EQUITAS RESOURCES

Financial Statements

For The Years Ended February 28, 2015 and 2014

(Expressed in Canadian Dollars)

DeVISSER GRAY LLP
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Equitas Resources Corp.,

We have audited the accompanying financial statements of Equitas Resources Corp., which comprise the statement of financial position as at February 28, 2015 and the statements of operations and comprehensive loss, cash flows, and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Equitas Resources Corp. as at February 28, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has limited working capital and is also dependent upon its ability to secure new sources of financing to fund on-going operations. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Other Matter

The financial statements of Equitas Resources Corp. for the year then ended February 28, 2014, were audited by another auditor who expressed an unmodified opinion on those statements in their report to the shareholders dated June 11, 2014.

CHARTERED PROFESSIONAL ACCOUNTANTS

De Visser Gray LLP

Vancouver, Canada
June 25, 2015

Equitas Resources Corp.
Statements of Financial Position
As at February 28, 2015 and 2014
(Expressed in Canadian Dollars)

		2015		2014
Assets				
Current				
Cash	$	289,317	$	43,664
GST receivable		21,997		2,531
Prepaid expenses (note 12)		153,957		-
Total current assets		465,271		46,195
Non-current assets				
Exploration and evaluation assets (note 7)		1,693,344		1,775,813
Reclamation deposit		15,000		15,000
Total Assets	$	2,173,615	$	1,837,008
Liabilities				
Current				
Accounts payable and accrued liabilities	$	53,514	$	136,102
Due to a related party (note 10)		18,684		3,613
Total current liabilities		72,198		139,715
Equity				
Share capital (note 8)		15,038,165		14,172,367
Share subscriptions receivable		(25,600)		-
Share-based payments reserve (note 9)		1,442,535		1,239,940
Deficit		(14,353,683)		(13,715,014)
Total Equity		2,101,417		1,697,293
Total Liabilities and Equity	$	2,173,615	$	1,837,008

Nature of operations and going concern (note 1)
Commitments (note 11)
Subsequent events (note 16)

Approval on behalf of the Board of Directors:

"Kyler Hardy" — Director

"David Hodge" — Director

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

Equitas Resources Corp.

Statements of Operations and Comprehensive Loss
For the years ended February 28, 2015 and 2014
(Expressed in Canadian Dollars)

		2015		2014
Expenses				
Advertising and promotion	$	**36,062**	$	35,980
Administration fees (note 11)		**150,000**		150,000
Consulting fees		**108,878**		3,800
Management fees (note 10)		**-**		120,000
Office and general		**11,612**		5,895
Professional fees		**23,327**		15,967
Share-based payments (note 9)		**172,849**		215,428
Transfer agent & regulatory fees		**31,302**		22,507
Travel		**27,562**		29,574
Operating expenses		**561,592**		599,151
Other income (expense)				
Interest income		**-**		(1,396)
Gain on settlement of debt		**131,079**		-
Impairment of mineral properties (note 7)		**(208,156)**		-
Net Loss and Comprehensive Loss for the Year	**$**	**638,669**	$	597,755
Basic and Diluted Loss Per Common Share	**$**	**0.03**	$	0.04
Weighted Average Number of Common Shares Outstanding		**19,250,060**		17,012,453

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

Equitas Resources Corp.

Statements of Changes in Equity
For the years ended February 28, 2015 and 2014
(Expressed in Canadian Dollars)

	SHARE CAPITAL									
	Number of Shares		**Amount**		**Share Subscription Receivable**	**Share-based Payments Reserve**		**Deficit**		**Total**
Balance, March 1, 2013	51,037,415	$	14,172,367	$	-	1,024,512	$	(13,117,259)	$	2,079,620
Share-based payments (note 9)	-		-		-	215,428		-		215,428
Net loss for the year	-		-		-	-		(597,755)		(597,755)
Balance, February 28, 2014	**51,037,415**		**14,172,367**		**-**	**1,239,940**		**(13,715,014)**		**1,697,293**
Share consolidation (note 8)	(34,024,962)		-		-	-		-		-
Shares issued for cash (note 8)	14,517,333		782,800		(25,600)	-		-		757,200
Shares issued for property (note 7 and 8)	2,666,666		93,333		-	-		-		93,333
Shares issued for debt (note 8)	833,333		50,000		-	-		-		50,000
Share issuance costs (note 8)	-		(60,335)		-	29,746		-		(30,589)
Share-based payments (note 9)	-		-		-	172,849		-		172,849
Net loss for the year	-		-		-	-		(638,669)		(638,669)
Balance, February 28, 2015	**35,029,785**	**$**	**15,038,165**	**$**	**(25,600)**	**1,442,535**	**$**	**(14,353,683)**	**$**	**2,101,417**

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

Equitas Resources Corp.

Statements of Cash Flows

For the years ended February 28, 2015 and 2014

(Expressed in Canadian Dollars)

		2015		2014
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES:				
Net loss for the year	**$**	**(638,669)**	$	(597,755)
Adjustments for items not affecting cash:				
Share-based compensation		**172,849**		215,428
Impairment of mineral properties		**208,156**		-
Gain on settlement of debt		**(131,079)**		-
Changes in non-cash working capital:				
Investment tax credit received		**22,137**		217,298
GST receivable		**(19,466)**		(2,531)
Prepaid expenses		**(153,957)**		-
Due to/from a related party		**65,071**		(15,328)
Accounts payable and accrued liabilities		**48,491**		4,563
		(426,467)		(178,325)
INVESTING ACTIVITY:				
Mineral exploration and evaluation asset expenditures		**(54,491)**		(116,560)
		(54,491)		(116,560)
FINANCING ACTIVITIES:				
Shares issued for cash		**757,200**		-
Share issuance cost		**(30,589)**		-
		726,611		-
INCREASE (DECREASE) IN CASH		**245,653**		(294,885)
Cash, Beginning of Year		**43,664**		338,549
Cash, End of Year	**$**	**289,317**	$	43,664

Supplemental cash flow disclosure and non-cash investing and financing activities – Note 13

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Equitas Resources Corp. ("Equitas" or the "Company") is a publicly listed company incorporated in British Columbia on September 1, 1994, with limited liability under the legislation of the Province of British Columbia and its shares are listed on the TSX Venture Exchange ("TSX-V"). The Company is principally engaged in the acquisition, exploration, development and mining of mineral properties.

The head office, principal address, and registered and records office of the Company are located at 1450 – 789 West Pender, Vancouver, BC, Canada, V6C 1H2.

Going concern

These financial statements were prepared on a going concern basis. The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain financing and generate positive cash flows from its operations. Management of the Company does not expect that cash flows for the Company's operations will be sufficient to cover all of its operating requirements, financial commitments and business development priorities during the next twelve months. Accordingly, the Company expects that it will need to obtain further financing in the form of debt, equity or a combination thereof for the next twelve months. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms. If adequate funds are not available, the Company may be required to delay or reduce the scope of any or all of its development projects. All of these factors may cast significant doubt about the Company's ability to continue as a going concern.

Approval of the financial statements

These financial statements for the year ended February 28, 2015, were reviewed by the Audit Committee and were approved and authorized for issue by the Board of Directors on June 25, 2015.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation

These 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 measured at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The effect on the financial statements of such changes in estimates in future periods could be material.

In particular, information about significant areas of estimation uncertainty considered by management in preparing the financial statements includes:

- The recoverability of the carrying value of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest; and
- The inputs used in accounting for share-based payments in the statement of comprehensive loss.

Information about significant areas of critical accounting judgments considered by management in preparing the financial statements includes:

- Management's assessment of the Company's ability to continue as a going concern in relation to its ability to raise funds.

4. SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

The Company's presentation currency and the functional currency of all of its operations is the Canadian dollar as this is the principal currency of the economic environment in which it operates.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of each reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined and are not retranslated.

All gains and losses on translation of these foreign currency transactions are included in profit or loss.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand; deposits in banks and highly liquid investments with an original maturity of three months or less. There were no cash equivalents as at February 28, 2015 and 2014.

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Short-term investments

Short-term investments are investments which are transitional or current in nature, with an original maturity greater than three months.

Exploration and evaluation costs

Exploration and evaluation activities involve the search for minerals, the determination of technical feasibility, and the assessment of commercial viability of an identified resource.

Mineral properties

Exploration and evaluation costs incurred prior to obtaining licenses are expensed in the period in which they are incurred. Once the legal right to explore has been acquired, exploration and evaluation costs incurred are capitalized. All capitalized exploration and evaluation costs are recorded at acquisition cost and are monitored for indications of impairment. Where there are indications of a potential impairment, an assessment is performed for recoverability. Capitalized costs are charged to the statement of comprehensive loss to the extent that they are not expected to be recovered.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets are tested for impairment and transferred to “Mines under construction’. No amortization during the exploration and evaluation phase.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Flow-through shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for tax purposes by the investors who purchased the shares. The Company adopted a policy whereby the premium paid for flow through shares in excess of the market value of the shares without the flow through features at the time of issue is credited to other liabilities and included in income at the time the qualifying expenditures are made.

A deferred tax liability is recognized in respect of 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 basis. A portion of the deferred income tax assets that were not previously recognized are recognized as a recovery of deferred income taxes in the statements of comprehensive loss up to the amount of the deferred tax liability upon renunciation.

Financial instruments

i. Financial assets

The Company classifies its financial assets in the following categories: Fair value through profit or loss, held-to-maturity investments (“HTM”), loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of assets at recognition.

4. SIGNIFICANT ACCOUNTING POLICIES - continued

***Financial instruments** - continued*

i. Financial assets - continued

- Financial assets at fair value through profit or loss (“FVTPL”)

  Financial assets at FVTPL are initially recognized at fair value with changes in fair value recorded through income. Cash and reclamation bond are included in this category of financial assets.

- HTM investments

  HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs.

- Loans and receivables

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost, less any impairment. Loans and receivables comprise trade and other receivables.

- Available-for-sale financial assets

  Available-for-sale (AFS) financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity. AFS assets include investments in equities of other entities.

  Management assesses the carrying value of AFS financial assets at least annually and any impairment charges are also recognized in profit or loss. When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are included in profit and loss.

- Effective interest method

  The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments *- continued*

i. Financial assets - continued

- Impairment of financial assets

  Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

  Objective evidence of impairment could include the following:

  - Significant financial difficulty of the issuer or counterparty;
  - Default or delinquency in interest or principal payments; or
  - It has become probable that the borrower will enter bankruptcy or financial reorganization.

  For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

  The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

  With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized; the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

ii. Financial liabilities

The Company classifies its financial liabilities in the following categories: Borrowings and other financial liabilities and derivative financial liabilities.

- Borrowings and other financial liabilities

  Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the income statement over the period to maturity using the effective interest method.

  Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include trade accounts payable, other payables, deferred credits, and loans.

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments *- continued*

ii. Financial liabilities - continued

- Derivative financial liabilities

  Derivative financial liabilities are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting period with changes in the fair value recognized in profit and loss. Derivative financial liabilities include warrants issued by the Company denominated in a currency other than the Company's functional currency.

Share-based payment transactions

The Company grants stock options to buy common shares of the Company to directors, officers and employees. The board of directors grants such options for periods of up to five years, which vest immediately and are priced at the previous day's closing price.

All share-based payments made to employees and non-employees are measured and recognized using the Black-Scholes option pricing model. For employees, the fair value of the options is measured at grant date. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete, the date the performance commitment is reached, or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. Stock options that vest over time are recognized using the graded vesting method. Share based compensation is recognized as an expense or, if applicable, capitalized to exploration and evaluation assets with a corresponding increase in reserves. At each financial reporting period, the amount recognized as expense is adjusted to reflect the number of share options expected to vest. If and when the stock options are ultimately exercised, the applicable amounts of reserves are transferred to share capital.

Where the terms of a stock option is modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss.

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

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, nor differences relating to investments in subsidiaries, and associates to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Income taxes *- continued*

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the common shares are issued.

Warrants

Proceeds from issuances by the Company of units consisting of shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants.

Earnings (loss) per share

The Company presents basic and diluted earnings/loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Impairment of non-current assets

Non-current assets are evaluated at least annually by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the level of a cash generating unit (CGU), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in income to the extent that the carrying amount exceeds the recoverable amount.

In calculating recoverable amount the Company uses discounted cash flow techniques to determine fair value when it is not possible to determine fair value either by quotes from an active market or a binding sales agreement. The determination of discounted cash flows is dependent on a number of factors, including future metal prices, the amount of reserves, the cost of bringing the project into production, production schedules, production costs, sustaining capital expenditures, and site closure, restoration and environmental rehabilitation costs. Additionally, the reviews take into account factors such as political, social and legal and environmental regulations. These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount. The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding the projects. Discounted cash flow techniques often require management to make estimates and assumptions concerning reserves and expected future production revenues and expenses.

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Decommissioning liabilities

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. A pre-tax discount rate that reflects the time value of money and the risks specific to the liability are used to calculate the net present value of the expected future cash flows. These costs are charged to the statement of loss over the economic life of the related asset, through depreciation expense using either the unit-of-production or the straight-line method as appropriate. The related liability is progressively increased each period as the effect of discounting unwinds, creating an expense recognized in the statement of loss. The liability is assessed at each reporting date for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

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

Investment tax credits

The Company is entitled to refundable Canadian provincial government investment tax credits on qualified mining exploration expenditures in the province of British Columbia. Investment tax credits are accrued when the Company has made the qualifying expenditures and when there is reasonable assurance that the credits will be realized. The assistance is accounted for using the accrual basis cost reduction approach whereby the amounts determined to be received or receivable each year are reasonably estimated and are applied to reduce the cost of the related assets, deferred expenditures or expenses.

New standards, amendments and interpretations to existing standards adopted by the Company

The Company has applied the following new and revised IFRS in these audited financial statements:

- IAS 32 – *Financial Instruments: Presentation*
- IAS 36 – *Impairment of Assets*
- IAS 39 – *Financial Instruments: Recognition and Measurement*

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES - continued

New accounting standards issued but not yet effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee ("IFRIC") but not yet effective as at February 28, 2015. The Company intends to adopt these standards and interpretations when they become effective. The Company does not expect these standards to have an impact on its financial statements. Pronouncements that are not applicable to the Company have been excluded from those described below.

The following standards or amendments are effective for annual periods beginning on or after January 1, 2015:

- IFRS 9, *Financial Instruments*

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at February 28, 2015, the Company's financial instruments are comprised of cash, due to related parties, reclamation bonds, and accounts payable and accrued liabilities. The carrying value of cash, due to related parties, reclamation bonds, and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these financial instruments.

Financial instruments measured at fair value on the statement of financial position are summarized in levels of fair value hierarchy as follows:

At February 28, 2015

Assets	Level 1	Level 2	Level 3	Total
Cash	$ 289,317	$ -	$ -	$ 289,317
Reclamation bond	15,000	-	-	15,000
Total	$ 304,317	$ -	$ -	$ 304,317

(Expressed in Canadian Dollars)

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

Fair value - continued

At February 28, 2014

Assets	Level 1	Level 2	Level 3	Total
Cash	$ 43,664	$ -	$ -	$ 43,664
Reclamation bond	15,000	-	-	15,000
Total	$ 58,664	$ -	$ -	$ 58,664

Financial risk factors

The Company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk. Management, the Board of Directors and the Audit Committee monitor risk management activities and review the adequacy of such activities.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Management believes that the credit risk concentration with respect to financial instruments included in cash is remote. The Company's receivables are GST receivable from the Canadian Government.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at February 28, 2015, the Company had a cash balance of $289,317 to settle current liabilities of $72,198. All of the Company's financial liabilities are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, and commodity and equity prices. These fluctuations may be significant and the Company, as all other companies in its industry, has exposure to these risks.

a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to maintain cash in its banking institutions and does not believe interest rate risk to be significant.

b) Price risk

The Company is not a producing entity so is not directly exposed to fluctuations in commodity prices. 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 closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

c) Foreign currency risk

The Company has no assets or liabilities in foreign currencies. Its exposure to foreign exchange risk is minimal.

(Expressed in Canadian Dollars)

6. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital, and cash.

The Company is in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new sources of financing available and to manage its expenditures to reflect current financial resources in the interest of sustaining long term viability.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's capital management objectives, policies and processes have not been changed over the years presented. The Company is not subject to any externally imposed capital requirements.

7. MINERAL EXPLORATION AND EVALUATION ASSETS

The following schedule shows the property expenditures for the years ended February 28, 2015 and 2014:

	Garland Property	Tom Gold Mine Claims	Day Claims	Roy Property	Nahmint Property	Other Properties	Total
Balance, February 28, 2013	**-**	**282,122**	**1,282,096**	**32,856**	**-**	**64,622**	**1,661,696**
Additions during the year -							
Acquisition costs							
Cash consideration	-	-	-	15,000	44,200	-	59,200
Property exploration costs							
Assay cost	-	-	666	-	-	-	666
Geological costs (recovery)	-	941	(6,789)	-	69,485	-	64,254
Reports	-	-	-	-	-	1,500	1,500
Supplies and rentals	-	-	222	-	1,402	-	1,624
Travel, transport and accommodation	-	-	-	-	7,110	617	7,110
Total additions during the year	-	941	(5,901)	15,000	122,197	2,117	134,354
Investment tax credits	-	-	(20,237)	-	-	-	(20,237)
Balance, February 28, 2014	**$ -**	**$ 283,063**	**$ 1,255,958**	**$ 47,856**	**$ 122,197**	**$ 66,739**	**$ 1,775,813**
Additions during the period -							
Acquisition costs							
Cash consideration	30,000	-	-	-	10,000	-	40,000
Shares issued	93,333	-	-	-	-	-	93,333
Property exploration costs							
Geological costs	2,121	79	222	-	12,069	-	14,491
Total additions during the year	125,454	79	222	-	22,069	-	147,824
Mining tax credits	-	-	(22,137)	-	-	-	(22,137)
Impairment of mineral property	-	-	-	(47,856)	(144,266)	(16,034)	(208,156)
Balance, February 28, 2015	**$ 125,454**	**$ 283,142**	**$ 1,234,043**	**$ -**	**$ -**	**$ 50,705**	**$ 1,693,344**

7. MINERAL EXPLORATION AND EVALUATION ASSETS - continued

Garland Property, Labrador, Newfoundland

On July 10, 2014, the Company entered into an agreement with Zimtu Capital Corp. (a company with common directors and significant shareholdings), DG Resource Management Ltd., and Ridge Resources Ltd. (owned by the Company's president), collectively the "Vendors", to acquire a 100% interest in the Garland Property, located in Labrador, Canada. The property encompasses 25,050 hectares and is 30 kilometres southeast of Vale's Voisey's Bay Nickel/Copper/Cobalt mine. In consideration, the Company will issue 7,999,998 shares over a 36 month period of which 2,666,666 is due upon exchange approval of the agreement (issued with a fair value of $93,333), pay $80,000 over a 1 year period, of which $30,000 is due upon signing (accrued), and grant DG Resource Management a 2% Gross Overriding Royalty (GORR) in the Property. The transaction was accepted by the TSX-V on November 17, 2014.

Tom Gold Mine Claims, Yellowknife, NWT

During 2010, the Company acquired a 100% interest in the Tom Gold Mine claims located near Yellowknife, Northwest Territories. In consideration for $100,000 cash (paid) and 2,000,000 common shares of the Company (issued). No finder's fee was paid in connection with the property acquisition.

Day Property, BC

During 2010, the Company purchased 8 mineral property claims, known as the Day Copper-Gold Porphyry Property (the "Day Property"), comprising approximately 2,642 hectares, located approximately 385 kilometres northwest of Prince George, BC. The vendors, Zimtu Capital Corp. and 877384 Alberta Ltd., are related parties by way of significant shareholdings in the Company and by common directorships. Consideration for the acquisition comprised of cash payments of $50,000 (paid) and issuance of 5,000,000 common shares of the Company (issued). The vendors will retain a 2% net smelter return royalty, half of which may be purchased by the Company for $1,000,000. The Company also acquired, by staking, 6 additional claims adjacent to the Day, Roy and Porcupine Properties, known as the Erin Claims.

Roy Property, BC

During 2010, the Company entered into an agreement to acquire the Roy Property located in the Toodoggone region of north-central British Columbia, adjacent to the Day Property. The consideration for the acquisition is a cash payment of $181,000 payable over 5 years: $1,000 on signing (paid), $5,000 on October 31, 2010 (paid), $5,000 on October 31, 2011 (paid), $20,000 on October 31, 2012 (paid), $50,000 on October 31, 2013, and $100,000 on October 31, 2014. The vendors will retain a 2% Net Smelter Return royalty, 1% of which may be purchased by the Company for $1,000,000. On September 23, 2013, the agreement was amended to revise the consideration to acquire the property from $181,000 to $131,000. To date, $31,000 has been paid by the Company and the balance shall be paid as follows: $15,000 to be paid on the signing of the amended agreement (paid), $25,000 by October 31, 2014, and $60,000 by October 31, 2015. The Company returned the property to the vendor and impaired the property during the year ended February 28, 2015.

Nahmint Property, Port Alberni, BC

On October 16, 2013, the Company executed an Option Agreement (the Agreement") to earn a 100% undivided ownership interest in the Nahmint Property located along the western shoreline of the Alberni Inlet 25 km south of Port Alberni, BC. The Property is approximately 9,552 hectares consisting of 21 cell mineral claims and 15 underlying crown granted claims. Equitas will earn a 100% interest in the Property by paying $620,000 in cash ($50,000 paid), issuing 5,000,000 common shares, and by incurring $1,300,000 in exploration expenditures. The vendors will retain a 2% NSR, of which 1% can be purchased for $1 million. The Company paid $4,200 in finder's fees in connection with the Agreement. During the year ended February 28, 2015, the Company impaired the property as management elected to not continue with the Agreement.

7. MINERAL EXPLORATION AND EVALUATION ASSETS - continued

Other Claims, BC

During 2011, the Company acquired the Porcupine Property located in the Toodoggone region of north-central British Columbia, adjacent to the Day and Roy Property. The Company acquired a 100% mineral interest in the Porcupine Property for $13,000 (paid). There is a NSR of 2% on the Porcupine Property, of which the Company can purchase half (50%) of the NSR for $1,000,000. The Porcupine Property is also subject to an advance royalty of $50,000 per year and a one-time payment of 300,000 common shares upon commencement of commercial production. If the Company exercises the option to acquire 50% of the NSR, then the advance royalty payment shall be reduced to $25,000 per year, and a one-time payment of 150,000 common shares.

During 2010, the Company acquired property claims known as the Sickle, Snow and Bella claims by staking. The Sickle property claims are located in the Yellowknife, Northwest Territories area, and encompass three historic gold showings termed “Drag Lake”, “Anne” and “Arseno”. The Snow property claims are located in north central British Columbia and consist of two map-staked claims totalling 2,090 acres. The Bella property claims are located near Bella Coola in British Columbia, and consist of two claim blocks totalling 26 claims, encompassing approximately 31,380 acres. The Snow and Bella claims have lapsed and are no longer held by the Company.

On June 5, 2012, the Company acquired the Chilanko Property located in the Cariboo region of British Columbia, in consideration for $1,000 (paid). During the year ended February 28, 2013 the Company also acquired 14 additional claims adjacent to the Chilanko Property by staking. During the year ended February 28, 2015, the Company let the claims lapse and impaired the property.

8. SHARE CAPITAL

a) Authorized:

Unlimited common shares without nominal or par value.

At a Special Meeting of Shareholders held on September 15, 2014, the shareholders approved a share consolidation on the basis of 1 post-consolidated common share for every 3 pre-consolidated common share.

b) Issued:

On November 17, 2014, the Company issued 2,666,666 shares at a deemed price of $0.035 in accordance with the Garland Property agreement.

In December 2014, the Company closed a private placement with gross proceeds of $441,200. The Company issued 6,624,000 flow-through units (“FT Units”). Each FT Unit consists of one common share priced at $0.05 and one half of one share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one common share at a price of $0.10, expiring 2 years after closing. The Company also issued 2,200,000 units (“Units”), priced at $0.05 per Unit. Each Unit consists of one common share and one share purchase warrant, priced at $0.10 and expiring in 2 years. Finders fees of $21,200 and 424,000 share purchase warrants exercisable for 2 years at $0.10, were paid and issued respectively. The share purchase warrants were valued at $29,746 under the following assumptions and ranges: risk free interest rate – 1.01% - 1.03%; expected life – 2 years; expected volatility – 232% - 233%; expected dividend yield – 0%; and weighted average share price - $0.06 - $0.09.

On February 26, 2015, the Company closed a private placement with gross proceeds of $341,600. The Company issued 5,693,333 units (“Units”), priced at $0.06 per Unit. Each Unit consists of one common share and one share purchase warrant, priced at $0.10 and expiring on February 26, 2017.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL - continued

On February 27, 2015, the Company issued 833,333 shares at a deemed price of $0.06 to settle debt of $100,000 with Ridge Resources Ltd. ("Ridge"), a company controlled by a director of the Company. Ridge entered into an agreement with Zimtu Capital Corp., a related party to the Company, whereby Ridge would purchase $100,000 of the Company's debt due to Zimtu for $50,000.

c) Warrants:

Warrant transactions and the number of warrants outstanding for the years ended February 28, 2015 and 2014 are summarized as follows:

	2015		2014	
	Number of Warrants	**Weighted Average Exercise Price**	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of year	**-**	**$ -**	**2,509,722**	**$ 0.60**
Granted	**11,629,333**	**0.10**	**-**	**-**
Expired	**-**	**-**	**(2,509,722)**	**0.60**
Balance, end of year	**11,629,333**	**$ 0.10**	**-**	**$ -**

The following warrants were outstanding as at February 28, 2015:

Expiry Date	Exercise Price	Number of warrants	Remaining Contractual Life (Years)
December 29, 2016	$ 0.10	2,140,000	1.84
December 30, 2016	$ 0.10	2,476,000	1.84
December 31, 2016	$ 0.10	1,320,000	1.84
February 26, 2017	$ 0.10	5,693,333	2.00
Balance, end of year		**11,629,333**	**1.92**

9. SHARE-BASED COMPENSATION

The Company has a stock option plan in place under which it is authorized to grant options of up to 10% of its outstanding shares to officers, directors, employees and consultants. The exercise price of each option is to be determined by the Board of Directors but shall not be less than the discounted market price as defined by the TSX-V. The expiry date for each option should be for a maximum term of five years.

Options granted to directors, employees and consultants, other than consultants engaged in investors relations activities, will vest fully upon the expiry of the TSX-V hold period of four months from the award date, unless otherwise approved by the relevant regulatory authorities.

Options granted to employees in investors relations activities will vest in stages over a minimum period of 12 months with no more than one-quarter of the options vesting in any three month period.

(Expressed in Canadian Dollars)

9. SHARE-BASED COMPENSATION - continued

At a Special Meeting of Shareholders held on September 15, 2014, the Disinterested Shareholders approved the re-pricing of stock options granted to directors and officers of the Company to an exercise price that is equal to the greater of $0.10 per share, or the Discounted Market Price on the date that is 10 calendar days after the completion of the consolidation of the Company's common shares. The directors approved the pricing of all outstanding options to $0.10 per common share, the expiry dates of the options remain unchanged.

The following is a summary of option transactions under the Company's stock option plan for the years ended February 28, 2015 and 2014:

	2015		2014	
	Number of Options	**Weighted Average Exercise Price**	Number Options	Weighted Average Exercise Price
Balance, beginning of year	**1,674,978**	**$ 0.10**	639,167	$ 0.10
Granted	**1,904,999**	**0.10**	1,099,986	0.10
Cancelled	**(666,659)**	**0.10**	-	-
Expired	**(41,665)**	**0.10**	(64,175)	0.10
Balance, end of year	**2,871,653**	**$ 0.10**	1,674,978	$ 0.10
Exercisable, end of year	**1,116,653**	**$ 0.10**	608,325	$ 0.10

The following stock options were outstanding as at February 28, 2015:

Expiry Date	Original Exercise Price	Revised Exercise Price	Number of options	Remaining Contractual Life (Years)
June 16, 2015	$ 0.30	$ 0.10	424,996	0.30
February 26, 2019	$ 0.30	$ 0.10	674,991	4.00
March 18, 2019	$ 0.30	$ 0.10	16,666	4.05
February 15, 2020	$ 0.10	$ 0.10	1,755,000	4.97
Total, end of year			**2,871,653**	**4.05**

The Company applies the fair value method in accounting for its stock options using the Black-Scholes pricing model. During the year ended February 28, 2015, the Company recorded $172,849 (2014 - $215,428) in share-based payments expense.

(Expressed in Canadian Dollars)

9. SHARE-BASED COMPENSATION - continued

The following assumptions were used the years ended February 28, 2015 and 2014:

	2015	2014
Risk free interest rate	**0.79%-1.61%**	1.63%
Expected life	**5 years**	5 years
Expected volatility	**169%-176%**	169%
Expected dividend yield	**0%**	0%
Expected forfeiture	**0%**	0%
Weighted average share price	**$0.05-$0.09**	$0.07

10. RELATED PARTY TRANSACTIONS

	Year ended February 28,	
	2015	2014
Key Management Compensation:		
Management fees	**$ -**	$ 120,000
Consulting fees	**52,500**	-
Office administration and rent	**150,000**	150,000
Share-based payments	**149,968**	66,913
Advertising and promotion	**16,000**	23,400
Total	**$ 368,468**	$ 360,313

	February 28, 2015	February 28, 2014
Related Party Balances:		
Director of the Company	**$ 1,875**	$ -
Companies related by common directors	**16,809**	3,613
Total	**$ 18,684**	$ 3,613

The amounts payable and receivable to/from related parties represent non-interest bearing loans the Company borrowed from or loaned to the directors. The loans are uncollateralized and are repayable on demand.

See also note 7.

11. COMMITMENTS

On June 1, 2010, the Company entered into a management and administration agreement for a 12 month term with Zimtu Capital Corp. (“Zimtu”). Under the terms of the agreement, Zimtu provides the Company with administrative and managerial services, including corporate maintenance, continuous disclosure services, rent, and office space for $12,500 a month. On June 1, 2013, this agreement was extended for an additional 12 month term. On June 1, 2014, the Company renewed the management and administrative agreement with Zimtu for an additional 6 month term, expiring November 30, 2014. On December 1, 2014, the agreement was extended for an additional 12 month term expiring on November 30, 2015.

(Expressed in Canadian Dollars)

12. PREPAID EXPENSES

	2015	2014
Current		
Advertising and promotion	4,750	-
Employee advances	422	-
Consulting fees paid in advance of service	76,975	-
Deposits held for exploration	71,810	-
Total prepaid expenses	**$ 153,957**	**$ -**

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2015	2014
Income tax paid	$ -	$ -
Interest paid	$ -	$ -
Shares issued for debt	$ 50,000	$ -
Shares issued for property	$ 93,333	$ -

14. INCOME TAXES

The Company is subject to income taxes in Canada. The provision for income taxes varies from the amount that would be computed from applying the combined federal and provincial income tax rate to loss before taxes as follows:

	2015	2014
Combined Canadian federal and provincial statutory corporate tax rate	**26%**	26%
Anticipated tax expenses (recovery)	**$ (166,000)**	$ (155,000)
Non-taxable differences	**89,000**	56,000
Change in estimate and other	**-**	(264,000)
Effect of tax rate change	**-**	(86,000)
Tax assets not recognized	**77,000**	449,000
Income tax expense	**$ -**	$ -

The significant components of the Company's deferred tax assets (liabilities) are as follows:

	2015	2014
Loss carry forwards	**$ 8,014,000**	$ 7,520,000
Share issue costs	**42,000**	35,000
Mineral properties and deferred exploration costs	**1,974,000**	1,712,000
	$ 10,030,000	$ 9,267,000

(Expressed in Canadian Dollars)

14. INCOME TAXES - continued

The Company has non-capital losses available for Canadian income tax purposes which may be carried forward to reduce taxable income in future years. If not utilized, the non-capital losses in the amount of $6,283,000 expire as follows:

2015	$ 752,000
2026	474,000
2027	904,000
2028	473,000
2029	646,000
2030	358,000
2031	540,000
2032	712,000
2033	531,000
2034	596,000
2035	297,000
	$ 6,283,000

The Company has unused allowable capital losses in the amount of $1,731,000, which do not expire and may be deducted against future taxable capital gains on a discretionary basis.

The Company has unclaimed resource deductions in the amount of $3,668,000 (2014 – $3,489,000), which do not expire and may be deducted against future taxable income on a discretionary basis.

Liability and income tax effect on flow-through shares

Funds raised through the issuance of flow-through shares are expected to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through shares gross proceeds less qualified expenditures made to date represent the funds received from flow-through share issuances that have not been spent and are held by the Company for such expenditures.

In December 2014, the Company issued 6,624,000 units on a flow-through basis at $0.05 per share (see note 8(b)) for proceeds of $331,200. As the price of the units were below the closing share price on the date of issuance, no flow-through liability was recognized. At February 28, 2015, the amount of flow-through proceeds which remains to be expended is $331,200 (2014 - $nil) and must be spent by December 31, 2015.

15. SEGMENTED DISCLOSURE

The Company has one operating segment, mineral exploration and development. All of the Company's assets are located in Canada.

16. SUBSEQUENT EVENTS

a) On June 16, 2015, 424,996 stock options, priced at $0.10 expired unexercised.

b) On March 26, 2015, the Company entered into an agreement with Performance Capital Advisors Inc. ("PCA") to provide the Company with Investor Relations services. The Company will pay PCA $7,500 per month. In addition, on April 7, 2015, the Company granted PCA with 250,000 stock options prices at $0.10, expiring on April 7, 2017.

c) On June 24, 2015, the Company appointed Raymond Goldie to its board of directors. The Company granted Mr. Gold 250,000 stock options at a price of $0.10 expiring on June 24, 2019.