Copper One Inc.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended
December 31, 2014 and 2013

(in Canadian dollars)

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

2005 Sheppard Avenue East, Suite 300
Toronto, Ontario
M2J 5B4, Canada
Phone 416-496-1234
Fax 416-496-0125
Web www.mhc-ca.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Copper One Inc.:

We have audited the accompanying consolidated financial statements of Copper One Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of operations and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Copper One Inc. and its subsidiaries as at December 31, 2014 and 2013, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company had continuing losses during the year ended December 31, 2014 and a working capital deficiency and cumulative deficit as at December 31, 2014. These conditions along with other matters 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.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
April 30, 2015

Copper One Inc.

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at

	Notes	December 31, 2014	December 31, 2013 (Note 2)	January 1, 2013 (Note 2)
ASSETS				
Current assets				
Cash and cash equivalents		$ 222,994	$ 854,667	$ 3,428,150
Marketable securities	9	22,500	90,000	-
Receivables	10	53,834	679,831	619,721
Prepaid expenses and deposits		5,475	3,761	18,421
Total current assets		304,803	1,628,259	4,066,292
Non-current assets				
Reclamation bonds		-	-	247,009
Exploration and evaluation assets	12	990,725	1,053,225	1,879,006
Property and equipment	11	-	-	94,195
TOTAL ASSETS		$ 1,295,528	$ 2,681,484	$ 6,286,502
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities		$ 666,878	$ 373,738	$ 808,769
Total liabilities		666,878	373,738	808,769
Shareholders' equity				
Share capital	13	17,014,798	16,934,798	16,934,798
Share-based payments reserves	14	449,571	2,870,967	3,511,728
Deficit		(16,835,719)	(17,498,019)	(14,968,793)
Total shareholders' equity		628,650	2,307,746	5,477,733
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 1,295,528	$ 2,681,484	$ 6,286,502
Nature of operations and going concern	1			
Commitments and contingencies	12, 17			

Approved on behalf of the Directors:

"Simon Marcotte" — Director

"Scott Moore" — Director

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

Copper One Inc.

Consolidated Statements of Operations and Comprehensive Loss

(Expressed in Canadian dollars)

	Notes	Year ended December 31, 2014	2013 (Note 2)
Operating expenses			
Management and consulting fees	16	$ 888,017	$ 1,000,479
Share-based payments	14	280,079	17,645
Directors' fees		146,410	133,390
Office and rent		167,034	286,038
Investor relations		44,860	115,735
Travel and promotion		63,697	83,809
Accounting and legal		69,738	54,204
Regulatory and transfer agent		13,021	14,356
Amortization	11	-	36,810
Exploration and evaluation (recovery) expenses	15	269,533	282,799
Foreign exchange (gain) loss		(83)	(72,199)
Total operating expenses		1,942,306	1,953,066
Loss before other income (expenses)		(1,942,306)	(1,953,066)
Other income (expenses)			
Interest income		3,531	22,042
Other income		9,600	-
Gain on debt settlement	13	20,000	-
Impairment of exploration and evaluation properties	12	(62,500)	-
Loss on sale of property and equipment	11	-	(80,916)
Unrealized loss on held for trading marketable securities	9	(67,500)	(112,500)
Loss before discontinued operations		(2,039,175)	(2,124,440)
Net loss from discontinued operations	8	-	(1,063,192)
Net loss and comprehensive loss for the year		$ (2,039,175)	$ (3,187,632)
Basic and diluted loss per share		$ (0.03)	$ (0.05)
Weighted average number of shares outstanding:			
Basic and diluted		67,421,525	66,533,854

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

Copper One Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Note	Year ended December 31, 2014	Year ended December 31, 2013
			(Note 2)
Cash (used in) provided by operations:			
Net loss for the year		$ (2,039,175)	$ (3,187,632)
Items not involving cash:			
Share-based payments		280,079	17,645
Amortization		-	36,810
Unrealized foreign exchange loss		-	160
Write-down of discontinued operations	8	-	885,920
Unrealized loss on held for trading marketable securities	9	67,500	112,500
Loss on sale of property and equipment		-	80,916
Write-down of exploration and evaluation property	12	62,500	-
Change in working capital items:			
Receivables		625,997	(60,110)
Prepaid expenses and deposits		(1,714)	14,660
Accounts payable and accrued liabilities		373,140	(435,191)
Net cash (used in) operating activities		(631,673)	(2,534,322)
Investing activities			
Exploration and evaluation assets	12	-	(15,630)
Expenditures on property and equipment		-	(33,531)
Proceeds from sale of property and equipment		-	10,000
Net cash provided by (used in) investing activities		-	(39,161)
Change in cash and cash equivalents		(631,673)	(2,573,483)
Cash and cash equivalents, beginning of year		854,667	3,428,150
Cash and cash equivalents, end of year		$ 222,994	$ 854,667
Cash and cash equivalents are comprised of:			
Cash in bank		$ 222,994	$ 852,667
Cashable guaranteed investment certificates		-	2,000
Supplemental information:			
Common shares issued for debt		$ 80,000	$ -
Common shares issued for Queylus property		-	120,750

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

Copper One Inc.

Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Share-based payments reserve (Note 14)	Deficit (Note 2)	Total
Balance, December 31, 2012	66,533,854	$ 16,934,798	$ 3,511,728	$ (14,968,793)	$ 5,477,733
Share-based payments	-	-	17,645	-	17,645
Expiry of options	-	-	(658,406)	658,406	-
Net loss for the year	-	-	-	(3,187,632)	(3,187,632)
Balance, December 31, 2013 (Note 2)	**66,533,854**	**$ 16,934,798**	**$ 2,870,967**	**$ (17,498,019)**	**$ 2,307,746**
Balance, December 31, 2013	66,533,854	$ 16,934,798	$ 2,870,967	$ (17,498,019)	$ 2,307,746
Share-based payments	-	-	280,079	-	280,079
Expiry of options	-	-	(2,701,475)	2,701,475	-
Shares issued for debt settlement	2,000,000	80,000	-	-	80,000
Net loss for the year	-	-	-	(2,039,175)	(2,039,175)
Balance, December 31, 2014	**68,533,854**	**$ 17,014,798**	**$ 449,571**	**$ (16,835,719)**	**$ 628,650**

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

1. Nature of operations and going concern

Copper One Inc. (the “Company”) operates under the Canada Business Corporations Act. On August 22, 2013 the Company disposed of Copper One USA, Inc., the Company’s former wholly owned subsidiary. See Note 8 for details. The Company’s wholly owned subsidiary 7231300 Canada Ltd. was incorporated on August 26, 2009. The Company’s common shares trade on the TSX Venture Exchange under the symbol “CUO”.

The Company is in the process of exploring and evaluating mineral property interests in Quebec, Canada. The Company has not yet determined whether its exploration and evaluation assets contain mineral reserves that are economically recoverable. The Company’s continuing operations, and the recoverability of the amounts shown for exploration and evaluation assets are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its exploration and evaluation assets, and on future profitable production or proceeds from the disposition of the exploration and evaluation assets.

The business of exploring for and mining of minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements.

The Company had an accumulated deficit of $16,835,719, a working capital deficiency of $362,075 as at December 31, 2014, and had incurred losses totaling $2,039,175 during 2014. The Company has a need for equity capital and financing for working capital and exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. These material uncertainties cast significant doubt about the Company’s ability to continue as a going concern. Management believes it will be successful in raising the necessary funding to continue operations in the normal course of operations, however, there is no assurance that these funds will be available on terms acceptable to the Company or at all.

The head office and principal address of the Company is at Suite 805, 65 Queen Street West, Toronto, Ontario M5H 2M5.

2. Change in accounting policy

During the year ended December 31, 2014, the Company changed its accounting policy of capitalizing all exploration and evaluation expenditures. The Company believes expensing certain exploration and evaluation costs as incurred provides more reliable and relevant financial information. Under the new policy, the cost of acquiring prospective properties and exploration rights are capitalized. As at December 31, 2014, the Company capitalized $990,725 in costs associated with the acquisition of Rivière Doré and Queylus properties. Exploration and evaluation costs, subsequent to acquisition, are expensed until it has been established that a mineral property is commercially viable and a mine development decision has been made by the Company. Thereafter, the Company capitalizes expenditures subsequently incurred to develop the mine, prior to the start of mining operations.

(Expressed in Canadian dollars)

2. Change in accounting policy (continued)

The audited consolidated financial statements as at and for the year ended December 31, 2013 have been restated to reflect adjustments made as a result of this change in accounting policy. As a result of the change in policy, certain government assistance in the form of Quebec tax credit receivables, were reclassified from exploration and evaluation assets to receivables.

The following are reconciliations of the Company's consolidated financial statements:

Consolidated Statement of Financial Position

	As at December 31, 2013		
	As previously reported	Adjustment	Restated
	$	$	$
ASSETS			
Current assets			
Cash and cash equivalents	854,667	-	854,667
Marketable securities	90,000	-	90,000
Receivables	230,192	449,639	679,831
Prepaid expenses and deposits	3,761	-	3,761
Total current assets	1,178,620	449,639	1,628,259
Non-current assets			
Exploration and evaluation assets	3,285,663	(2,232,438)	1,053,225
TOTAL ASSETS	4,464,283	(1,782,799)	2,681,484
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	373,738	-	373,738
Total liabilities	373,738	-	373,738
Shareholders' equity			
Share capital	16,934,798	-	16,934,798
Share-based payments reserves	2,870,967	-	2,870,967
Deficit	(15,715,220)	(1,782,799)	(17,498,019)
Total shareholders' equity	4,090,545	(1,782,799)	2,307,746
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,464,283	(1,782,799)	2,681,484

(Expressed in Canadian dollars)

2. Change in accounting policy (continued)

Consolidated Statement of Financial Position

	As at January 1, 2013		
	As previously reported	Adjustment	Restated
	$	$	$
ASSETS			
Current assets			
Cash and cash equivalents	3,428,150	-	3,428,150
Receivables	330,774	288,947	619,721
Prepaid expenses and deposits	18,421	-	18,421
Total current assets	3,777,345	288,947	4,066,292
Non-current assets			
Reclamation bonds	247,009	-	247,009
Exploration and evaluation assets	6,654,143	(4,775,137)	1,879,006
Property and equipment	94,195	-	94,195
TOTAL ASSETS	10,772,692	(4,486,190)	6,286,502
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	808,769	-	808,769
Total liabilities	808,769	-	808,769
Shareholders' equity			
Share capital	16,934,798	-	16,934,798
Share-based payments reserves	3,511,728	-	3,511,728
Deficit	(10,482,603)	(4,486,190)	(14,968,793)
Total shareholders' equity	9,963,923	(4,486,190)	5,477,733
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	10,772,692	(4,486,190)	6,286,502

(Expressed in Canadian dollars)

2. Change in accounting policy (continued)

Consolidated Statement of Comprehensive Loss

	For the year ended December 31, 2013		
	As previously reported	Adjustment	Restated
	$	$	$
Operating expenses			
Management and consulting fees	1,000,479	-	1,000,479
Share-based payments	17,645	-	17,645
Directors' fees	133,390	-	133,390
Office and rent	286,038	-	286,038
Investor relations	115,735	-	115,735
Travel and promotion	83,809	-	83,809
Accounting and legal	54,204	-	54,204
Regulatory and transfer agent	14,356	-	14,356
Amortization	36,810	-	36,810
Exploration and evaluation expenses	-	282,799	282,799
Foreign exchange (gain) loss	(72,199)	-	(72,199)
Total operating expenses	1,670,267	282,799	1,953,066
Loss before other income (expenses)	(1,670,267)	(282,799)	(1,953,066)
Other income (expenses)			
Interest income	22,042	-	22,042
Loss on sale of property and equipment	(80,916)	-	(80,916)
Unrealized loss on held for trading marketable securities	(112,500)	-	(112,500)
Loss before discontinued operations	(1,841,641)	(282,799)	(2,124,440)
Net loss from discontinued operations	(4,049,382)	2,986,190	(1,063,192)
Net loss and comprehensive loss for the year	$ (5,891,023)	$ 2,703,391	$ (3,187,632)

(Expressed in Canadian dollars)

2. Change in accounting policy (continued)

Consolidated Statements of Cash Flows

	For the year ended December 31, 2013		
	As previously reported	Adjustment	Restated
Cash flow from operating activities	$ (1,313,423)	$ (1,220,899)	$ (2,534,322)
Cash flow from financing activities	-	-	-
Cash flow from investing activities	(1,260,060)	1,220,899	(39,161)
Net change in cash and cash equivalents	$ (2,573,483)	$ -	$ (2,573,483)

3. Basis of preparation

These consolidated financial statements of the Company were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and have been prepared in accordance with accounting policies based on the IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations. The policies set out in Note 5 were consistently applied to all the periods presented unless otherwise noted below.

The preparation of financial statements in accordance with International Accounting Standard ("IAS") 1 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

These consolidated financial statements have been prepared on a historical cost basis except for available-for-sale investments which are reflected at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These consolidated financial statements were approved by the Board of Directors on April 30, 2015.

Basis of Consolidation
These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Copper One USA, Inc ("Copper One USA") (until the disposition of the Company's subsidiary on August 22, 2013) and 7231300 Canada Ltd. All significant intercompany transactions and balances have been eliminated upon consolidation.

Subsidiaries
Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

4. Critical accounting judgments and estimation uncertainties

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

- Impairment of exploration and evaluation assets

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates may include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

- Estimation of decommissioning and restoration costs and the timing of expenditure

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

4. Critical accounting judgments and estimation uncertainties (continued)

- Income and other taxes

In assessing the probability of realizing income tax and other tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets and other recoverable taxes. The Company reassesses unrecognized income tax assets at each reporting period.

- Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- Contingencies

See Note 17.

5. Significant accounting policies

Presentation currency

The Company's functional and presentation currency is the Canadian dollars ("$").

Foreign currency translation

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

Foreign exchange gains and losses are presented in the consolidated statement of operations.

5. Significant accounting policies (continued)

Share-based payments and warrants
Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share-based payment note.

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payment reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

On exercise, the value originally recorded in reserves is recorded to share capital with proceeds received. For those options and warrants that expire after vesting, the recorded value is transferred from reserves to deficit.

Property and equipment
Property and equipment is comprised of computer hardware and leasehold improvements, which are recorded at cost less accumulated depreciation. The cost of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location, and condition necessary for its intended use. At each reporting period, the Company evaluates the estimated useful life of its property and equipment and changes in circumstances indicating that the carrying value may not be recoverable.

Computer hardware is depreciated on a straight-line basis over its estimated useful life of 3 years.

Leasehold improvements are depreciated on a straight-line basis over the lease terms.

Property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Exploration and evaluation assets
Exploration expenditure relates to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential. Pre-exploration costs are expensed unless it is considered probable that they will generate future economic benefits.

The cost of exploration properties, which include the cost of acquiring prospective properties and exploration rights are capitalized to exploration and evaluation assets. Exploration costs incurred, subsequent to acquisition, in exploration and evaluation activities, are expensed as incurred and included in the consolidated statement of loss until technical feasibility and commercial viability of extraction of reserves are demonstrable. Once a mine development decision has been made by the Company, subsequent expenditures incurred to develop the mine are capitalized to mineral properties.

5. Significant accounting policies (continued)

Prior to capitalization to mineral properties, exploration and evaluation assets acquisition costs are first tested for impairment and any impairment loss recognized immediately in the consolidated statements of loss.

Mining tax credits

Mining tax credits are recorded in the accounts when there is reasonable assurance that the Company has complied with, and will continue to comply with all conditions related to obtain the credits. These refundable mining tax credits are earned in respect to exploration costs incurred in Quebec and are recorded as a reduction to exploration and evaluation expenses.

Provisions

I. General

Provisions are recognised when (a), the Company has a present obligation (legal or constructive) as a result of a past event, and (b), it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

II. Decommissioning and restoration provision

The Company records the present value of estimated costs of legal and constructive obligations required to restore locations in the period in which the obligation is incurred.

The obligation generally arises when an asset is installed or the ground / environment is disturbed at the property location. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in operations as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. As at December 31, 2014 and 2013, the Company had no material decommissioning and restoration provisions.

5. Significant accounting policies (continued)

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of outstanding common shares for the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of the exercise of stock options and warrants. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. In periods where a net loss is reported, all outstanding options and warrants are excluded from the calculation of diluted loss per share, as they are anti-dilutive.

Taxation

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of each reporting period.

(b) Deferred income tax

Deferred income tax is provided using the liability method on temporary differences, at the end of each reporting period, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

5. Significant accounting policies (continued)

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the profit or loss.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Flow-through instruments

Canadian tax legislation permits a company to issue flow-through instruments whereby the deduction for tax purposes relating to qualified resource expenditures could be claimed by the investors rather than the company.

A flow-through instrument comprises transfer of tax deductions and common shares. Proceeds from an issuance of a flow-through instrument are allocated to liability and equity components in proportion, according to their respective fair values at the date of issuance. Upon renunciation of the flow-through expenditures for Canadian income tax purposes, the related flow-through liability recognized in previous periods in the consolidated statement of financial position will be reversed and recorded as a component of other income (expense).

The Company has indemnified the subscribers of its flow-through share offerings against any tax related amounts that may become payable if the Company fails to meet its flow-through expenditure obligations.

Financial instruments – recognition and measurement

All financial assets and financial liabilities are initially recorded at fair value and designated upon inception into one of the following categories: held-to-maturity, available-for-sale, loans and receivables, at fair value through profit or loss ("FVTPL"), or as other financial liabilities not at FVTPL.

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Held-to-maturity instruments, loans and receivables and financial liabilities not at fair value but through profit or loss are measured at amortized cost using the effective interest rate method.

The Company has implemented the following classifications for its financial instruments:

a) Cash and cash equivalents, receivables and reclamation bonds have been classified as loans and receivables.

b) Marketable securities are classified at FVTPL.

c) Accounts payables and accrued liabilities have been classified as financial liabilities not at fair value through profit or loss.

5. Significant accounting policies (continued)

Impairment of financial assets

The Company makes an assessment at the end of each reporting period whether a financial asset is impaired.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade and other receivables, a provision for impairment is made and an impairment loss is recognized in profit or loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

De-recognition of financial assets and financial liabilities

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

5. Significant accounting policies (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, however the increased carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and short term money market instruments with an original maturity of three months or less when acquired, which are readily convertible into a known amount of cash.

6. New accounting policies

During the year ended December 31, 2014, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements to existing standards. These included IAS 32, IAS 36, and IAS 39. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

7. Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2015 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

(Expressed in Canadian dollars)

7. Recent accounting pronouncements (continued)

IAS 24 – Related Party Disclosures ("IAS 24") was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The amendments to IAS 24 are effective for annual periods beginning on or after July 1, 2014.

8. Disposition of discontinued operations

On August 22, 2013, the Company completed the sale of its formerly wholly-owned subsidiary Copper One USA, which owns the Lone Mountain, Mimbres, Teague Springs, Twin Peaks, West Jerome, and West Safford properties, to Cornerstone Metals Inc. ("Cornerstone") and received in consideration 2,250,000 common shares of Cornerstone valued at $202,500, plus additional consideration tied to specific properties (see note (i) below). As the additional consideration is contingent in nature, no value has been assigned to these items. The value of the contingent assets, if any, will be recorded in the period in which the value is determined. Cornerstone was a related party by virtue of Mr. Paul Cowley being on the board of both the Company and Cornerstone. 750,000 of the 2,250,000 Cornerstone shares issued were subject to a voluntary twelve-month hold period that expired on August 22, 2014.

The assets and liabilities related to Copper One USA as at August 22, 2013 were as follows:

	August 22, 2013 $
Assets	
Cash and cash equivalents	1,171
Prepaid expenses	-
Reclamation bonds	67,500
Exploration and evaluation assets	135,000
Property and equipment	232
	203,903
Liabilities	
Accounts payable and accrued liabilities	7,551
	7,551

(Expressed in Canadian dollars)

8. Disposition of discontinued operations (continued)

The following represents the amounts presented as net loss from discontinued operations for the year ended December 31, 2013:

	December 31, 2013 $ (Note 2)
Impact on statement of operations and comprehensive loss:	
Revenues	-
Operating expenses	(67,476)
Loss before other income (expenses)	(67,476)
Write-down of exploration and evaluation assets	(818,377)
Write-down of reclamation bonds	(193,487)
Gain on sale	16,148
Gain (loss) before tax	(1,063,192)
Income tax expense	-
Net (loss) from discontinued operations	(1,063,192)
Loss per share from discontinued operations - basic and diluted	(0.02)

	December 31, 2013 $
Impact on statement of cash flows:	
Cash flows from operating activities	58,346
Cash flows from investing activities	(106,241)
Cash flows from financing activities	-
Net cash flows from discontinued operations	(47,895)

(i) Additional consideration from Cornerstone, tied to specific properties:

1. within 30 days of completing a Feasibility Study in respect of the Lone Mountain property, Cornerstone will:
   a. issue to the Company 2,000,000 Cornerstone common shares;
   b. pay to the Company $1,000,000 in cash or shares at the Company's option; and
   c. grant to the Company a 0.5% net smelter return royalty capped at $5,000,000, which may be repurchased by Cornerstone for $1,000,000 in cash or shares at the Company's option;

(Expressed in Canadian dollars)

8. Disposition of discontinued operations (continued)

2. within 30 days of completing a Feasibility Study in respect of the Jerome property, Cornerstone will:
    a. issue to the Company 500,000 Cornerstone common shares;
    b. pay to the Company $750,000 in cash or shares at the Company's option; and
    c. grant to the Company a 0.5% net smelter return royalty capped at $4,000,000, which may be repurchased by Cornerstone for $800,000 in cash or shares at the Company's option;

3. within 30 days of completing a Feasibility Study in respect of any of the other properties, Cornerstone will:
    a. issue to the Company 350,000 Cornerstone common shares;
    b. pay to the Company $375,000 in cash or shares at the Company's option; and
    c. grant to the Company a 0.5% net smelter return royalty capped at $3,000,000, which may be repurchased by Cornerstone for $350,000 in cash or shares at the Company's option.

(ii) Exploration and evaluation assets

	Lone Mountain	LT Ranch	Mimbres	Teague Springs	Twin Peaks	West Jerome	West Safford	Total
	$	$	$	$	$	$	$	$
Balance, December 31, 2011	434,034	307,812	138,375	144,873	137,483	131,477	154,868	1,448,922
Acquisition costs	50,000	49,565	-	-	-	-	-	99,565
Impairment	-	-	(138,375)	(144,873)	(137,483)	(131,477)	(154,868)	(707,076)
Balance, December 31, 2012	484,034	357,377	-	-	-	-	-	841,411
Acquisition costs	-	106,271	-	-	-	-	-	106,271
Disposition of discontinued operations	(484,034)	(463,648)	-	-	-	-	-	(947,682)
Balance, August 22, 2013	-	-	-	-	-	-	-	-

9. Marketable securities

On August 22, 2013, the Company completed the sale of its wholly-owned subsidiary Copper One USA to Cornerstone and received in consideration 2,250,000 common shares of Cornerstone. The Common shares were valued at $202,500 on the sale date based on their quoted market value. See Note 8. At December 31, 2014, the quoted market value of these shares was $22,500 (2013 - $90,000), and consequently an unrealized loss of $67,500 was recorded for the year ended December 31, 2014 (2013: loss of $112,500).

(Expressed in Canadian dollars)

10. Receivables

	December 31, 2014	December 31, 2013 (Note 2)
Taxes receivable	$ 32,845	$ 104,228
Sundry receivable	1,390	1,390
Rent receivable	9,599	9,599
Consulting receivable	10,000	114,975
Quebec tax credit receivable	-	449,639
	$ 53,834	$ 679,831

11. Property and equipment

	Computer equipment	Leasehold improvements	Total
Cost			
December 31, 2012	$ 9,466	$ 102,469	$ 111,935
Additions	-	33,531	33,531
Disposition of property and equipment	(9,466)	(136,000)	(145,466)
December 31, 2013 and December 31, 2014	$ -	$ -	$ -
Accumulated depreciation			
December 31, 2012	$ 5,266	$ 12,474	$ 17,740
Charge for the year	2,032	34,778	36,810
Disposition on sale of property and equipment	(7,298)	(47,252)	(54,550)
December 31, 2013 and December 31, 2014	$ -	$ -	$ -
Net book value			
December 31, 2013 and December 31, 2014	$ -	$ -	$ -

On November 1, 2013, the Company sold all computer equipment and leasehold improvements at its previous office in Montreal to third parties for an aggregate price of $10,000. Accordingly, a loss of $80,916 was recorded in the consolidated statements of loss for the year ended December 31, 2013.

(Expressed in Canadian dollars)

12. Exploration and evaluation assets

The exploration and evaluation assets of the Company are comprised as follows:

	Note	Canada	USA	Total
Balance, December 31, 2012 (Note 2)		$ 1,037,595	$ 841,411	$ 1,879,006
Acquisition costs		15,630	106,271	121,901
Disposition of discontinued operations	8	-	(947,682)	(947,682)
Balance, December 31, 2013 (Note 2)		$ 1,053,225	$ -	$ 1,053,225
Acquisition costs		-	-	-
Impairment (b)		(62,500)	-	(62,500)
Balance, December 31, 2014		$ 990,725	$ -	$ 990,725

On August 22, 2013, the Company completed the sale of its wholly-owned subsidiary Copper One USA, which owns the Lone Mountain, Mimbres, Teague Springs, Twin Peaks, West Jerome, and West Safford properties, to Cornerstone. See Note 8.

	Rivière Doré	Queylus	Total
	$	$	$
Balance, December 31, 2012 (Note 2)	854,996	182,599	1,037,595
Acquisition costs	-	15,630	15,630
Balance, December 31, 2013 (Note 2)	854,996	198,229	1,053,225
Acquisition costs	-	-	-
Impairment (b)	-	(62,500)	(62,500)
Balance, December 31, 2014	854,996	135,729	990,725

(a) Rivière Doré

On November 30, 2011, the Company signed an agreement with Cartier Resources Inc. (“Cartier”) to acquire 100% of the Rivière Doré Copper Nickel property (“Rivière Doré”) located southeast of the town Val D’Or, Quebec. This agreement superseded the agreement signed with Cartier in January 2011. In consideration for a 100% interest in Rivière Doré, the Company paid $150,000 in cash, issued 2,000,000 common shares of the Company with an estimated fair value of $550,000 and granted a royalty of 1% of the net smelter return in connection with ore extracted from the property. The Company is also committed to a 2% royalty payment of the net smelter return on 36 of its 1,052 existing claims on the property. This transaction closed on December 15, 2011.

12. Exploration and evaluation assets (continued)

The Company has also agreed to pay to Cartier an amount equal to 2% of the net present value shown in a bankable feasibility study on Rivière Doré, payable in cash in three equal installments over the 18-month period from the commencement of commercial production on the property.

There has been a suspension on the existing claims comprising the Rivière Doré property since 2011 as a result of discussions between the Company, government officials and the Algonquin Community of Barriere Lake (“ACBL”) in relation to the property. The suspension term is scheduled to end on July 3, 2015. The ACBL reaffirmed through a press release on March 13, 2013, their opposition to the Company’s proposed exploration activities related to the Rivière Doré project.

(b) Queylus

On January 23, 2012, the Company entered into an agreement with Lounor Exploration Inc. (“Lounor”) to acquire 100% of the Queylus copper gold property, located near the town of Chibougamau, Quebec. Under the terms of the purchase agreement, the Company acquired 100% of the Queylus property by paying $23,750, issuing 475,000 common shares of the Company valued at $61,750 and granting royalties ranging from 1% to 2% of the net smelter return in connection with ore extracted from certain claims comprising the property. In connection with the transactions contemplated under the purchase agreement, the Company entered into an agreement with SOQUEM Inc. (“SOQUEM”) whereby SOQUEM agreed to renounce its right of first refusal over certain claims comprising the Queylus property in consideration for the Company paying $2,500 and issuing to SOQUEM 50,000 shares of the Company valued at $6,500. This transaction closed on August 7, 2012.

On February 8, 2012 the Company signed a purchase agreement with Diagnos Inc. (“Diagnos”) to acquire a 100% interest in certain claims (the “Claims”) contiguous to the Queylus copper gold property. Under the terms of the purchase agreement, the Company has acquired 100% of the Claims by paying $10,000, issuing 175,000 common shares of the Company valued at $52,500 and granting a royalty of 2% of the net smelter return in connection with ores and concentrates extracted from the property underlying the Claims. The purchase agreement provides that the Company has the right to reduce such royalty from 2% to 1% at any time by paying to Diagnos $1,000,000 in cash. The Company has allowed the Diagnos claims to lapse. As at December 31, 2014, the Company wrote off $62,500 related to the carrying value of Diagnos claims.

(Expressed in Canadian dollars)

13. Share Capital

Preferred Shares

Authorized: unlimited, without par value
Issued and outstanding: nil preferred shares

Common Shares

Authorized: unlimited, without par value
Issued and outstanding:

Common Shares	Number of Shares		Amount
Balance, December 31, 2012 and 2013	**66,533,854**	**$**	**16,934,798**
Shares issued for debt settlement (i)	2,000,000		80,000
Balance, December 31, 2014	**68,533,854**	**$**	**17,014,798**

(i) On July 22, 2014, the Company issued 2,000,000 common shares at a deemed price per share of $0.05 in settlement of certain accounts payable. The fair value market value of shares issued in the settlement of debts was $80,000 based on the share price of the Company on the date the debt was settled. A gain on settlement of $20,000 was recorded on the Company's consolidated statement of operations and comprehensive loss for the year ended December 31, 2014 (December 31, 2013 - $nil).

14. Share-based payments reserve

The Company has a stock-option plan whereby the Company may grant to directors, officers, employees and consultants options to purchase shares of the Company. The plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding share capital increases. Options granted under the plan will be for a term not to exceed 5 years.

During the year ended December 31, 2014, 9,510,000 stock options expired, resulting in a total of $2,701,475 being recorded against deficit (2013: 1,600,000 options expired, total of $658,406 recorded against deficit).

	Number of options		Weighted average exercise price		Estimated Grant Date Fair Value of Options	Number of warrants		Weighted average exercise price		Estimated Grant Date Fair Value of Warrants		Total
December 31, 2012	11,915,000	$	0.36	$	3,511,728	12,321,428	$	0.44	$	-	$	3,511,728
Granted	350,000		0.10		17,645	-		-		-		17,645
Cancelled and expired	(1,600,000)		0.56		(658,406)	-		-		-		(658,406)
December 31, 2013	**10,665,000**	**$**	**0.36**	**$**	**2,870,967**	**12,321,428**	**$**	**0.44**	**$**	**-**	**$**	**2,870,967**
Granted and vested	4,065,000		0.07	$	280,079	-		-		-	$	280,079
Expired	(9,510,000)		0.32		(2,701,475)	(12,321,428)		0.44		-		(2,701,475)
December 31, 2014	**5,220,000**	**$**	**0.11**	**$**	**449,571**	**-**	**$**	**-**	**$**	**-**	**$**	**449,571**

(Expressed in Canadian dollars)

14. Share-based payments reserve (continued)

STOCK OPTIONS:

As at December 31, 2014, outstanding options to acquire common shares of the Company were as follows:

Expiry Date	Number of Options Outstanding	Number of Options Exercisable	Exercise Price ($)	Estimated Grant Date Fair Value ($)
28-Nov-2016	300,000	300,000	0.35	60,281
06-Feb-2017	350,000	350,000	0.35	72,008
27-Sep-2017	155,000	155,000	0.16	20,210
22-Feb-2018 (i)	350,000	350,000	0.10	24,717
14-May-2019 (ii)	3,965,000	3,965,000	0.07	265,655
03-Jul-2019 (iii)	100,000	100,000	0.07	6,700
	5,220,000	5,220,000	0.11	449,571

(i) The grant date fair value of the 350,000 stock options granted on February 22, 2013 exercisable at $0.10 and expiring on February 22, 2018, was estimated using the Black-Scholes option pricing model with the following assumptions: vested 3 installments over 2 years, expected dividend yield of 0%; expected volatility of 111% (at the date of issue); risk-free interest rate of 1.40% and an expected life of 5 years.

(ii) The grant date fair value of the 3,965,000 stock options granted on May 14, 2014, exercisable at $0.07 and expiring on May 14, 2019, was estimated using the Black-Scholes option pricing model with the following assumptions: vested immediately, expected dividend yield of 0%; expected volatility of 120% (at the date of issue); risk-free interest rate of 1.50% and an expected life of 5 years.

(iii) The grant date fair value of the 100,000 stock options granted on July 3, 2014, exercisable at $0.16 and expiring on July 3, 2019, was estimated using the Black-Scholes option pricing model with the following assumptions: vested immediately, expected dividend yield of 0%; expected volatility of 120% (at the date of issue); risk-free interest rate of 1.52% and an expected life of 5 years.

The Company recorded stock based compensation of $280,079 during the year ended December 31, 2014 (2013: $17,645).

The weighted average remaining contractual life of outstanding options and exercisable options as of December 31, 2014 is 3.95 years (December 31, 2013 – 1.20 years).

(Expressed in Canadian dollars)

15. Exploration and evaluation (recovery) expenses

	Year ended December 31, 2014	2013 (Note 2)
	$	$
Consulting	163,503	38,750
Legal	88,566	47,420
Travel & accomodation	2,545	16,530
Claims & maintenance	5,600	6,261
Sampling	-	11,424
Drilling	-	240,150
Surveying and geophysics	-	82,956
Government assistance	-	(160,692)
Other	9,319	-
Total	269,533	282,799

16. Related party transactions and balances

During the years ended December 31, 2014 and 2013, the Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

	Purchase of goods and services Years ended December 31, 2014	2013
Forbes & Manhattan, Inc.	$ 300,000	$ 300,000

Mr. Stan Bharti is the Executive Chairman of Forbes & Manhattan, Inc. The Company is part of the Forbes & Manhattan Group of Companies.

The Company shares its office space with other companies who may have similar officers or directors. The costs associated with this space, including the provision of office equipment and supplies, are administered by 2227929 Ontario Inc, to whom the Company pays a monthly fee. 2227929 Ontario Inc. does not have any officers or directors in common with the Company.

The following balances were outstanding at the end of the reporting period:

	Amounts owed to related parties Years ended December 31, 2014	2013	Amounts due from related parties Years ended December 31, 2014	2013
Mason Graphite Inc.	$ -	$ -	$ -	$ 114,975
Forbes & Manhattan Inc.	$ 197,750	$ -	$ -	$ -
Scott Moore	$ -	$ 54,405	$ -	$ -

Mr. Scott Moore, Executive Chairman of the Board of Directors, President and Chief Executive Officer of the Company, is a director of Mason Graphite Inc.

Mr. Paul Cowley is on the board of both the Company and Cornerstone, purchaser of the Company's formerly wholly-owned subsidiary Copper One USA (see note 8).

(Expressed in Canadian dollars)

16. Related party transactions and balances (continued)

Mr. Benoit Gascon is on the Board of Directors of both the Company and Mason Graphite Inc.

Compensation of Key Management, Directors and Officers

The remuneration of directors and other members of key management personnel during 2014 and 2013 were as follows:

	Years ended December 31, 2014	2013
Short-term benefits	$ 385,000	$ 464,979
Share-based payments	221,100	17,645
Termination benefits	-	180,000

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. See Note 17.

17. Commitments and contingencies

Contractual Obligations	Payments (Receipts) Due by Period				
	Total	Less than 1 Year	1 – 3 Years	4 – 5 Years	After 5 Years
Minimum commitment under management contracts (i)	$ 362,000	$ 362,000	$ -	$ -	$ -
Minimum commitment under Montreal office space lease (ii)	227,000	130,000	97,000	-	-
Minimum commitment under Montreal office sub-lease (iii)	(182,000)	(104,000)	(78,000)	-	-

(i) The Company is party to certain management contracts. These contracts contain clauses requiring additional payments of up to approximately $1,020,000 be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements. Additional minimum management contract commitments remaining under these contracts approximate $362,000 due within one year.

(ii) In June 2012, the Company entered into a 52 month lease agreement for office space rental in Montreal, ending on September 30, 2016. The total commitments remaining under this lease agreement is approximately $227,000 at December 31, 2014.

(iii) In December 2013, the Company signed a sublease agreement with a third party to rent out the Montreal office space, ending on September 30, 2016. Total rent receivable over the term of the sublease is expected to be approximately $182,000.

The Company's exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

See Note 12.

(Expressed in Canadian dollars)

18. Financial instruments

Financial assets and financial liabilities as at December 31, 2014 and December 31, 2013 were as follows:

December 31, 2014	Loans and receivables	Assets at fair value through profit or loss	Total
Cash and cash equivalents	$ 222,994	$ -	$ 222,994
Held for trading marketable securities	-	22,500	22,500
Receivables	53,834	-	53,834
Accounts payable and accrued liabilities	(666,878)	-	(666,878)

December 31, 2013	Loans and receivables	Assets at fair value through profit or loss	Total
Cash and cash equivalents	$ 854,667	$ -	$ 854,667
Held for trading marketable securities	-	90,000	90,000
Receivables	679,831	-	679,831
Accounts payable and accrued liabilities	(373,738)	-	(373,738)

The Company’s risk exposure and the impact on the Company’s financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures for managing risk during the years ended December 31, 2014 and 2013.

The carrying values of cash, receivable and accounts payable and accrued liabilities reflected on the consolidated statements of financial position approximate fair value due to the limited terms of these instruments.

Credit risk
The Company's credit risk is primarily attributable to cash and cash equivalents and receivables. The Company has no significant concentration of credit risk arising from operations. Financial instruments included in receivables consist of receivables from related and unrelated companies. Management believes that the credit risk concentration with respect to these financial instruments is remote.

Liquidity risk
The Company's approach to managing liquidity risk is to endeavor to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2014, the Company had a cash and cash equivalent balance of $222,994 (December 31, 2013 - $854,667) to settle current liabilities of $666,878 (December 31, 2013 - $373,738). The Company's financial liabilities generally have contractual maturities of less than 30 days.

(a) Interest rate risk

The Company has cash balances subject to fluctuations in the prime rate. The Company's current policy is to invest excess cash in investment-grade deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

18. Financial instruments (continued)

(b) Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars.

(c) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company's future operations will be significantly affected by changes in the market prices for commodities. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for commodities, the level of interest rates, the rate of inflation, and stability of exchange rates can all cause significant fluctuations in commodity prices. Such external economic factors may in turn be influenced by changes in international investment patterns, monetary systems and political developments.

Sensitivity analysis
Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over the year.

- The Company does not hold interest bearing debt at interest rates subject to market fluctuations to give rise to interest rate risk.
- The Company does not hold significant cash balances in foreign currencies to give rise to foreign exchange risk.

(d) Fair value

A fair value hierarchy prioritizes the methods and assumptions used to develop fair value measurements for those financial assets where fair value is recognized on the balance sheet. These have been prioritized into three levels:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Inputs for the asset or liability that are not based on observable market data.
Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment.

At December 31, 2014, the Company's financial instruments that are carried at fair value, consist of marketable securities of which $22,500 (December 31, 2013 - $90,000) have been classified as Level 1 within the fair value hierarchy.

(Expressed in Canadian dollars)

19. Management of capital risk

The Company considers its capital structure to consist of its cash and cash equivalents, common shares, stock options and warrants. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares and, acquire or dispose of assets.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with short term maturities, selected with regards to the expected timing of expenditures from continuing operations.

The Company's capital management objectives, policies and processes have remained unchanged during the years ended December 31, 2014 and 2013.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2014, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

20. Income Taxes

a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2013 - 26.5%) were as follows:

	2014	**2013** (Note 2)
	$	**$**
(Loss) before income taxes	(2,039,175)	(3,187,632)
Expected income tax recovery based on statutory rate	(540,000)	(845,000)
Adjustment to expected income tax benefit:		
Share-based payments	74,000	-
Expenses not deductible for tax purposes	103,000	-
Discontinued operations	-	5,000
Change in benefit of tax assets not recognized	363,000	840,000
Deferred income tax provision (recovery)	-	-

(Expressed in Canadian dollars)

20. Income Taxes (continued)

b) Deferred income taxes

	2014 $	2013 $
Unrecognized deductible temporary differences		
Non-capital loss carry-forwards	6,213,000	4,600,000
Share issue costs	6,000	13,000
Exploration property costs	2,313,000	2,583,000
Unrealized losses on marketable securities	180,000	113,000
Capital loss carry-forwards	5,818,000	5,818,000

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

The tax losses expire from 2025 to 2034. The other temporary differences do not expire under current legislation.

Year of expiry	Amount $
2025	138,386
2026	116,283
2027	354,265
2028	777,205
2029	1,037,627
2030	-
2031	859,202
2032	706,125
2033	611,354
2034	1,612,617
	6,213,064