RIO CRISTAL RESOURCES CORPORATION

Condensed Consolidated Interim Financial Statements (unaudited)
For the Three and Nine Months Ended December 31, 2014

EXPRESSED IN US DOLLARS

Notice to Reader

These condensed consolidated interim financial statements (unaudited) have been prepared by management and have not been reviewed by the Company's auditor.

Rio Cristal Resources Corporation

Condensed Consolidated Interim Statements of Financial Position (unaudited)
(Expressed in US dollars)

	Note	**December 31, 2014**	**March 31, 2014**
ASSETS			
Current			
Cash		$ 54,830	$ 6,613
Amounts receivable		2,513	727
Prepaid expenses		-	-
		$ 57,343	**$ 7,340**
LIABILITIES			
Current			
Accounts payable and accrued liabilities		$ 1,029,337	$ 425,503
Due to related parties	11	-	604,439
Loans payable	8,11	572,734	374,490
		$ 1,602,071	$ 1,404,432
Derivative liability – warrants	9	-	1,328
		$ 1,602,071	$ 1,405,760
SHAREHOLDERS' EQUITY (DEFICIT)			
Share capital	10	20,478,240	20,478,240
Contributed surplus	10	2,147,944	2,147,818
Deficit		(24,170,912)	(24,024,478)
		$ (1,544,728)	$ (1,398,420)
		$ 57,343	**$ 7,340**

Subsequent events (Notes 13 and 14)

These condensed consolidated interim financial statements have been authorized for issue by the Board of Directors on February 25, 2015.

APPROVED BY THE DIRECTORS

/signed/ Matthew Watson
Matthew Watson, CEO, President and Director

/signed/ Daniel Kriznic
Daniel Kriznic, Director

The accompanying notes form an integral part of these condensed consolidated interim financial statements (unaudited).

Rio Cristal Resources Corporation

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (unaudited)

(Expressed in US dollars)

	Note	For the three months ended December 31,		For the nine months ended December 31,	
		2014	**2013**	**2014**	**2013**
Operating Expenses					
Professional fees		$ 37,428	$ 32,271	$ 127,631	$ 120,352
General office expenses		14,713	36,508	16,249	144,977
Salaries and consulting	11	-	7,500	7,500	79,832
Listing & Filing Fees		14	3,364	7,039	28,216
Exploration and evaluation costs		-	13,490	-	74,370
Share-based compensation	10	-	2,789	126	9,462
Investor relations		768	184	2,418	2,145
Amortization		-	-	-	5,108
Loss before other items		**$ 52,923**	**$ 96,106**	**$ 160,963**	**$ 464,462**
Impairment of equipment		-	16,215	-	23,662
Change in fair market value of warrants	9	-	(10,970)	(1,328)	(69,690)
Finance income		-	(20)	(9)	(59)
Finance expense	8	(4,309)	7,153	7,025	16,981
Foreign exchange gain		(8,573)	(11,025)	(20,217)	(13,412)
Net Loss and Comprehensive Loss for the Period		**$ 40,041**	**$ 97,459**	**$ 146,434**	**$ 421,944**
Loss per Share – Basic and Diluted		**$ (0.02)**	**$ (0.06)**	**$ (0.08)**	**$ (0.25)**
Weighted Average Number of Shares Outstanding		1,725,909	1,725,916	1,725,909	1,681,526

The accompanying notes form an integral part of these condensed consolidated interim financial statements (unaudited).

Rio Cristal Resources Corporation

Condensed Consolidated Interim Statements of Cash Flows (unaudited)

(Expressed in US dollars)

	Note	For the three months ended December 31,		For the nine months ended December 31,	
		2014	**2013**	**2014**	**2013**
Operating Activities					
Loss for the period		$ (40,041)	$ (97,459)	$ (146,434)	$ (421,944)
Adjustments for:					
Amortization		-	-	-	5,108
Non-cash change in fair market value of warrants	9	-	(10,970)	(1,328)	(69,690)
Unrealized foreign exchange gain		(8,291)	-	(8,291)	-
Share-based compensation expenses		-	2,789	126	9,462
Impairment of equipment		-	16,215	-	23,662
Financing costs		(4,308)	7,153	7,025	16,981
		(52,640)	(82,272)	(148,902)	(436,421)
Changes in current assets and liabilities:					
Amounts receivable		(324)	5,310	(1,696)	29,470
Prepaid expenses		-	1,409	-	11,368
Accounts payable and accrued liabilities		38,749	40,746	124,019	212,159
Cash used in operating activities		**$ (14,215)**	**$ (34,807)**	**$ (26,579)**	**$ (183,424)**
Financing Activities					
Loans from former related parties		-	-	-	144,000
Loans received		67,038	30,000	76,038	48,000
Cash provided by financing activities		**$ 67,038**	**$ 30,000**	**$ 76,038**	**$ 192,000**
Effect of changes in foreign exchange on cash and cash equivalents		(1,242)	-	(1,242)	-
(Decrease)/increase in cash and cash equivalents in the period		**$ 51,581**	**$ (4,807)**	**$ 48,217**	**$ 8,576**
Cash and cash equivalents, beginning of the period		3,249	21,623	6,613	8,240
Cash and cash equivalents, end of the period		**$ 54,830**	**$16,816**	**$ 54,830**	**$ 16,816**

Supplemental Cashflow information:

Equipment exchanged for reduction in related party payable	$ 1,164	$ -	$ -	$ 1,164
Shares issued for the Bongara property	$ -	$ -	$ -	$ 500,000

The accompanying notes form an integral part of these condensed consolidated interim financial statements (unaudited).

Rio Cristal Resources Corporation

Condensed Consolidated Interim Statements of Changes in Equity / (Deficiency) (unaudited)

(Expressed in US dollars)

	Share Capital			Reserves	Deficit	Total Equity
	Number of Shares (Note 10)	**Amount** (Note 10)	**Common Share Subscriptions** (Note 10)			
March 31, 2013	1,554,696	$ 19,978,240	$ 500,000	$ 2,133,400	$ (23,528,944)	$ (917,304)
Common shares subscribed	171,220	500,000	(500,000)	-	-	-
Share-based compensation expense	-	-	-	9,462	-	9,462
Net loss for the period	-	-	-	-	(421,944)	(421,944)
December 31, 2013	**1,725,916**	**$ 20,478,240**	**$ -**	**$ 2,142,862**	**$ (23,950,888)**	**$ (1,329,786)**
March 31, 2014	1,725,916	$ 20,478,240	$ -	$ 2,147,818	$ (24,024,478)	$ (1,398,420)
Share-based compensation expense	-	-	-	126	-	126
Effect of share consolidation (rounding down of partial shares)	(7)	-	-	-	-	-
Net loss for the period	-	-	-	-	(146,434)	(146,434)
December 31, 2014	**1,725,909**	**$ 20,478,240**	**$ -**	**$ 2,147,944**	**$ (24,170,912)**	**$ (1,544,728)**

The accompanying notes form an integral part of these condensed consolidated interim financial statements (unaudited).

1. Nature of Operations

Rio Cristal Resources Corporation ("Rio Cristal" or the "Company") was incorporated on November 24, 2006 under the name "Rio Cristal Zinc Corporation" and is organized under the laws of British Columbia, Canada. In June 2009, the Company changed its name to "Rio Cristal Resources Corporation". The Company's head office is located at Suite 555, 999 Canada Place, Vancouver, BC V6C 3E1 and the registered and records office is located at Suite 1200 Waterfront Centre, 200 Burrard St, P.O. Box 48600, Vancouver, BC, Canada, V7X 1T2. The condensed consolidated interim financial statements as at December 31, 2014 consist of Rio Cristal and its two wholly owned subsidiaries: Cerro La Mina Cayman Ltd. and Rio Cristal Zinc Cayman Ltd. (the "Cayman Subsidiaries") which are both organized under the laws of the Cayman Islands.

On January 13, 2015 an application was filed in the Cayman Islands for the voluntary dissolution of the Cayman Subsidiaries. On February 3, 2015 an officer of the Registrar of Companies for the Cayman Islands certified that the Cayman Subsidiaries will be struck off the Register of Companies on March 31, 2015. On April 7, 2014 Cerro La Mina S.A., Rio Cristal's wholly owned subsidiary, was dissolved.

The Company is in the business of acquiring and exploring mineral properties located in Peru. The Company is publicly traded with shares listed on the TSX Venture Exchange (TSX-V) and the Bolsa de Valores de Lima ("BVL") in Peru.

The Company consolidated its share capital on a one new for ten old (1:10) basis on September 29, 2014. In addition, the Company consolidated its share capital on a one new for ten old (1:10) basis on July 31, 2013. Accordingly, all common share, stock option, warrant, and per share awards have been retroactively restated to reflect these consolidations.

The Company has focused much of its resources in the past on the Bongará zinc project, located in Northern Peru. The Company had an option to acquire 100% interest in the project by making cash payments, issuing common shares of the Company, or a combination of both. The Company has allowed this option to lapse and therefore does not have any active exploration projects.

The business of mining and exploration involves a high degree of risk and there can be no assurance that exploration programs will result in profitable mining operations. The Company's prospective activities are subject to the impact of changes in legal, tax and regulatory regimes at the national level and changes in community relations, labor and political issues at the local level. While the Company actively monitors all such changes and makes plans accordingly for areas it is seeking projects, factors beyond the Company's control could adversely impact its opportunities for operations. The Company's current and future mineral exploration and mining activities could be impacted by adverse political or economic developments. The adverse developments may include the imposition of unfavourable government regulations on foreign investment.

2. Going Concern

These condensed consolidated interim financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Several adverse conditions cast significant doubt on the validity of this assumption. The Company has incurred losses since inception and has an accumulated deficit of $24,170,912 at December 31, 2014. The Company has limited resources, has no source of operating cash flow, has a working capital deficit at December 31, 2014 of $1,544,728 and has no assurances that sufficient funding will be available to meet its administrative overhead and conduct further exploration and development on new properties, should any new properties be acquired.

The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its requirements. The Company has proposed a transaction to issue units for debt and part and parcel with this transaction would undertake a private placement of $200,000 as further described in note 13. However, there can be no assurance the Company will be successful with this proposed transaction. These condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

3. Basis of Preparation

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent 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"). Accordingly, they do not include all of the information and notes to the consolidated financial statements required by IFRS for complete financial statements and should be read in conjunction with the Company's most recent audited consolidated financial statements. These unaudited condensed consolidated interim financial statements follow the same accounting policies and methods of application used in the Company's audited consolidated financial statements as at and for the year ended March 31, 2014. The Board of Directors authorized these financial statements for issuance on February 25, 2015.

4. Significant Accounting Estimates and Judgments

The preparation of the condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated interim financial statements. The significant estimates and judgments are unchanged from those disclosed in the Company's annual financial statements for the year ended March 31, 2014.

5. Adoption of New Standards and Interpretations, and Recent Accounting Pronouncements

a. New accounting policies adopted during the period

Effective January 1, 2014, the Company adopted IAS 36, *Impairment of Assets*, which provides for additional disclosures that may be required in the event the Company recognises an impairment loss or the reversal of an impairment loss. The adoption of IAS 36 did not result in any changes in the disclosure in the Company's financial statements.

b. New accounting standards, amendments and interpretations

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC. Some updates that are not applicable or are not consequential to the Company may have been excluded.

(Expressed in US dollars)

IFRS 9, *Financial Instruments: Classification and Measurement* is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is measured at fair value through profit or loss. The IASB has deferred the mandatory effective date for annual periods beginning on or after January 1, 2015 and has left it open pending the finalization of the impairment and classification and measurement requirements. The Company has not yet assessed the impact of this standard on its financial reporting.

6. Financial Instruments

a. Categories of financial instruments

	December 31, 2014	March 31, 2014
Financial assets		
Loans and receivables		
Cash and cash equivalents	$ 54,830	$ 6,613
Amounts receivables	2,513	727
	$ 57,343	$ 7,340
Financial liabilities		
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	$ 1,029,337	$ 425,503
Due to related parties	-	604,439
Loans payable	572,734	374,490
Fair value through profit or loss		
Derivative liability - warrants	-	1,328
	$ 1,602,071	$ 1,405,760

b. Fair value

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

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

	December 31, 2014	March 31, 2014
Level 2		
Derivative liability - warrants	$ -	$ 1,328

(Expressed in US dollars)

The carrying values of cash, amounts receivable, accounts payable and accrued liabilities, due to related parties and loans payable approximate their fair value because of the short-term nature of these instruments.

7. Resource Property Costs

Bongara Project, Peru

By an agreement in 2007 the Company acquired 100% of Cerro La Mina S.A. ("CLM") which held the right to acquire 100% of the rights to the Bongara Project in the Amazonas Region of Peru. CLM was acquired from a company controlled by the founding shareholder of the Company and, in exchange, the Company issued 50,000 common shares to the founding shareholder. Per the agreement, no more than 25,000 of the shares were to be released until the Issuer had completed a preliminary economic assessment as defined in National Instrument 43-101 in respect of the Project and met certain other conditions. As at March 31, 2014 the Company had released 25,000 shares from escrow. No value was attributed to the remaining 25,000 shares at March 31, 2014 due to the performance conditions described above. Management decided not to renew its option and as a result the acquisition costs related to the project were written off as of March 31, 2013. Pursuant to the property lease agreement, the remaining 25,000 shares that have not been released from escrow will be cancelled.

On April 7, 2014, the subsidiary, Cerro La Mina S.A., was dissolved.

8. Loans payable

	December 31, 2014	**March 31, 2014**
Demand Promissory Notes from Debt Purchasers (note 8a)	$ 67,038	-
Loans originally issued by former related parties (note 8b)	505,696	$354,437
	$ 572,734	$354,437

a. Loans to Debt Purchasers

Augusta Investments Inc. and Iris Consulting Limited, independent third-parties (the "Debt Purchasers") each provided C$38,886 in December 2014 by way of demand promissory note. Under the terms of the demand promissory note, until the demand is made on the note, no interest shall accrue on the principal amount of the note. Following demand, interest on the balance will accrue at a rate equal to prime plus 2%. As at February 25, 2015 there has been no demand placed on the notes. Refer to further information on the Debt Purchasers with respect to the Proposed Transaction in note 13.

b. Loans to former related parties

In August 2014, the Debt Purchasers purchased loan payable to existing and former related parties totaling $505,696. These loans payable are unsecured and bear annual interest of 6%. After June 30, 2014, no further interest accrued on the loans. As at December 31, 2014 interest totaling $41,055 had been accrued on these loans.

9. Derivative Liability – Warrants

Warrants issued in private placements that have an exercise price denominated in a currency other than the Company's functional currency meet the definition of a derivative liability and are recorded as a financial liability and are marked-to-market each period. Subsequent changes in the fair value of the warrants will be recognized as gains or losses in the statement of loss and comprehensive loss until they are fully exercised.

On January 21, 2013, a total of 62,091 warrants (giving effect of the share consolidation (note 10)) were granted as part of units in a private placement transaction (note 10). These warrants will expire on January 20, 2015. Of the total granted, 60,291 warrants have an exercise price denominated in Canadian dollars and are accounted for using marked-to-market accounting policy. The remaining 1,800 warrants were granted to agents for services provided for a capital raising transaction and have an exercise price denominated in Canadian dollars but are not classified as a financial liability of the Company. The initial fair value of these warrants have been recognized as a share issuance costs and included in contributed surplus.

	Warrants Outstanding	Weighted Average Exercise Price (Cdn$)
Balance – March 31, 2014 and December 31, 2014	**62,091**	**$10.00**

The changes in the fair market value of the financial liability of the warrants for the nine months ended December 31, 2014 and the year ended March 31, 2014 were as follows:

	Derivative liability - warrants
Derivative warrant liability – March 31, 2013	$ 71,071
Fair market value change	(69,743)
Derivative warrant liability – March 31, 2014	$ 1,328
Fair market value change	(1,328)
Derivative warrant liability – December 31, 2014	**$ -**

10. Capital

a. Authorized share capital

At December 31, 2014, the authorized share capital comprised of an unlimited number of common shares. The common shares do not have a par value and all issued common shares are fully paid.

b. Reconciliation of changes in share capital

	December 31, 2014			March 31, 2014		
	Number of Shares		Amount	Number of Shares		Amount
Balance, beginning of period	1,725,916	$	20,478,240	1,554,696	$	7,625,668
Shares issued for mineral properties	-		-	171,220		500,000
Share consolidation – effect of rounding	(7)		-	-		-
Balance, end of period	1,725,909	$	20,478,240	1,725,916	$	20,478,240

The above table and information contained in these condensed consolidated interim financial statements (unaudited) include the impact of the two share consolidations described below.

On September 29, 2014, the Company consolidated its share capital on a one new for ten old (1:10) basis. Accordingly, all common share, stock option, warrant and per share awards have been retroactively restated to reflect this consolidation.

On July 31, 2013, the Company consolidated its share capital on a one new for ten old (1:10) basis. Accordingly, all common share, stock option, warrant and per share awards have been retroactively restated to reflect this consolidation.

On June 14, 2013 171,220 shares were issued relating to the option payment on the Bongara property owing on March 15, 2013. As described in note 7, certain performance conditions relating to the property were not achieved and the remaining 25,000 shares in escrow will be cancelled and removed from shares outstanding.

On January 21, 2013, the Company issued 60,291 units as part of a non-brokered private placement for total proceeds of $237,994. The units were issued in two parts. The first is for 44,291 units (the "First Units") of the Company at the price of Cdn$3.50 per First Unit, each First Unit consisting of one common share and one non-transferable warrant. The second involved an issuance to certain Directors and an officer of 16,000 units (the "Second Units") at a price of Cdn$5.00 per Second Unit, each Second Unit consisting of one Share and one non-transferable warrant.

Each first Warrant entitles the holder to purchase one additional Share (a "Warrant Share") at an exercise price of $6.00 for the first year and $10.00 for the second year. Each second Warrant shall entitle the holder to purchase a Warrant Share at an exercise price of $10.00 for two years.

In addition, commencing on the date that is four months and one day after the closing of the private placement, if the closing price of the Company's common shares on the TSX-V, is at a price equal to or greater than $12.00 for a period of ten (10) consecutive trading days, the Company will have the right to accelerate the expiry date of all Warrants by giving written notice to the holders of the Warrants which will then expire on the date that is not less than thirty (30) days from the date of the notice.

As part of the non-brokered private placement, a finder's fee was paid consisting of: (i) a cash commission of $4,254; and (ii) the issuance of 1,800 Second Units (the "Finder's Fee Units").

c. Share Purchase Options

The Company has established a share purchase option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants. Options granted must be exercised no later than five years from the date of grant or such lesser period as determined by the Company's board of directors. The exercise price of an option is not less than the closing price on the TSX-V on the last trading day preceding the grant date. Options begin vesting on the grant date based on a schedule outlined in the share purchase option plan. The option plan provides that the aggregate number of shares reserved for issuance under the plan which may be made subject to options at any time and from time to time (including those issuable upon the exercise of pre-existing options) shall not exceed 10% of the total number of issued and outstanding shares, on a non-dilutive basis, as constituted on the grant date of such options. At December 31, 2014 a total of 172,591 options remain reserved under the Plan and there are no options outstanding.

(Expressed in US dollars)

i. Movements in share options

The changes in share options during the three and nine months ended December 31, 2014 and the year ended March 31, 2014 were as follows:

	Three and nine months ending December 31, 2014		Year ending March 31, 2014	
	Number of options	**Weighted average exercise price (in CAD)**	**Number of options**	**Weighted average exercise price (in CAD)**
Options outstanding, beginning of the period	35,000	12.52	63,250	14.40
Forfeited	(26,500)	13.33	(25,250)	12.90
Expired	(8,500)	10.00	(3,000)	50.00
Options outstanding, end of the period	-	-	35,000	12.50

All options that were outstanding during the period to December 31, 2014 related to former officers and directors of the Company.

11. Related Party Transactions

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation. Details of the transactions between the Company and other related parties are disclosed below.

a. Trading transactions

In August 2014, $611,141 due to related parties was purchased by the Debt Purchasers. Prior to the debt purchase, at June 30, 2014 due to related parties consisted of $611,141 (March 31, 2014 - $604,439) owing to individuals or companies whose officers, directors or partners were also officers or directors of the Company. Of the amount at June 30, 2014, $109,051 was loans from directors and officers of the Company the terms of which are described in note 8. The remaining amount due to related parties purchased by the Debt Purchasers related to deferred salaries and services payable to the former President of the Company of $491,926 as at June 30, 2014 (March 31, 2014 - $ 487,376) which was unsecured, non-interest bearing and due on demand. The Debt Purchasers also purchased loans payable from former related parties as described in note 8.

Historically, certain of the Company's officers and directors render services to the Company as sole proprietors or through companies in which they are an officer, director or partner.

	Nature of transactions
DuMoulin Black (ended December 30, 2013)	Legal fees
Avisar Chartered Accountants (ended September 18, 2013)	Accounting fees

(Expressed in US dollars)

The Company incurred the following fees and expenses in the normal course of operations in connection with related parties.

	Three months ended…	Nine months ended…		Three months ended…	Nine months ended…
	December 31, 2014			December 31, 2013	
Legal fees	$ -	$ -		$ 17,979	$ 75,394
Accounting fees	-	-		-	29,108
	$ -	$ -		$ 17,979	$ 104,502

b. Compensation of key management personnel

In the year ended March 31, 2014 and the period from April 1, 2014 to December 31, 2014, no salaries to key management personnel were paid. All of these salaries were accrued and included as amounts due to related parties at June 30, 2014 and subsequently formed part of the amounts purchased by the Debt Purchasers. As at December 31, 2014 all former key management personnel resigned on August 28, 2014 and the current officers and directors do not have salaries or other compensation being accrued.

The remuneration of the former directors, chief executive officer, and president and chief financial officer (collectively the key management personnel) during the three and nine months ended December 31, 2014 and 2013 were as follows:

	Three months ended…	Nine months ended…		Three months ended…	Nine months ended…
	December 31, 2014			December 31, 2013	
Salaries	$ -	$ 7,500		$ 7,500	$ 79,833
Share-based compensation	-	126		3,063	9,094
Total	$ -	$ 7,626		$ 10,563	$ 88,927

12. Segmented Information

All of the identifiable assets are located in Canada.

13. Proposed transaction

In August 2014, the Debt Purchasers purchased equally substantially all of the liabilities of the Company directly from each of the creditors totalling C$429,683 and US$1,073,824. The amounts purchased by the Debt Purchasers included the accounts payable and loans to related parties at the date of purchase and former related parties (notes 8 and 11).

At the annual general and special meeting to be held on February 26, 2015, the disinterested shareholders of the Company will vote on the proposed units for debt, private placement and new board nominees (the “Proposed Transaction”). The Proposed Transaction is subject to TSX-V approval.

In December 2014 the Company announced that, to preserve its cash in light of the Company’s current working capital position, it has agreed to issue units (“Debt Units”), each Debt Unit comprised of one common share and one common share purchase warrant (a “Debt Warrant”), to settle an aggregate debt of $1,280,905 owing to the Debt Purchasers. The aggregate debt proposed to be converted to shares has been reduced by amounts disallowable under TSX-V Shares for Debt transaction requirements. A total of

25,618,106 Debt Units will be issued at a deemed price of $0.05 per Debt Unit. The Debt Warrants will have an exercise price of $0.05 per common share and will be exerciseable for a five year term.

As part and parcel of the units for debt transaction, the Company will also undertake a $200,000 private placement financing (the “Private Placement”), under which the Company will issue 4,000,000 units (“Private Placement Units”) at a deemed price of $0.05 per Private Placement Unit. Each Private Placement Unit will be comprised of one common share and one common share purchase warrant (a “Private Placement Warrant”). The Private Placement Warrants will have an exercise price of $0.08 per common share and will be exerciseable for a three year term. The Private Placement is conditional on closing of the unit for debt transaction. Both Augusta Investments Inc. and Iris Consulting Limited will participate in the Private Placement along with another independent third party. The Private Placement is subject to TSX Venture Exchange and shareholder approval.

14. Subsequent event

On January 13, 2015 an application was filed in the Cayman Islands for the voluntary dissolution of the Cayman Subsidiaries. On February 3, 2015 an officer of the Registrar of Companies for the Cayman Islands certified that the Cayman Subsidiaries will be struck off the Register of Companies on March 31, 2015.