company has the right to acquire 0.5% of the net smelter return royalty for \$1,000,000. Under the terms of the option agreement the Company paid \$70,500 and issued 300,000 common shares with a value of \$89,600 to acquire its interest. In 2009, upon the Company’s determination that the value of the property was impaired, the carrying value of the property was reduced to a nominal \$1 by a charge to earnings of \$216,194.

During the year ended December 31, 2010, the Company resumed exploration work on the property and completed adequate care and maintenance in 2011 and this work continued in 2013 and 2014.

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					Three months ended March 31, 2015	Year ended December 31, 2014
	Overflowing	Little Swan	Bannock Creek	Gem		
Beginning balance	\$ 547,915	\$ 683,610	\$ 481,339	\$ 21,175	\$ 1,734,039	\$ 3,201,686
Expenditures during the period:						
Assaying	-	13,980	37,669	-	51,649	39,028
Camp and field costs	-	-	-	-	-	4,825
Consulting	-	50,122	45,448	-	95,570	113,599
Drilling	-	47,062	18,162	-	65,224	20,651
Environmental	-	22,100	18,588	-	40,688	-
Geology	-	-	-	-	-	89,726
Geophysics	-	313,369	36,490	-	349,859	12,330
Land rental	-	25,689	-	-	25,689	25,689
Surface Access	-	-	20,248	-	20,248	13,790
Travel and accommodation	-	3,454	6,973	-	10,427	5,101
Vehicle and equipment	-	5,397	7,533	-	12,930	6,749
	-	481,173	191,111	-	672,284	331,488
Cost recoveries	-	(162,500)	(110,000)	-	(272,500)	(50,000)
Write-off of exploration and evaluation assets	-	-	-	-	-	(1,749,135)
Ending balance	\$ 547,915	\$ 1,002,283	\$ 562,450	\$ 21,175	\$ 2,133,823	\$ 1,734,039

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**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>March 31, 2015</b>	<b>December 31, 2014</b>
Accounts payable	\$ 352,103	\$ 253,502
Accrued liabilities	-	41,950
	<b>\$ 352,103</b>	<b>\$ 295,452</b>

**9. LOANS PAYABLE**

During the year ended December 31, 2013, the Company entered into two loan agreements with a family member of a director and a private company in the amount of \$40,000. The loans were non-interest bearing, unsecured and had no specific terms of repayment. During the year ended December 31, 2014, the Company repaid \$40,000 to the family member of a director and the private company.

**10. FLOW-THROUGH SHARE PREMIUM LIABILITY**

	Issued in March 2014
<b>Balance at December 31, 2013</b>	\$ -
Liability incurred on flow-through shares issued	15,625
Settlement of flow-through share liability on renunciation of expenditures	(15,625)
<b>Balance at December 31, 2014 and March 31, 2015</b>	<b>\$ -</b>

In March 2014, the Company completed a private placement consisting of the issue and sale of 625,000 flow-through units at a price of \$0.15 per flow-through unit for gross proceeds of \$93,750. Each flow-through unit consisted of one flow-through common share and one-half of one common share purchase warrant. The premium received on the shares issued was determined to be \$15,625 and has been recorded as a share capital reduction. An equivalent premium liability was recorded and reduced when the required exploration expenditures were renounced to shareholders.

In May 2014, the Company completed a private placement consisting of the issue and sale of 868,000 flow-through units at a price of \$0.15 per flow-through unit for gross proceeds of \$130,200. Each flow-through unit consisted of one flow-through common share and one-half of one common share purchase warrant. The premium received on the shares issued was determined to be \$Nil.

In September 2014, the Company completed a private placement consisting of the issue and sale of 5,000,000 flow-through units at a price of \$0.20 per flow-through unit for gross proceeds of \$1,000,000. Each flow-through unit consisted of one flow-through common share and one-half of one common share purchase warrant. The premium received on the shares issued was determined to be \$Nil.

In October 2014, the Company completed a private placement consisting of the issue and sale of 250,000 flow-through units at a price of \$0.20 per flow-through unit for gross proceeds of \$50,000. Each flow-through unit consisted of one flow-through common share and one-half of one common share purchase warrant. The premium received on the shares issued was determined to be \$Nil.



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**11. RELATED PARTY TRANSACTIONS**

During the three months ended March 31, 2015, the Company incurred the following transactions with directors, officers and other key management personnel:

	<b>Three months ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
Accounting	\$ 10,500	\$ 10,500
Management fees	116,280	48,000
Geological services recorded in exploration and evaluation assets	-	20,000
<b>Total</b>	<b>\$ 126,780</b>	<b>\$ 78,500</b>

The share-based payments to directors, officers and other key personnel of the Company during the three months ended March 31, 2015 was \$77,301 (2014 - \$126,169). Share-based payments are the fair value of options granted to directors, officers and other key management personnel. There were 1,425,000 options granted to directors, officers and other key personnel during the period ended March 31, 2015 (2014 – 3,550,000 options).

As at March 31, 2015, the Company owed \$131,843 (December 31, 2014 - \$118,515) to its directors, officers and other key management personnel of the Company for management fees, services and expense reimbursements. As at March 31, 2015, the Company advanced \$26,002 (December 31, 2014 - \$66,423) to an officer and director of the Company. During the year ended December 31, 2013, the Company entered into a loan agreement with a family member of a director in the amount of \$20,000 (Note 9). The loan was non-interest bearing, unsecured and had no specific terms of repayment. During the year ended December 31, 2014, the Company repaid the \$20,000 loan.

The Company shares office space and other office and administrative expenses with another company related through common directors and during the three months ended March 31, 2015, the Company recovered office rent expenses of \$11,803 (2014 - \$11,803) and other office and administrative expenses of \$10,197 (2014 - \$10,197) due in reimbursements from the company. As at March 31, 2015, the total amount due from this company was \$460,675 (December 31, 2014 - \$437,575) which is non-interest bearing, unsecured, and due on demand. At December 31, 2014 and March 31, 2015, the Company wrote-down the full balance from the related company due to uncertainty of collectability. During the period ended March 31, 2015, the Company recovered \$13,000 from the related company.

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**12. SHARE CAPITAL AND EQUITY RESERVES**

Authorized

Unlimited common shares without par value.

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

- a) Closed its securities exchange with Global Resources Investment Trust plc (“GRIT”). The Company issued 10,000,000 units at \$0.13 per unit, in exchange for 704,301 ordinary shares of GRIT (the “GRIT Shares”), at a price of £1.00 per GRIT Share. Each unit consists of one common share and one-half common share purchase warrant exercisable at \$0.17 per share for two years. The Company will now seek to sell the GRIT Shares through the facilities of the London Stock Exchange. In connection to the securities exchange with GRIT, the Company issued 800,000 common shares as finder’s fee valued at \$108,000 and 400,000 common share purchase warrants as finder’s warrants valued at \$29,933. Each common share purchase warrant is exercisable at \$0.17 per share for two years from the closing of the securities exchange. The Company paid \$9,750 of cash share issuance costs in relation to the private placement.
- b) Closed a non-brokered private placement of 5,650,000 non flow-through units (the “NFT units”) at a price of \$0.12 per NFT unit for a gross value of \$678,000. Each NFT unit consists of one non flow-through common share and one-half of a share purchase warrant (the “NFT warrants”). Each whole NFT warrant will entitle the holder to purchase one additional non flow-through common share, exercisable at a price of \$0.15 per share until February 7, 2016. The Company paid \$3,390 of cash share issuance costs in relation to the private placement.
- c) Closed a non-brokered flow-through private placement of 625,000 flow-through units (the “FT units”) at a price of \$0.15 per FT unit for a gross value of \$93,750. Each FT unit consists of one flow-through common share and one-half of a non flow-through share purchase warrant. Each whole FT warrant will entitle the holder to purchase one additional non flow-through common share, exercisable at a price of \$0.20 per share until March 19, 2016. The Company paid \$742 of cash share issuance costs and recorded a premium received on flow-through shares of \$15,625 in relation to the private placement.
- d) Closed a non-brokered flow-through and non flow-through private placement of 868,000 flow-through units (the “FT Units”) and 3,571,666 non flow-through units (the “NFT Units”) at a price of \$0.15 per FT and NFT Unit for a gross value of \$665,950. Each FT Unit consists of one flow-through common share (the “FT Shares”) and one-half of a non flow-through share purchase warrant (the “FT Warrant”). Each whole FT Warrant will entitle the holder to purchase one additional non flow-through common share, exercisable at a price of \$0.20 per share for a period of 12 months from the date of issue of the FT Warrant. Each NFT Unit consists of one non flow-through common share (the “NFT Shares”) and one-half of a non flow-through share purchase warrant (the “NFT Warrant”). Each whole NFT Warrant will entitle the holder to purchase one additional non flow-through common share, exercisable at a price of \$0.20 per share for a period of 12 months from the date of issue of the NFT Warrant. The Company paid \$15,338 of cash share issuance costs in relation to the private placement.

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**12. SHARE CAPITAL AND EQUITY RESERVES (cont'd)**

During the year ended December 31, 2014, the Company (cont'd):

- e) Closed the first tranche of a flow-through private placement for 5,000,000 flow-through units (“FT Unit”) at a price of \$0.20 per FT Unit for a gross value of \$1,000,000. Each FT Unit consists of one flow-through common share (the “FT Shares”) and one-half of a non flow-through share purchase warrant (the “NFT Warrants”). Each whole NFT Warrant will entitle the holder to purchase one additional non flow-through common share, exercisable at a price of \$0.25 per share expiring on March 1, 2016. The NFT Warrants are subject to an accelerated expiry if, at any time after an initial 4 month hold period expires, the closing price of the Company’s common shares on the TSXV exceeds \$0.35 for any 20 consecutive trading days, in which event the holder will be given notice that the NFT Warrants will expire 30 days following the date of such notice. The NFT Warrants may be exercised by the holder during the 30-day period between the notice and the expiration of the NFT Warrants. The Company paid \$60,000 to the agent and issued 100,000 finder’s warrants under the same terms valued at \$10,185. The Company paid \$5,750 of cash share issuance costs and incurred \$12,500 of share issuance costs in relation to the private placement.
- f) Closed the first tranche of a non flow-through private placement for 1,000,000 non flow-through units (“NFT Unit”) at a price of \$0.20 per NFT Unit for a gross value of \$200,000. Each NFT Unit consists of one common share and one-half of a share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share, exercisable at a price of \$0.25 per share expiring March 17, 2016. The Company paid \$1,750 of cash share issuance costs and incurred \$5,000 of share issuance costs to fair value warrants issued in relation to the private placement.
- g) Closed the second and final tranche of a flow-through private placement for 250,000 flow-through units (“FT Unit”) at a price of \$0.20 per FT Unit for a gross value of \$50,000. Each FT Unit consists of one flow-through common share (the “FT Shares”) and one-half of a non flow-through share purchase warrant (the “NFT Warrants”). Each whole NFT Warrant will entitle the holder to purchase one additional non flow-through common share, exercisable at a price of \$0.25 per share expiring on April 2, 2016. The NFT Warrants are subject to an accelerated expiry if, at any time after an initial 4 month hold period expires, the closing price of the Company’s common shares on the TSXV exceeds \$0.35 for any 20 consecutive trading days, in which event the holder will be given notice that the NFT Warrants will expire 30 days following the date of such notice. The NFT Warrants may be exercised by the holder during the 30-day period between the notice and the expiration of the NFT Warrants. The Company paid \$250 of cash share issuance costs and incurred \$6,875 of share issuance costs to fair value warrants issued in relation to the private placement.

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**12. SHARE CAPITAL AND EQUITY RESERVES (cont'd)**

Share Purchase Warrants

Warrant transactions are summarized as follows:

	<b>Outstanding Warrants</b>	<b>Weighted Average Exercise Price</b>
Balance, December 31, 2013	2,692,308	\$ 0.15
Granted	13,982,333	0.19
Exercised	(625,000)	0.15
Expired	(2,692,308)	0.15
Balance, December 31, 2014 and March 31, 2015	13,357,333	\$ 0.19

The weighted average trading price at the date the warrants were exercised during the year ended December 31, 2014 was \$0.19.

As at March 31, 2015, the following share purchase warrants were issued and outstanding:

<b>Expiry Date</b>	<b>Outstanding Warrants</b>	<b>Exercise Price</b>
May 14, 2015*	2,219,833	\$ 0.20
February 7, 2016	2,200,000	0.15
March 1, 2016	2,500,000	0.25
March 1, 2016	100,000	0.25
March 7, 2016	5,000,000	0.17
March 17, 2016	500,000	0.25
March 19, 2016	400,000	0.17
March 19, 2016	312,500	0.20
April 16, 2016	125,000	0.25
	13,357,333	

\*Subsequently, 181,000 warrants were exercised and 2,038,833 warrants expired

During the period ended March 31, 2015, the Company granted Nil (2014 – 400,000) finder's warrants with an initial fair market value of \$Nil (2014 - \$29,933) or \$Nil (2014 - \$0.07) per warrant which was recorded as share issue costs. The following weighted average assumptions were used for the Black-Scholes valuation of the finder's warrants:

	<u>2015</u>	<u>2014</u>
Risk-free interest rate	-	1.05%
Expected life of option	-	2 years
Expected dividend yield	-	0%
Expected stock price volatility	-	118.31%

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**12. SHARE CAPITAL AND EQUITY RESERVES (cont'd)**

Stock Options

The Company has an incentive stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 16,456,650 common shares of the Company. Under the plan, the exercise price of each option shall not be less than the discounted market price of the Company's stock on the grant date. The options can be granted for a maximum term of 5 years. The options granted vest as to 25% on the date of grant and 12.5% at the end of every quarter after the grant date.

A summary of changes of stock options outstanding is as follows:

	<b>Outstanding Options</b>	<b>Weighted Average Exercise Price</b>
Balance, December 31, 2013	8,134,000	\$ 0.18
Granted	5,000,000	0.15
Forfeited/expired	(2,054,000)	0.18
Balance, December 31, 2014	11,080,000	\$ 0.17
Granted	3,500,000	0.20
Forfeited/expired	(700,000)	0.17
Balance, March 31, 2015	13,880,000	\$ 0.18
Exercisable, March 31, 2015	10,130,000	\$ 0.18

As at March 31, 2015, the following options were issued and outstanding:

<b>Expiry Date</b>	<b>Outstanding Options</b>	<b>Exercise Price</b>
March 8, 2016	3,856,000	0.17
January 11, 2017	1,019,000	0.20
September 15, 2017	1,005,000	0.20
January 22, 2019	4,500,000	0.15
February 24, 2020	3,500,000	0.20
	13,880,000	

During the three months ended March 31, 2015, the Company granted 3,500,000 (2014 – 5,000,000) stock options with an initial fair market value of \$436,028 (2014 - \$373,973) or \$0.12 (2014 - \$0.07) per option. The Company expensed \$159,922 (2014 - \$177,703) to operations for the options vesting during the three months ended March 31, 2015 with the balance of \$17,984 (2014 - \$4,161) pertaining to the prior year's grants of stock options. The following weighted average assumptions were used for the Black-Scholes valuation of the stock options:

	<u>2015</u>	<u>2014</u>
Risk-free interest rate	0.74%	1.60%
Expected life of option	5 years	5 years
Expected dividend yield	0%	0%
Expected stock price volatility	114.11%	83.39%

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**13. FINANCIAL INSTRUMENTS**

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, currency risk, interest rate risk and price risk. Where material, these risks are reviewed and monitored by the Board of Directors.

a) Capital management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in share capital as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, or return capital to shareholders. As at March 31, 2015, the Company is not subject to externally imposed capital requirements.

a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is considered to be in the exploration and evaluation stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration and evaluation programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash is invested in business accounts with quality financial institutions, is available on demand for the Company's programs, and is not invested in any asset backed commercial paper. As at March 31, 2015, the Company had \$38,607 (December 31, 2014 - \$723,886) in cash to settle \$483,946 (December 31, 2014 - \$413,967) in current liabilities.

c) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash, other assets and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and other assets with high-credit quality financial institutions. The Company's cash is held with major Canadian based financial institutions.

d) Currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company's investment financial asset is trading on the London Stock Exchange in British pounds (£) and could result in gains or losses on foreign exchange. The Company also continuously monitors GRIT share trading prices.

e) Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash and permit deposits. The Company's practice has been to invest cash at floating rates of interest, in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is a minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in short term investments and permit deposits as they are generally held with large financial institutions.

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**13. FINANCIAL INSTRUMENTS (cont'd)**

f) Price risk

The Company is exposed to price risk with respect to commodity and 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. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The ability of the Company to explore its mineral properties and future profitability of the Company are directly related to the market price of commodities. The Company monitors commodity and equity prices to determine appropriate actions to be undertaken.

g) Fair value

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

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

The fair value of cash and investments are measured based on level 1 inputs of the fair value hierarchy.

The estimated fair value of financial liabilities is equal to their carrying values due to the short-term nature of these instruments.

**14. SEGMENTED INFORMATION**

The Company currently conducts substantially all of its operations in Canada in one business segment being the acquisition and exploration of resource properties.

**15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

The Company's significant non-cash transactions during the period ended March 31, 2015 were as follows:

- a) Included in exploration and evaluation assets is \$90,913, net of GST/HST which relates to accounts payable and accrued liabilities.

The Company's significant non-cash transactions during the period ended March 31, 2014 were as follows:

- a) Included in exploration and evaluation assets is \$250,571, net of GST/HST which relates to accounts payable and accrued liabilities.
- b) Reclassified \$3,963, net of GST/HST, from explorations advances to exploration and evaluation assets.
- c) Issued 800,000 common shares as a finder's fee valued at \$108,000 and 400,000 common share purchase warrants as finder's warrants valued at \$29,933 relating to a private placement.
- d) The premium received on flow through shares issued in a private placement was determined to be \$15,625 and has been recorded as a share capital reduction.

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**16. CONTINGENCIES AND COMMITMENTS**

- a) During the year ended December 31, 2013, the Company received notice of a claim by Hampton Securities Limited (“Hampton”) for payment of approximately \$80,000 allegedly owed to Hampton in connection with a proposed brokered private placement announced on November 13, 2012 that did not proceed. The amount appears to comprise Hampton’s legal fees as well as additional amounts that are not specified in the claim. The Company believes that the claim being made by Hampton is groundless and the Company intends to defend the claim vigorously.
- b) The Company has entered into an office lease expiring February 28, 2017 which calls for monthly payments of approximately \$1,957 in 2015; \$1,966 in 2016; and \$1,966 in 2017, plus an applicable portion of operating costs.

**17. SUBSEQUENT EVENTS**

Subsequent to the period ended March 31, 2015:

- a) Closed two tranches of a flow-through private placement for 3,200,000 flow-through units (“FT Unit”) and 340,000 FT Units at a price of \$0.18 per FT Unit for a gross value of \$637,200, of which \$20,700 was received during the period ended March 31, 2015. Each FT Unit consists of one flow-through common share (the “FT Shares”) and one-half of a non flow-through share purchase warrant (the “NFT Warrants”). Each whole NFT Warrant will entitle the holder to purchase one additional non flow-through common share, exercisable at a price of \$0.30 per share for a period of 18 months from the date of issue of the NFT Warrants. The NFT Warrants are subject to an accelerated expiry if, at any time after an initial 4 month hold period expires, the closing price of the Company’s common shares on the TSXV exceeds \$0.30 for any 20 consecutive trading days, in which event the holder will be given notice that the NFT Warrants will expire 30 days following the date of such notice. The NFT Warrants may be exercised by the holder during the 30-day period between the notice and the expiration of the NFT Warrants.
- b) Closed a non flow-through private placement for 2,500,000 non flow-through units (“NFT Unit”) at a price of \$0.18 per NFT Unit for a gross value of \$450,000. Each NFT Unit consists of one common share and one-half of a share purchase warrant. Each whole Warrant will entitle the holder to purchase one additional common share, exercisable at a price of \$0.30 per share for a period of 18 months from the date of issue of the Warrant. The Warrants are subject to an accelerated expiry if, at any time after an initial 4 month hold period expires, the closing price of Saturn’s common shares on the TSXV exceeds \$0.30 for any 20 consecutive trading days, in which event the holder will be given notice that the Warrants will expire 30 days following the date of such notice. The Warrants may be exercised by the holder during the 30-day period between the notice and the expiration of the Warrants.
- c) The Company has granted 2,000,000 stock options exercisable at a price of \$0.20 per common share to directors and consultants of the Company. As per the Company's Stock Option Plan, the options granted are exercisable until May 7, 2020 and vest over a period of 18 months from the date of grant.