

# **CRESVAL CAPITAL CORP.**

Financial Statements

For the Years Ended December 31, 2014 and 2013

(stated in \$Cdn)

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## INDEPENDENT AUDITORS' REPORT

To the Shareholders of  
Cresval Capital Corp.

We have audited the accompanying financial statements of Cresval Capital Corp., which comprise the statements of financial position as at December 31, 2014, and the statements of loss and comprehensive loss, changes in equity (deficiency) and cash flows 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, 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 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 financial statements are free from 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 auditors' 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of Cresval Capital Corp. as at December 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



***Emphasis of Matter***

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

***Other Matters***

The financial statements of Cresval Capital Corp. for the year ended December 31, 2013 were audited by another auditor who expressed an unmodified opinion on those statements on April 25, 2014.

**"DAVIDSON & COMPANY LLP"**

Vancouver, Canada

Chartered Accountants

April 28, 2015

**CRESVAL CAPITAL CORP.**  
**Statements of Financial Position**  
**(Stated in \$Cdn)**

As at	Note	December 31, 2014	December 31, 2013
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		\$ 9,088	\$ 53,269
Receivables		3,167	1,973
Mining tax credit receivable		-	8,067
Prepaid expenses and deposits		2,890	5,067
		<b>15,145</b>	<b>68,376</b>
<b>Non-Current Assets</b>			
Exploration and evaluation assets	4	8,166	1,230,803
Reclamation bonds	5	15,000	15,000
Property, plant and equipment	6	7,844	10,336
		<b>31,010</b>	<b>1,256,139</b>
		<b>\$ 46,155</b>	<b>\$ 1,324,515</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		\$ 44,428	\$ 44,256
Due to related parties	9	212,006	153,810
		<b>256,434</b>	<b>198,066</b>
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>			
Share capital	7	2,074,480	2,074,480
Reserves		190,811	205,115
Deficit		(2,475,570)	(1,153,146)
		<b>(210,279)</b>	<b>1,126,449</b>
		<b>\$ 46,155</b>	<b>\$ 1,324,515</b>

**Note 1 – Nature of Operations and Going Concern**

These financial statements are authorized for issue by the Board of Directors on April 28, 2015

s/ "Louis Wolfin"

Director

Louis Wolfin

s/ "Lee Ann Wolfin"

Director

Lee Ann Wolfin

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

**CRESVAL CAPITAL CORP.**  
**Statements of Loss and Comprehensive Loss**  
**(Stated in \$Cdn)**

Years ended December 31,	Note	2014	2013
<b>Operating Expenses</b>			
Consulting and management fees		\$ 83,000	\$ 90,000
Depreciation		2,492	3,309
Office supplies and services		2,714	2,133
Professional fees		7,200	26,946
Shareholder information and communications		2,940	2,354
Share-based compensation	7	11,017	-
Share transfer, listing and filing fees		13,240	10,895
Travel and entertainment		349	-
<b>Operating Loss</b>		<b>(122,952)</b>	<b>(135,637)</b>
Gain on settlement of accounts payable	8	-	92,356
Write-off of exploration and evaluation assets	4	(1,224,919)	-
Interest income		126	1,686
<b>LOSS AND COMPREHENSIVE LOSS</b>		<b>\$ (1,347,745)</b>	<b>\$ (41,595)</b>
Loss per share - basic and diluted		\$ (0.07)	\$ (0.01)
Weighted average number of shares – (basic and diluted)		18,746,301	18,746,301

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

**CRESVAL CAPITAL CORP.**  
**STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)**  
**(Stated in \$Cdn)**

	Number of shares issued	Share Capital	Share Option Reserve	Warrants Reserve	Deficit	Total Equity (Deficiency)
		\$	\$	\$	\$	\$
Balance, December 31, 2012	18,746,301	2,052,480	229,276	22,000	(1,135,712)	1,168,044
Transfer upon expiration of warrants	-	22,000	-	(22,000)	-	-
Transfer upon expiration of stock options	-	-	(24,161)	-	24,161	-
Loss and comprehensive loss	-	-	-	-	(41,595)	(41,595)
Balance, December 31, 2013	18,746,301	2,074,480	205,115	-	(1,153,146)	1,126,449
Stock-based compensation	-	-	11,017	-	-	11,017
Transfer upon expiration of stock options	-	-	(25,321)	-	25,321	-
Loss and comprehensive loss	-	-	-	-	(1,347,745)	(1,347,745)
Balance, December 31, 2014	18,746,301	2,074,480	190,811	-	(2,475,570)	(210,279)

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

**CRESVAL CAPITAL CORP.**  
**STATEMENTS OF CASH FLOWS**  
**(Stated in \$Cdn)**

Years ended December 31,	2014	2013
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Loss for the year	\$ (1,347,745)	\$ (41,595)
<i>Items not affecting cash:</i>		
Depreciation	2,492	3,309
Share-based compensation	11,017	-
Gain on settlement of debt	-	(92,356)
Write-off of exploration and evaluation assets	1,224,919	
Cash provided by (used in) changes in non-cash working capital items:		
Receivables	(1,194)	9,615
Prepaid expenses and deposits	2,177	(2,606)
Mining tax credit receivable	8,067	186,490
Accounts payable and accrued liabilities	172	(39,214)
Due to related parties	58,196	(2,226)
	<b>(41,899)</b>	<b>21,417</b>
<b>INVESTING ACTIVITIES</b>		
Exploration and evaluation asset expenditures	(2,282)	(2,544)
	<b>(2,282)</b>	<b>(2,544)</b>
<b>INCREASE (DECREASE) IN CASH</b>	<b>(44,181)</b>	<b>18,873</b>
<b>CASH, beginning of year</b>	<b>53,269</b>	<b>34,396</b>
<b>CASH, end of year</b>	<b>\$ 9,088</b>	<b>\$ 53,269</b>
<b>Supplementary Disclosure of Statements of Cash Flows Information</b>		
Interest received (paid)	\$ 126	\$ 1,686
Taxes paid	-	-
Transfer expired equity options to deficit	25,321	24,161
Transfer expired warrants to share capital	-	22,000

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

## **CRESVAL CAPITAL CORP.**

Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

(Stated in \$Cdn)

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### **NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN**

Cresval Capital Corp. (the “Company”) was incorporated under the laws of the Province of British Columbia, Canada on July 23, 2001. The Company is an exploration stage company engaged in the acquisition and exploration of base and precious metals. The Company’s head office and principal place of business is Suite 900, 570 Granville Street, Vancouver, BC, Canada.

The Company holds interests in exploration properties in British Columbia, Canada, and has not yet determined whether the properties contain ore reserves which are economically recoverable. The underlying carrying value of the mineral properties interests and related deferred exploration and development expenditures is dependent upon the existence of economically recoverable reserves, confirmation of the Company’s interest in the mineral claims, its ability to obtain necessary financing to complete the exploration and development, and future profitable production or proceeds from the sale of all or an interest in its mineral claims.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2014, the Company had a working capital deficiency and has incurred ongoing losses. The Company has not yet realized any revenues from its operations. It will be required to raise new financing through the sale of shares or issuance of debt to continue with the exploration of its mineral properties. Although management intends to secure additional financing as may be required, there can be no assurance that management will be successful in its efforts to secure additional financing or that it will ever develop a self-supporting business. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

### **NOTE 2 – BASIS OF PRESENTATION**

#### **Statement of Compliance with International Financial Reporting Standards**

These financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 1, “Presentation of Financial Statements” and utilize policies consistent with International Financial Reporting Standards issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These financial statements have been authorized for issuance by the Company’s board of directors on April 28, 2015.

## **CRESVAL CAPITAL CORP.**

Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

(Stated in \$Cdn)

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### **NOTE 2 – BASIS OF PRESENTATION (Continued)**

#### **Basis of Presentation**

These financial statements are presented in Canadian dollars and have been prepared on a historical cost basis except for financial instruments which have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The policies have been consistently applied to all years presented.

#### **Functional Currency**

The presentation currency of the Company and the functional currency of the Company is the Canadian Dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions.

#### **Significant Accounting Judgments and Estimates**

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

##### *Critical accounting judgements*

Critical accounting judgments are the application of accounting policies that have been identified as being complex or involving subjective judgments or assessments. The Company did not make any critical accounting judgments during the year ended December 31, 2014.

##### *Estimates*

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

- the recoverable amount of exploration and evaluation assets;
- the provision for and composition of deferred income tax assets and liabilities;
- the amounts recorded for share-based compensation are based on estimates. The Black-Scholes model is based on estimates of assumptions for expected volatility yields and risk-free interest rates.

### **NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES**

#### **Financial instruments**

Financial assets and financial liabilities are recognized on the statement of financial position when the Company becomes a party to the contractual provision of the financial instrument. The Company does not have any derivative financial instruments.

## **CRESVAL CAPITAL CORP.**

Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

(Stated in \$Cdn)

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### **NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Financial instruments (Continued)**

##### ***Financial assets***

The Company classifies its financial assets into one of the following categories, at initial recognition depending on the purpose for which the asset was acquired:

*Fair value through profit or loss (“FVTPL”)* - This category comprises derivatives, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in profit or loss. The Company classifies cash as FVTPL.

*Loans and receivables* - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. The Company has classified its receivables as loans and receivables financial assets. Included in its receivables are input tax credits recoverable, which are not classified as financial instruments.

*Held-to-maturity investments* - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest rate method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss. The Company did not hold any held-to-maturity investments for the years presented.

*Available-for-sale* - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss. The Company did not hold any available-for-sale investments for the years presented.

Transactions costs associated with fair value through profit or loss financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

*Impairment* - All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

**CRESVAL CAPITAL CORP.**

Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

(Stated in \$Cdn)

**NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)****Financial instruments (Continued)*****Financial assets***

*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.

*De-recognition of financial assets* - A financial asset is derecognized when the contractual right to the asset's cash flows expires, or if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

***Financial liabilities and equity***

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

*FVTPL* - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss. The Company did not hold any FVTPL financial liabilities for the years presented.

*Other financial liabilities* - This category includes amounts due to related parties and trade and other payables, all of which are carried at amortized cost using the effective interest method.

*De-recognition of financial liabilities* - The Company derecognizes financial liabilities when the Company's obligations are discharged, cancelled or they expire.

*Valuation of equity units in private placements* - The Company bi-furcates those units, consisting of common shares and share purchase warrants, that meet the definition of equity using the residual value approach, whereby it measures the common share component of the unit at fair value using market prices as input values and then allocates the residual value of the units over the fair value of the common shares to the warrant component. The value of the warrant component is credited to warrants reserve. When warrants are exercised, the corresponding value is transferred from warrant reserve to common stock.

**CRESVAL CAPITAL CORP.**

Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

(Stated in \$Cdn)

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**NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)****Exploration and evaluation assets**

The Company is in the exploration stage with respect to its investment in mineral properties and accordingly follows the practice of capitalizing all costs relating to the acquisition and exploration of mineral claims and crediting all proceeds received against the cost of the related claims once legal right is obtained. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to profit or loss on a unit-of-production method based on proven and probable reserves.

The aggregate costs related to abandoned mineral claims are charged to profit or loss at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

Incidental revenues and operating costs are included in mineral properties and development costs prior to commercial production. Accrued tax credits on eligible exploration expenditures are accounted for as deduction from mineral properties and development costs, on a property by property basis, and will be charged to profit or loss on the same basis as the acquisition and exploration expenditures. The exploration tax credits are accrued in the year when the exploration expenditures are incurred and the tax credit is applied for provided there is reasonable assurance that the tax credits will be realized.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to property, plant and equipment.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to profit or loss.

The amounts shown for exploration assets represent net costs incurred to the date of the financial statements and do not necessarily reflect present or future values.

**Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is based on the cost of an asset less its residual value. Depreciation is recognized in profit or loss on a declining balance basis at rates ranging from 20% to 30% per annum. Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted appropriately.

**CRESVAL CAPITAL CORP.**

Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

(Stated in \$Cdn)

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**NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)****Impairment**

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

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, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**Share capital**

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

**Share-based payment transactions**

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based compensation expense with a corresponding increase in reserves. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

**Income taxes**

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

**CRESVAL CAPITAL CORP.**

Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

(Stated in \$Cdn)

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**NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)****Income taxes (Continued)**

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 for based on 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 in a transaction that is not a business combination and that affect neither accounting or taxable profit; and differences relating to investments in subsidiaries 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 statement of financial position date.

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.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

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.

**Flow-through shares**

Proceeds from the issuance of flow-through shares are allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares. The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow through share arrangements are renounced to investors in accordance with tax legislation. The Company accounts for flow-through shares whereby any premium paid for the flow-through shares in excess of market value of the shares without flow-through features at the time of issue is credited to flow-through premium liability and included in profit or loss of the same time the qualifying expenditures are made.

**Provisions**

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as interest expense.

**CRESVAL CAPITAL CORP.**

Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

(Stated in \$Cdn)

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**NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)****Site restoration liability**

An obligation to incur restoration, rehabilitation and environmental costs arises 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. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through depreciation using either the unit-of-production or the straight-line method. The related liability is adjusted for each period for the unwinding of the discount rate and 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 profit or loss as extraction progresses.

**Loss per share**

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. For the years presented, this calculation proved to be anti-dilutive.

**New and amended IFRS pronouncements effective January 1, 2014**

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2014. These changes were made in accordance with the applicable transitional provisions.

IAS 32 Financial Instruments: Presentation (“Amended IAS 32”) was amended by the IASB in December 2011. The amendment clarifies that an entity has a legally enforceable right to offset financial assets and financial liabilities if that right is not contingent on a future event and it is enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The adoption of Amended IAS 32 did not have a significant impact on the Company’s financial statements.

IAS 36 Impairment of Assets (“Amended IAS 36”) was amended by the IASB in May 2013. The amendments require the disclosure of the recoverable amount of impaired assets when an impairment loss has been recognized or reversed during the period and additional disclosures about the measurement of the recoverable amount of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The adoption of Amended IAS 36 did not have a significant impact on the Company’s financial statements.

**CRESVAL CAPITAL CORP.**

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(Stated in \$Cdn)

**NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)****New and amended IFRS pronouncements effective January 1, 2014 (Continued)**

IFRIC 21 Levies (“IFRIC 21”), an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets (“IAS 37”), on the accounting for levies imposed by governments was issued by the IASB in May 2013. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (“obligating event”). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective prospectively for annual periods commencing on or after January 1, 2014. The adoption of IFRIC 21 did not result in an adjustment to the Company’s financial statements.

**Accounting pronouncements not yet effective**

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers (“IFRS 15”), which supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC 31 Revenue - Barter Transactions involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

The IASB intends to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 Financial Instruments (“IFRS 9”) which is intended to reduce the complexity in the classification and measurement of financial instruments. The IASB has determined that the revised effective date for IFRS 9 will be January 1, 2018. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

The impact of these new standards on the Company’s financial instruments has not yet been determined.

**NOTE 4 – EXPLORATION AND EVALUATION ASSETS**

	<b>Copper Claims</b>	<b>New Raven Claims</b>	<b>Aumax Claims</b>	<b>Total</b>
<b>Balance, December 31, 2012</b>	<b>1,063,114</b>	<b>161,033</b>	<b>4,112</b>	<b>1,228,259</b>
Assessment reports, drafting and maps	-	-	3,060	3,060
Geological consulting	383	-	191	574
BC mining tax credit	(115)	-	(975)	(1,090)
<b>Balance, December 31, 2013</b>	<b>\$ 1,063,382</b>	<b>\$ 161,033</b>	<b>\$ 6,388</b>	<b>\$ 1,230,803</b>
Assays and sampling	-	-	400	400
Geological consulting	-	-	800	800
Miscellaneous	430	76	333	839
Travel	-	-	243	243
Mineral property write-off	(1,063,811)	(161,108)	-	(1,224,919)
<b>Balance, December 31, 2014</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ 8,164</b>	<b>\$ 8,166</b>

**CRESVAL CAPITAL CORP.**

Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

(Stated in \$Cdn)

**NOTE 4 – EXPLORATION AND EVALUATION ASSETS (Continued)***Copper Mineral Claims, British Columbia, Canada*

By an agreement dated June 27, 2006 between the Company and Frobisher Securities Ltd. ("Frobisher"), a private company controlled by the Chief Executive Officer and a Director of the Company, the Company acquired mineral claims located in the Lillooet Mining Division, British Columbia known as the Copper Mineral Claims.

As the Company has no immediate plans for future exploration, the project has been placed on care and maintenance and written down to \$1, resulting in an impairment charge of \$1,063,811.

*New Raven Claims, British Columbia, Canada*

By an agreement dated March 31, 2008 the Company signed a mineral purchase agreement with Frobisher and with a director of a public company related by common management, pursuant to which it acquired a 100% interest in the New Raven claims in the Lillooet mining district of British Columbia for consideration of 200,000 of its common shares and a cash payment of \$50,000.

During the fiscal year ending December 31, 2014, management decided to discontinue exploration on the property. The Company has recorded a write-off of \$161,108 for the fiscal year ended December 31, 2014.

As the Company has no immediate plans for future exploration, the project has been placed on care and maintenance and written down to \$1, resulting in an impairment charge of \$161,108.

*Aumax Claims, British Columbia, Canada*

In the year ended December 31, 2012, the Company acquired by staking certain mineral claims located in the Lillooet Mining Division, British Columbia, known as the Aumax claims.

**NOTE 5 – RECLAMATION BOND**

The Company has term deposits in the amount of \$15,000 (2013 - \$15,000) as security to the Province of British Columbia for future site reclamation. The Company evaluated its site restoration liability to be \$nil as at December 31, 2014 (December 31, 2013 - \$nil).

**NOTE 6 – PROPERTY, PLANT AND EQUIPMENT**

	Equipment and Vehicle \$	Total \$
<b>Cost:</b>		
December 31, 2012	24,171	24,171
Additions/disposals	-	-
December 31, 2013	24,171	24,171
Additions/disposals	-	-
<b>December 31, 2014</b>	<b>24,171</b>	<b>24,171</b>
<b>Accumulated depreciation:</b>		
December 31, 2012	10,526	10,526
Depreciation	3,309	3,309
December 31, 2013	13,835	13,835
Depreciation	2,492	2,492
<b>December 31, 2014</b>	<b>16,327</b>	<b>16,327</b>
<b>Carrying amounts:</b>		
December 31, 2013	10,336	10,336
<b>December 31, 2014</b>	<b>7,844</b>	<b>7,844</b>

**CRESVAL CAPITAL CORP.**

Notes to the Financial Statements

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**NOTE 7 – SHARE CAPITAL**

(a) Authorized: unlimited number of common shares without par value.

(b) Issued:

There were no changes in share capital during the years ended December 31, 2014 and 2013.

## Share-based compensation

The Company has a stock option plan under which the Board of Directors may grant options to directors, officers, other employees and key consultants.

Under the plan, the number of shares reserved for issuance pursuant to the exercise of all options under the plan may not exceed 10% of the issued and outstanding common shares on a non-diluted basis at any time. The options expire not more than five years from the date of grant, or earlier if the individual ceases to be associated with the Company, and vest over terms determined at the time of grant.

During the year ended December 31, 2014, the Company granted incentive stock options for the purchase of up to 692,500 common shares, at a price of \$0.05 per share, and exercisable on or before February 5, 2019, to directors, officers and consultants of the Company. All options vested immediately upon grant. The fair value of these options was \$0.02 per option and was determined at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 1.44%; expected life of 5 years; expected volatility of 132%; and expected dividends of \$nil. The Company recorded share-based compensation expense of \$11,017 (2013 - \$nil) and recorded this amount in share option reserve.

No options were granted during fiscal 2013.

The continuity of stock options for the years ended December 31, 2014 and 2013 is as follows:

Expiry Date	Exercise Price	Dec. 31, 2013	Granted	Exercised	Expired/cancelled	Dec. 31, 2014
Mar. 2, 2016	\$0.24	957,000	-	-	(127,000)	830,000
Feb. 28, 2017	\$0.16	235,000	-	-	-	235,000
Feb 5, 2019	\$0.05	-	692,500	-	(50,000)	642,500
		1,192,000	692,500	-	(177,500)	1,707,500
Weighted average		\$0.22	\$0.05	-	\$0.19	\$0.16

**CRESVAL CAPITAL CORP.**

Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

(Stated in \$Cdn)

**NOTE 7 – SHARE CAPITAL** (cont'd...)

Expiry Date	Exercise Price	Dec. 31, 2012	Granted	Exercised	Expired/cancelled	Dec. 31, 2013
August 15, 2013	\$0.16	388,000	-	-	(388,000)	-
March 2, 2016	\$0.24	957,000	-	-	-	957,000
February 28, 2017	\$0.16	235,000	-	-	-	235,000
		1,580,000	-	-	(388,000)	1,192,000
Weighted average		\$0.21	-	-	\$0.16	\$0.22

## (c) Warrants

The Company had no warrants outstanding as at December 31, 2014 or 2013.

The continuity of warrants for the years ended December 31, 2014 and 2013 is as follows:

Expiry Date	Exercise Price	Dec. 31, 2012	Granted	Exercised	Expired/cancelled	Dec. 31, 2013
May 24, 2013	\$0.22	3,375,000	-	-	(3,375,000)	-
December 23, 2013	\$0.30	400,000	-	-	(400,000)	-
		3,775,000	-	-	(3,775,000)	-
Weighted average		\$0.23	-	-	\$0.23	-

## (d) The Company has escrowed shares of 605,000 (2013 - 605,000) pending release.

**NOTE 8 – SETTLEMENT OF DEBT**

During the year ended December 31, 2013, the Company settled a \$145,180 trade payable relating to exploration costs out of court by paying \$40,000, and recognized a net gain of \$92,356 on this settlement.

**NOTE 9 – RELATED PARTY BALANCES AND TRANSACTIONS**

## a) Key management transactions

The Company defines its directors and officers as its key management personnel. The compensation costs for key management personnel for the years ended December 31, 2014 and 2013 are as follows:

**CRESVAL CAPITAL CORP.**

Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

(Stated in \$Cdn)

**NOTE 9 – RELATED PARTY BALANCES AND TRANSACTIONS (cont'd...)**

	December 31, 2014	December 31, 2013
Consulting fees and management fees	\$ 83,000	\$ 90,000
Share-based compensation	10,732	-
	<u>\$ 93,732</u>	<u>\$ 90,000</u>

## b) Other related party transactions

During the year ended December 31, 2014 \$2,374 (2013 - \$1,334) was charged for office, occupancy and miscellaneous costs and salaries, and administrative services paid on behalf of the Company by Oniva International Services Corp. ("Oniva") a company related by common management.

## c) Due to related parties

As at December 31, 2014, there was \$4,064 (2013 - \$2,954) due to Oniva, \$206,942 due to the president of the Company (2013 - \$143,942), \$1,000 due to the Company's CEO (2013 - \$1,000) and \$nil due to the Company's CFO (2013 - \$2,675). The amounts due to related parties are non-interest bearing, unsecured and due on demand.

## d) Prepaid expenses

Included in prepaid expenses and deposits is \$1,240 (2013 - \$nil) to the Company's CFO.

**NOTE 10 – FINANCIAL INSTRUMENTS**

The Company's financial instruments are exposed to certain financial risks, credit risk, liquidity risk and market risk.

a) *Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and receivables are exposed to credit risk.

The Company manages credit risk, in respect of cash, by maintaining the majority of cash at high credit rated Canadian financial institutions. As at December 31, 2014, the Company had no cash that exceeded the amounts covered under federal deposit insurance.

## **CRESVAL CAPITAL CORP.**

Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

(Stated in \$Cdn)

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### **NOTE 10 – FINANCIAL INSTRUMENTS (Continued)**

a) Credit Risk (continued)

The Company's receivables consist primarily of general sales tax due from the federal government of Canada. As such the Company considers this risk to be minimal.

b) *Liquidity Risk*

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. The Company has cash at December 31, 2014 in the amount of \$9,088 in order to meet current liabilities of \$256,434. Accounts payable have contractual maturities of approximately 30 days or are due on demand and are subject to normal trade terms. Amounts due to related parties are without stated terms of interest or repayment.

The Company will be required to raise debt or equity in order to meet its ongoing operating obligations.

c) *Market Risk*

Market risk consists of interest rate risk, foreign currency risk and other price risk. These are discussed further below.

Interest Rate Risk

Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Management considers the interest rate risk to be minimal.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company is not exposed to foreign currency risk.

## **CRESVAL CAPITAL CORP.**

Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

(Stated in \$Cdn)

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### **NOTE 10 – FINANCIAL INSTRUMENTS (Continued)**

c) *Market Risk (continued)*

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not materially exposed to other price risk.

d) *Classification of Financial Instruments*

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value.

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).

The Company has valued its cash using Level 1 inputs as at December 31, 2014. The fair value of the Company's other receivables, due to related parties and trade and other payables approximate their carrying values because of the short-term nature of these instruments.

### **NOTE 11 – CAPITAL MANAGEMENT**

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 properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes shareholders' equity.

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 or debt. Management reviews the capital structure on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions.

As at December 31, 2014, the Company had capital (deficiency) of \$(210,279) (December 31, 2013 - \$1,126,449), a decrease of capital of \$1,336,728 during the year ended December 31, 2014 (2013 – decrease of \$41,595).

### **NOTE 12 – SEGEMENTED INFORMATION**

The Company operates in one operating segment in one geographic region being the acquisition and exploration of mineral properties in Canada.

**CRESVAL CAPITAL CORP.**

Notes to the Financial Statements

For the years ended December 31, 2014 and 2013

(Stated in \$Cdn)

**NOTE 13 – INCOME TAXES**

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
	<b>\$</b>	<b>\$</b>
Loss before income taxes	(1,347,745)	(41,595)
Expected income tax recovery at statutory tax rates	(350,000)	(11,000)
Change in statutory rate and other items	1,000	(1,000)
Permanent difference	3,000	-
Expiry of non-capital losses	16,000	-
Change in unrecognized deductible temporary differences	330,000	12,000
<b>Total deferred taxes</b>	<b>-</b>	<b>-</b>

The significant components of the Company's unrecorded deferred tax assets are as follows:

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
	<b>\$</b>	<b>\$</b>
Exploration and evaluation assets	239,000	-
Property and equipment	6,000	6,000
Share issuance costs	2,000	4,000
Non-capital losses available for future period	414,000	321,000
<b>Total unrecognized deferred tax assets</b>	<b>661,000</b>	<b>331,000</b>

Tax attributes are subject to review and potential adjustment by tax authorities.

The significant components of the Company's unrecognized temporary differences and unused tax losses are as follows:

	<b>December 31, 2014</b>	<b>Expiry dates</b>	<b>December 31, 2013</b>	<b>Expiry dates</b>
	<b>\$</b>		<b>\$</b>	
Exploration and evaluation assets	919,000	No expiry	-	No expiry
Property and equipment	24,000	No expiry	22,000	No expiry
Share issue costs	6,000	2035-2038	14,000	2034-2037
Non-capital losses	1,594,000	2016-2035	1,233,000	2015-2034
	2,543,000		1,269,000	