



**Damara Gold Corp. (formerly Solomon Resources Limited)**

**An Exploration Stage Company**

**Condensed Consolidated Interim Financial Statements (un-audited)**

**April 30, 2015**

**Expressed in Canadian Dollars**

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**DAMARA GOLD CORP.** *(formerly Solomon Resources Limited)*  
**An Exploration Stage Company**  
Nine Months ended April 30, 2015  
(Expressed in Canadian Dollars)

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

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

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

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

For further information please contact:

Lawrence Nagy, CEO or

Terese Gieselman, CFO

(250) 768-1168

**DAMARA GOLD CORP. (formerly Solomon Resources Limited)**

(An Exploration Stage Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

As at April 30, 2015 and July 31, 2014

Expressed in Canadian Dollars

	Note	April 30 2015	July 31 2014
<b>ASSETS</b>			
Current			
Cash and cash equivalents		\$ 33,674	\$ 108,175
Taxes recoverable		1,334	608
Prepaid expenses and advances	5	91,660	10,758
Total current assets		126,668	119,541
Non-Current			
Exploration and evaluation assets	5	294,730	135,359
<b>Total Assets</b>		<b>\$ 421,398</b>	<b>\$ 254,900</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>			
Current			
Loans payable	7	225,000	—
Trade and other payables	6	307,692	191,031
Total current liabilities		532,692	191,031
Non-Current			
Loans payable	7	310,000	260,000
Total liabilities		842,692	451,031
<b>Shareholders' Deficiency</b>			
Share Capital	8	30,444,458	30,444,458
Contributed surplus		1,327,794	1,327,794
Deficit		(32,193,547)	(31,968,383)
Total Shareholders' Deficiency		(421,295)	(196,131)
<b>Total Liabilities and Shareholders' Deficiency</b>		<b>\$ 421,398</b>	<b>\$ 254,900</b>

Approved on behalf of the Board of Directors by:

/s/ Lawrence Nagy

Lawrence Nagy, Director

/s/ William Deluce

William Deluce, Director

See notes to consolidated financial statements.

**DAMARA GOLD CORP.** *(formerly Solomon Resources Limited)*

(An Exploration Stage Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS (un-audited)**

For the three months and nine months ended April 30, 2015 and 2014

Expressed in Canadian Dollars

		Three Months Ended			Nine Months Ended		
		April 30			April 30		
	Note	2015	2014	2015	2014	2015	2014
<b>Expenses</b>							
Administrative and general	10, 11	\$ 47,887	\$ 28,011	\$ 188,136	\$ 131,376		
Foreign exchange		-	(424)	-	(424)		
Interest on loans payable	7	15,458	503	37,028	503		
Total expenses		(63,345)	(28,091)	(225,164)	(131,456)		
<b>Other income and expenses</b>							
Oil and gas royalties		-	-	-	3,914		
Recovery on exploration and evaluation		-	-	-	56,249		
Expenditures		-	-	-	196,739		
Gain on settlement of debt		-	-	-			
Loss before income taxes		(63,345)	(28,091)	(225,164)	125,446		
Deferred income tax recovery		-	-	-	-		
<b>Net income (loss) and comprehensive loss for the period</b>		\$ (63,345)	\$ (28,091)	\$ (225,164)	\$ 125,446		
<b>Income (loss) per share for the period- Basic and Diluted</b>		\$ (0.01)	\$ (0.01)	\$ (0.04)	\$ 0.02		

See notes to consolidated financial statements.

**DAMARA GOLD CORP.** (formerly *Solomon Resources Limited*)

(An Exploration Stage Company)

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY** (un-audited)

For the nine months ended April 30, 2015 and 2014

Expressed in Canadian Dollars

		<b>Number of Shares</b>	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Accumulated Deficit</b>	<b>Total</b>
Balance July 31, 2013	Note	4,831,384	\$30,281,800	\$1,327,794	\$(31,978,803)	\$(369,209)
Net loss for the period		-	-	-	125,446	125,446
Shares issued on debt settlement	8	562,102	84,315	-	-	84,315
Share issue costs		-	(8,048)	-	-	(8,048)
<b>Balance April 30, 2014</b>		<b>5,393,486</b>	<b>\$30,358,067</b>	<b>\$1,327,794</b>	<b>\$(31,853,357)</b>	<b>\$(167,496)</b>

		<b>Number of Shares</b>	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Accumulated Deficit</b>	<b>Total</b>
Balance July 31, 2014		<b>5,688,486</b>	\$ 30,444,458	\$1,327,794	\$(31,968,383)	\$(196,131)
Net loss for the period		-	-	-	(225,164)	(225,164)
<b>Balance April 30, 2015</b>		<b>5,688,486</b>	<b>\$30,444,458</b>	<b>\$1,327,794</b>	<b>\$(32,193,547)</b>	<b>\$(421,295)</b>

See notes to consolidated financial statements.

**DAMARA GOLD CORP.** (formerly *Solomon Resources Limited*)  
(An Exploration Stage Company)  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS** (un-audited)  
For the nine months ended April 30, 2015 and 2014  
Expressed in Canadian Dollars

	Note	April 30 2015	April 30 2014
<b>OPERATING ACTIVITIES</b>			
Net loss for the period		\$ (225,164)	\$ 125,446
Items not affecting cash			
Gain on settlement of debt	8	-	(196,739)
Changes in non-cash working capital			
Tax receivables		(727)	369
Prepaid expenses and advances		(80,903)	(10,715)
Accounts payable and accrued liabilities		226,452	(162,065)
Adjusted for settlement of debt for shares		-	162,598
Due to related parties		(109,788)	(79,666)
Less: settled with shares for debt		-	118,457
Cash used in operating activities		(190,129)	(42,315)
<b>Cash Flows From Investing Activities</b>			
Investment in mineral property investments		(159,372)	(7,813)
<b>Total cash outflows from investing activities</b>		<b>(159,372)</b>	<b>(7,813)</b>
<b>Cash Flows From Financing Activities</b>			
Proceeds from loans received	7	275,000	50,000
Share issue costs		-	(8,048)
<b>Net cash provided by financing activities</b>		<b>275,000</b>	<b>41,952</b>
<b>Decrease in cash during the period</b>		<b>(74,501)</b>	<b>(8,176)</b>
<b>Cash and cash equivalents beginning of period</b>		<b>108,175</b>	<b>37,403</b>
<b>Cash and cash equivalents end of period</b>		<b>\$ 33,674</b>	<b>\$ 29,227</b>

Supplemental Disclosure with Respect to Cash Flows (note 15)

See notes to consolidated financial statements.

**DAMARA GOLD CORP.** (formerly *Solomon Resources Limited*)  
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**Notes to Condensed Consolidated Interim Financial Statements (un-audited)**  
**For the Nine Months Ended April 30, 2015 and April 30, 2014**  
(Expressed in Canadian dollars)

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## **1. NATURE OF OPERATIONS**

Damara Gold Corp. (formerly *Solomon Resources Limited*) (“Damara” or the “Company”) was incorporated on August 1, 1989 under the *Business Corporations Act* of British Columbia. On September 30, 2014, the Company changed its name to Damara Gold Corp. Effective October 1, 2014 the Company commenced trading on the TSX Venture Exchange (the “Exchange”) under the symbol “DMR” as a Tier 2 issuer.

The Company is in the business of exploring and developing mineral property interests with a focus in Namibia. The Company’s principal asset is its optioned DGP Property located in Namibia. The Company has not earned significant revenues from its mineral property interests and is considered to be in the exploration stage. The Company’s corporate head office is at Suite 110-2300 Carrington Road, West Kelowna, British Columbia V4T 2N6.

Pursuant to receipt of shareholder approval at the Company’s Special Meeting held on September 22, 2014, the Company received Exchange approval on September 30, 2014 to consolidate its share capital on the basis of 1 new common share of the Company for every 10 existing common shares (the “Consolidation”). As a result, the common shares of Damara have been consolidated on a 10:1 basis, such that the previously existing 56,884,992 common shares have been consolidated and there are now 5,688,486 post-Consolidation common shares issued and outstanding.

## **2. BASIS OF PREPARATION AND GOING CONCERN**

These condensed interim consolidated financial statements for the nine month period ended April 30, 2015 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company’s 2014 annual financial statements which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the Company’s 2014 annual financial statements except for new standards, interpretations and amendments mandatorily effective for the first time from August 1, 2014 and income tax expense which is expected for the full financial year.

The preparation of condensed interim consolidated financial statements in compliance with IAS 34 requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 of the Company’s 2014 annual financial statements.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on June 24, 2015

The consolidated financial statements are presented in Canadian dollars (“CDN”), which is also the Company’s functional currency.



**DAMARA GOLD CORP. (formerly Solomon Resources Limited)**  
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**Notes to Condensed Consolidated Interim Financial Statements (un-audited)**  
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**2. BASIS OF PREPARATION AND GOING CONCERN (cont'd)**

**Going Concern (cont).**

The Company has not yet achieved profitable operations. These consolidated financial statements are 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 for the foreseeable future. The Company had a net loss of \$225,164 as at April 30, 2015 and has accumulated a deficit of \$32,193,547 (July 31, 2014 - \$31,968,383) since inception. These conditions indicate the existence of material uncertainty, which casts significant doubt about the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon obtaining, in the short term, the necessary financing to meet the Company's operating and mineral property commitments as they come due and to finance future exploration and development of potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, and upon future profitable production. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values.

No adjustments to the carrying values of the assets and liabilities have been made in these consolidated financial statements. Should the Company no longer be able to continue as a going concern, certain assets and liabilities may require restatement on a liquidation basis, which may differ materially from the going concern basis.

**Basis of Consolidation**

These consolidated financial statements include the accounts of:

	% of ownership	Jurisdiction	Principal Activity
Avasca Inc.	100	British Columbia	Dormant
Valhalla Minerals U.S. Inc.	100	Delaware	Dormant

All significant intercompany balances and transactions have been eliminated.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Standards, Amendments and Interpretations Not Yet Effective**

Certain pronouncements have been issued by the IASB that are mandatory for accounting years beginning after January 1, 2014.

**IFRS 9 *Financial Instruments* (2009)**

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Debt instruments meeting both a "business model" test and a "cash flow characteristics" test are measured at amortized cost (the use of fair value is optional in some limited circumstances)
- Investments in equity instruments can be designated as "fair value through other comprehensive income" with only dividends being recognized in profit or loss
- All other instruments (including all derivatives) are measured at fair value with changes recognized in profit or loss
- The concept of "embedded derivatives" does not apply to financial assets within the scope of the standard and the entire instrument must be classified and measured in accordance with the above guidelines.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Standards, Amendments and Interpretations Not Yet Effective (cont'd)

The IASB has indefinitely postponed the mandatory adoption date of this standard.

#### **IFRS 9 *Financial Instruments* (2010)**

This is a revised version incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing de-recognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement*.

The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss; in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

The IASB has indefinitely postponed the mandatory adoption date of this standard.

#### **IFRS 9 *Financial Instruments* (2014)**

This is a finalized version of IFRS 9, which contains accounting requirements for financial instruments, replacing IAS 39. The standard contains requirements in the following areas:

- **Classification and measurement.** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under International Accounting Standard ("IAS") 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment.** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized
- **Hedge accounting.** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures
- **Derecognition.** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Applicable to the Company's annual period beginning August 1, 2018.

#### ***Offsetting Financial Assets and Financial Liabilities* (Amendments to IAS 32)**

Amends IAS 32 *Financial Instruments: Presentation* to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of "currently has a legally enforceable right of set-off"
- the application of simultaneous realization and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements.

Applicable to the Company's annual period beginning August 1, 2014.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

#### **Standards, Amendments and Interpretations Not Yet Effective (cont'd)**

##### ***Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)***

Amends IFRS 11 *Joint Arrangements* to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 *Business Combinations*) to:

- apply all of the business combinations accounting principles in IFRS 3 and other IFRS, except for those principles that conflict with the guidance in IFRS 11
- disclose the information required by IFRS 3 and other IFRS for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).

Note: The amendments apply prospectively to acquisitions of interests in joint operations in which the activities of the joint operations constitute businesses, as defined in IFRS 3, for those acquisitions occurring from the beginning of the first period in which the amendments apply. Amounts recognized for acquisitions of interests in joint operations occurring in prior periods are not adjusted.

Applicable to the Company's annual period beginning August 1, 2016.

##### ***Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)***

Amends IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* to:

- clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment
- introduce a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated
- add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Applicable to the Company's annual period beginning August 1, 2016.

##### ***Annual Improvements 2010-2012 Cycle***

Makes amendments to the following standards:

- IFRS 2 — Amends the definitions of “vesting condition” and “market condition” and adds definitions for “performance condition” and “service condition”
- IFRS 3 — Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date
- IFRS 8 — Requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

#### **Standards, Amendments and Interpretations Not Yet Effective (cont'd)**

- IFRS 13 — Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only)
- IAS 16 and IAS 38 — Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount
- IAS 24 — Clarify how payments to entities providing management services are to be disclosed

Applicable to the Company's annual period beginning August 1, 2014.

#### ***Annual Improvements 2011-2013 Cycle***

Makes amendments to the following standards:

- IFRS 1 — Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only)
- IFRS 3 — Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself
- IFRS 13 — Clarify the scope of the portfolio exception in paragraph 52
- IAS 40 — Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property

Applicable to the Company's annual period beginning August 1, 2014.

#### ***Annual Improvements 2012-2014 Cycle***

Makes amendments to the following standards:

- IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued
- IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements
- IAS 9 — Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid
- IAS 34 — Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference

Applicable to annual periods beginning on or after August 1, 2016.

### **4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

There have been no material revisions to the nature of judgements and amount of changes in estimates of amount reported in the Company's 2014 annual financial statements.

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**5. EXPLORATION AND EVALUATION ASSETS**

	<b>Namibia</b>	<b>Other</b>	
	<b>Note (a)</b>	<b>Note (e)</b>	<b>Total</b>
Balance, July 31, 2013	-	\$1	\$1
Acquisition costs - Shares	\$55,000	-	\$55,000
Personnel	19,239	-	19,239
Equipment	17,900	-	17,900
Site costs	6,200	-	6,200
Mining license	5,100	-	5,100
Legal	2,600	-	2,600
Maps and misc	4,800	-	4,800
Geochemical	700	-	700
Geological reports	16,006	-	16,006
Travel and accommodation	7,814	-	7,814
Disposals	-	(1)	(1)
Balance, July 31, 2014	\$135,359	-	\$135,359
<b>Expenditures<sup>1</sup></b>			
Personnel	<b>\$40,500</b>		<b>\$40,500</b>
Equipment	<b>5,450</b>		<b>5,450</b>
Site costs	<b>46,947</b>		<b>46,947</b>
Field work	<b>3,000</b>		<b>3,000</b>
Legal	<b>44</b>		<b>44</b>
Maps and misc	<b>298</b>		<b>298</b>
Geochemical	<b>56,794</b>		<b>56,794</b>
Freight transport	<b>1,200</b>		<b>1,200</b>
Travel and accommodation	<b>5,138</b>		<b>5,138</b>
<b>Total expenditures</b>	<b>\$159,371</b>		<b>\$159,371</b>
<b>Balance, April 30, 2015</b>	<b>\$294,730</b>		<b>\$294,730</b>

<sup>1</sup> Prepaid and advances include \$91,660 advanced to Helio forming part of its work commitments

**(a) Namibia**

On March 21, 2014, subject to Exchange approval, the Company and Helio Resource Corp. (“Helio”) entered into a Letter Agreement, whereby Damara can earn up to a 60% interest in Helio’s Damara Gold and Tin Project (DGP) in Namibia. The Company received Exchange approval on July 17, 2014.

The DGP Property is comprised of 2 exploration licenses located in Namibia, South Africa.

The principal terms of the two-stage agreement are as follows:

***Stage 1:***

Damara can acquire an initial 51% interest (Stage 1) by issuing an aggregate 15,000,000 (pre-consolidation) common shares and completing \$1,500,000 in exploration expenditures over a 3 year period as follows:

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

**(a) Namibia (cont'd)**

Share issuances:

- 2,500,000 (pre-consolidation) upon Exchange approval (the “Effective Date”) (issued);
- an additional 2,500,000 (pre-consolidation) on or before the first anniversary of July 17, 2015;
- an additional 5,000,000 (pre-consolidation) on or before the second anniversary of July 17, 2016; and
- an additional 5,000,000 (pre-consolidation) on or before the third anniversary of July 17, 2017.

Exploration expenditures:

- a minimum \$300,000 on or before the first anniversary of July 17, 2015;
- a minimum \$500,000 on or before the second anniversary of July 17, 2016; and
- a minimum \$700,000 on or before the third anniversary of July 17, 2017.

***Stage 2:***

Damara can acquire an additional 9% interest by issuing an additional 5,000,000 (pre-consolidation) common shares and completing a further \$1,500,000 in exploration expenditures on or before the fourth anniversary of July 17, 2018.

On September 30, 2014 the Company completed a Share Consolidation; accordingly, the remaining shares to be issued under the Helio Option shall be adjusted on a 10:1 basis.

Additionally, under the terms of the arrangement, finder’s fees equal to 10% of the shares issued will be issued at each share issuance date:

Share issuances:

- 250,000 (pre-consolidation) upon Exchange approval (the “Effective Date”) (issued);
- an additional 250,000 (pre-consolidation) on or before the first anniversary of July 17, 2015;
- an additional 500,000 (pre-consolidation) on or before the second anniversary of July 17, 2016; and
- an additional 500,000 (pre-consolidation) on or before the third anniversary of July 17, 2017.

**(b) Other Properties**

**(i) Quirk Creek, Alberta**

The Company held a petroleum and gas interest in the Quirk Creek region of Alberta. On November 19, 2013 the Company sold its interest for proceeds of \$56,250 and recorded a gain on disposal of oil and gas assets in the amount of \$56,249. Prior to the sale the Company received royalties of \$2,602 as at October 31, 2013.

**6. TRADE AND OTHER PAYABLES**

	<b>April 30</b>		<b>July 31</b>
	<b>2015</b>		<b>2014</b>
Trade payables	\$ 104,060	\$	81,243
Due to related parties	<b>203,632</b>		109,788
<b>Total</b>	<b>\$ 307,692</b>	<b>\$</b>	<b>191,031</b>

## **7. LOANS PAYABLE**

As of April 30, 2015 the Company has loans owing of \$535,000 of which \$220,000 (July 31, 2014 - \$170,000) is to unrelated parties and \$315,000 (July 31, 2014 - \$90,000) to related parties. Included in trade payables is interest payable of \$37,317 (July 31, 2014 - \$6,432).

### **Unrelated parties:**

On May 7, 2014, the Company obtained an unsecured loan of \$25,000 from a private investor. The loan bears interest of 15% compounded monthly and due annually with a maturity date of 24 months from the date of the loan agreement.

On May 16, 2014, the Company obtained an unsecured loan of \$25,000 from a private investor. The loan bears interest of 15% compounded monthly and due quarterly with a maturity date of 24 months from the date of the loan agreement.

On May 16, 2014, the Company obtained an unsecured loan of \$25,000 from a private investor. The loan bears interest of 15% compounded monthly and due quarterly with a maturity date of 24 months from the date of the loan agreement.

On June 11, 2014, the Company obtained an unsecured loan of \$25,000 from a private investor. The loan bears interest of 15% compounded monthly and due annually with a maturity date of 24 months from the date of the loan agreement.

On June 18, 2014, the Company obtained an unsecured loan of \$25,000 from a private investor. The loan bears interest of 15% compounded monthly and due annually with a maturity date of 24 months from the date of the loan agreement.

On June 19, 2014, the Company obtained an unsecured loan of \$20,000 from a private investor. The loan bears interest of 15% compounded monthly and due annually with a maturity date of 24 months from the date of the loan agreement.

On June 26, 2014, the Company obtained an unsecured loan of \$25,000 from a private investor. The loan bears interest of 15% compounded monthly and due annually with a maturity date of 24 months from the date of the loan agreement.

On February 24, 2015, the Company obtained an unsecured loan of \$50,000 from a private investor. The loan bears interest of 15% compounded monthly and due annually with a maturity date of 24 months from the date of the loan agreement.

The Company issued 20,000 bonus shares with a value of \$4,000 to two lenders in consideration of an aggregate \$50,000 in loans in accordance with the policies of the Exchange.

## **7. LOANS PAYABLE**

### **Related parties:**

On March 17, 2014, the Company obtained an unsecured loan of \$25,000 from a company owned by a director of the Company. The loan bears interest of 15% compounded monthly and due annually with a maturity date of 24 months from the date of the loan agreement.

On April 17, 2014, the Company obtained an unsecured loan of \$25,000 from a company owned by a director of the Company. The loan bears interest of 15% compounded monthly and due annually with a maturity date of 24 months from the date of the loan agreement.

On May 5, 2014, the Company obtained an unsecured loan of \$25,000 from a company owned by a director of the Company. The loan bears interest of 15% compounded monthly and due annually with a maturity date of 24 months from the date of the loan agreement.

On June 6, 2014, the Company obtained an unsecured loan of \$15,000 from a director of the Company. The loan bears interest of 15% compounded monthly and due annually with a maturity date of 24 months from the date of the loan agreement.

On December 19, 2014, the Company obtained an unsecured loan of \$75,000 from a Company with a common director. The loan bears interest of 15% compounded monthly and due annually with a maturity date of six months from the date of the loan agreement.

On February 27, 2015, the Company obtained an unsecured loan of \$150,000 from a Company with a common director. The loan bears interest of 15% compounded monthly and due annually with a maturity date of six months from the date of the loan agreement.

## **8. SHARE CAPITAL**

### **(a) Authorized Share Capital**

The Company's authorized share capital consists of an unlimited number of common shares without par value.

### **(b) Common Shares**

During the Period ended April 30, 2015 there were no share issuances.

During the year ended July 31, 2014:

- (i) 5,621,020 (pre-consolidation) common shares, with a fair value of \$104,258, were issued to settle liabilities in the amount of \$281,051 leading to the Company recording a gain of \$176,793. Included in the settlement was the issue of 2,791,760 (pre-consolidation) new common shares issued to directors and a former director, officers, a relative of a former director and a law firm of which a director is a partner (Note 11). The Company incurred cash legal fees in the amount of \$8,046 in the course of this settlement, for a net gain of \$168,747.



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**8. SHARE CAPITAL** (cont'd)

**(b) Common Shares** (cont'd)

- (ii) On July 18, 2014 the Company issued 2,500,000 (pre-consolidation) common shares pursuant to the agreement dated March 21, 2014, as described under Note 5(a). The common shares were valued at \$50,000, as determined by the market price when issued being \$0.02 (pre-consolidation) per common share. Finders' fees of 250,000 (pre-consolidation) common shares were issued and valued at \$5,000, as determined by the market price when issued being \$0.02 (pre-consolidation) per common share in connection with the March 21, 2014 agreement described in Note 5(a).
- (iii) On July 18, 2014 the Company issued 200,000 (pre-consolidation) common shares pursuant to certain loans advanced to the Company, as described under Note 11. The common shares were valued at \$4,000, as determined by the market price when issued being \$0.02 (pre-consolidation) per common share.

**(a) Share Purchase Warrants**

Share purchase warrants activity (post-consolidation) was as follows:

	Number of Warrants		Weighted Average
	Outstanding	Exercise Price	Exercise Price
Balance, July 31, 2013	1,699,760	\$ 1.00	\$ 1.00
Expired	(184,400)	\$ 1.00	\$ 1.00
Balance, July 31, 2014	1,515,360	-	\$ 1.00
Expired	(1,515,360)	\$1.00	\$1.00
<b>Balance, April 30, 2015</b>	<b>—</b>	<b>—</b>	<b>—</b>

**9. SHARE-BASED PAYMENTS**

**(a) Option Plan Details**

The Company has an incentive stock option plan (the "Plan") that allows it to grant share purchase options to its employees, directors, consultants and management company employees. Under the terms of the Plan, the exercise price of each option will not be lower than the lowest exercise price permitted by the Exchange (currently \$0.50). The Plan allows for a maximum of 10% of outstanding shares to be issued under the Plan. The Plan is subject to annual shareholder approval.

Options have a maximum term of five years and terminate up to 90 days following the date on which an optionee ceases to be an employee, director, consultant or management company employee, and up to 30 days following the date on which an optionee who is engaged to provide investor relations activities ceases to be engaged to provide such services. In the case of the death of an optionee, the options terminate at the earlier of 12 months after the date of death and the expiration of the option period.

Vesting of options is determined by the Board of Directors at the time the options are granted. Options issued to consultants providing investor relations activities must vest in stages over twelve months with no more than one-quarter of the options vesting in any three-month period.

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**9. SHARE BASED PAYMENTS (cont'd)**

**(a) Option Plan Details (cont'd)**

Stock option activity (post-consolidation) was as follows:

August 1, 2014 to April 30, 2015									
Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted	Expired	Forfeited	Closing Balance	Vested and Exercisable	Unvested
30-Nov-09	01-Dec-14	\$2.65	10,000	—	(10,000)	—	—	—	—
17-Dec-10	17-Dec-15	\$1.65	6,000	—	—	—	6,000	6,000	—
14-Dec-12	13-Dec-17	\$1.00	30,000	—	—	—	30,000	30,000	—
			46,000	—	(10,000)	—	46,000	46,000	—
Weighted Average Exercise Price			\$1.44	—	\$2.65	—	\$1.11	\$1.11	—
Weighted Average Life Remaining (years)			—	2.45	—	—	2.3	2.3	—

August 1, 2013 to July 31, 2014									
Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted	Expired	Forfeited	Closing Balance	Vested and Exercisable	Unvested
02-Oct-08	01-Oct-13	\$25.00	5,500	—	(5,500)	—	—	—	—
30-Nov-09	01-Dec-14	\$2.65	52,000	—	—	(42,000)	10,000	10,000	—
17-Dec-10	17-Dec-15	\$1.65	76,000	—	—	(70,000)	6,000	6,000	—
01-Jul-11	01-Jul-16	\$1.65	20,000	—	—	(20,000)	—	—	—
17-Dec-11	16-Dec-16	\$1.00	70,500	—	—	(70,500)	—	—	—
04-May-12	03-May-17	\$1.00	20,000	—	—	(20,000)	—	—	—
14-Dec-12	13-Dec-17	\$1.00	110,000	—	—	(80,000)	30,000	30,000	—
			354,000	—	(5,500)	(302,500)	46,000	46,000	—
Weighted Average Exercise Price			\$1.80	—	\$25.00	\$1.42	\$1.44	\$1.44	—
Weighted Average Life Remaining (years)			—	3.12	—	—	2.45	2.45	—

**(b) Fair Value of Options Issued During the Period**

There were no options granted during the period ended April 30, 2015 and April 30, 2014.

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**10. ADMINISTRATIVE AND GENERAL EXPENSES**

	Three Months Ended April 30		Nine Months Ended April 30	
	2015	2014	2015	2014
<b>Administrative and General Expenses include:</b>				
Accounting and legal	\$ 300	\$ (1,313)	\$ 1,347	\$ 29,181
Consulting	17,963	11,181	98,972	61,205
Corporate development	6,895	—	15,370	—
Website, shareholder communication	2,008	5,260	8,218	9,558
Office and administration fees	961	1,602	12,311	11,624
Regulatory fees	5,200	9,200	10,600	11,273
Rent	2,855	800	7,761	800
Part X11.6 tax	111	—	111	—
Transfer agent fees	709	1,281	11,266	7,736
Travel	10,884	—	22,178	—
	<b>\$ 47,887</b>	<b>\$ 28,011</b>	<b>\$ 188,136</b>	<b>\$ 131,376</b>

**11. RELATED PARTY TRANSACTIONS**

**(a) Key Management Compensation**

	April 30 2015	April 30 2014
Key management personnel compensation comprised :		
Consulting fees:	\$94,983	\$61,205

- (i) Consulting fees of \$45,000 (2014 - \$Nil) were paid and/or accrued to 43983 Yukon Inc. a company, controlled by Lawrence Nagy, the Company's Chief Executive Officer;
- (ii) Consulting fees of \$30,000 (2014 - \$40,000) were paid and/or accrued to Minefill Services Inc. ("Minefill"), a company controlled by David Stone ("Stone"), the Company's President and Chief Operating officer.
- (iii) Consulting fees of \$19,983 (2014 - \$5,183) were paid and/or accrued to Minco Corporate Management Inc. ("Minco"), a company controlled by Terese Gieselman, Chief Financial Officer and Secretary of the Company; and
- (iv) Consulting fees of \$Nil (2014 - \$16,023 were paid and/or accrued to Paul Maarschalk ("Maarschalk"), the Company's former Chief Financial Officer.

**(b) Related Party Liabilities**

Amounts due to:	Service for:	April 30 2015	July 31 2014
Minco	Consulting Fees	\$ 34,266	\$ 14,670
Minefil	Consulting Fees	\$ 90,000	\$ 60,000
43983	Consulting Fees	\$ 75,000	\$ 30,000
43983	Expenses	\$ —	\$ 752
Paul Maarschalk	Consulting Fees	\$ 4,366	\$ 4,366
<b>Total related party payables</b>		<b>\$ 203,632</b>	<b>\$ 109,788</b>

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**11. RELATED PARTY TRANSACTIONS** (cont'd)

**(c) Debt Settlements**

During the period ended April 30, 2014, the Company settled debt amounts to the following related parties as follows;

- i) For an amount of \$48,732 due to Maarschalk, issued 96,745 (post-consolidation) shares at a fair value of \$14,512 for a gain on settlement of \$34,220;
- ii) For an amount of \$10,000 due to Stone, issued 20,000 (post-consolidation) shares at a fair value of \$3,000 for a gain on settlement of \$7,000;
- iii) For an amount of \$15,322 due to RRogers, issued 20,000 (post-consolidation) shares at a fair value of \$3,000 for a gain on settlement of \$7,000;
- iv) For an amount of \$1,503 due to SRogers, issued 30,063 (post-consolidation) shares at a fair value of \$451 for a gain on settlement of \$1,052.

**12. INCOME TAXES**

The Company has available losses that may be carried forward to apply against future years' income for income tax purposes. The approximate losses expire as follows:

Available to	Amount
2015	\$ 124,000
2026	559,000
2027	380,000
2029	832,000
2030	492,000
2031	641,000
2032	480,000
2033	616,000
2034	296,000
	<b>\$ 4,420,000</b>

The tax losses above do not include approximately \$3,565,000 in non-capital losses that may be applied against future taxable income in the United States expiring in 2015.

The Company's tax position is calculated annually and readers are referred to the audited consolidated financial statements for the year ended July 31, 2014 for further details.

**13. LOSS PER SHARE**

Basic loss per share amounts are calculated by dividing the net loss for the year by the weighted average number of common shares outstanding during the year.

	April 30 2015	April 30 2014
(Loss) income attributable to ordinary shareholders	<b>\$(225,164)</b>	\$125,446
Weighted average number of common shares	<b>5,688,486</b>	5,271,186
Basic and diluted loss per share	<b>\$ (0.04)</b>	\$ 0.02

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**14. SEGMENTED INFORMATION**

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities in Namibia.

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

		<b>2015</b>		<b>2014</b>
Shares issued for debt	\$	—	\$	84,315