St. Augustine Gold and Copper Limited

Condensed Interim Consolidated Financial Statements

As at and for the three months ended March 31, 2015 and 2014
Unaudited and presented in U.S. dollars

Dated as of May 15, 2015

Table of contents to the unaudited condensed interim consolidated financial statements

Notes to the unaudited condensed interim consolidated financial statements

St. Augustine Gold and Copper Limited
Unaudited interim consolidated statements of financial position
As at March 31, 2015 and December 31, 2014
(Presented in U.S. dollars)

	Notes	March 31, 2015	December 31, 2014
Assets			
Current assets			
Cash and cash equivalents		$ 8,148,746	$ 10,385,283
Restricted cash	11	40,000	40,000
Prepaids and other current assets		141,375	132,676
Notes receivable	6	709,650	775,800
Total current assets		9,039,771	11,333,759
Non-current assets			
Investment in mineral property	3	$ 54,391,681	$ 53,269,409
Investment in NADECOR	4.C	40,192,755	40,113,500
Note receivable from NADECOR	4.B	5,131,014	5,077,120
Investments in joint ventures	5	761,127	764,275
Advances to joint ventures	5.B	960,368	713,572
Note receivable from joint venture	5.B	7,027,981	7,015,750
Property and equipment	7	283,029	361,744
Other non-current assets		939,878	939,878
Total non-current assets		$ 109,687,833	$ 108,255,248
Total assets		**$ 118,727,604**	**$ 119,589,007**
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued wages		$ 1,090,800	$ 1,546,601
Due to related parties	8.B	14,129	28,504
Total current liabilities		$ 1,104,929	$ 1,575,105
Shareholders' equity			
Share capital	9.A	$ 129,922,867	$ 129,922,867
Share option reserves	9.B	11,983,361	11,951,374
Warrant reserves	9.C	1,215,488	1,215,488
Accumulated deficit		(21,063,671)	(20,507,249)
Accumulated other comprehensive loss		(4,435,370)	(4,568,578)
Total shareholders' equity		$ 117,622,675	$ 118,013,902
Total liabilities and shareholders' equity		**$ 118,727,604**	**$ 119,589,007**
Commitments and contingencies	12		

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

Approved on behalf of the Board of Directors:

"SIGNED"
Anacordita McGee
Director

"SIGNED"
Tom McKeirnan
Director

(Presented in U.S. dollars)

		Three months ended March 31,	
	Notes	**2015**	**2014**
Operating expenses			
Wages and share-based payments	9.B	$ 137,835	$ (125,467)
General and administrative costs		404,514	679,065
Total operating expenses		$ 542,349	$ 553,598
Other income and expense			
Interest income		$ 26,936	$ 5,148
Interest expense		(891)	-
Foreign exchange loss		(12,979)	(30,547)
Total other income (loss)		$ 13,066	$ (25,399)
Loss from investment in NADECOR	4.C	10,626	-
Loss from investments in joint ventures	5.B	6,513	-
Net loss before income tax expense		**$ (546,422)**	**$ (578,997)**
Income tax expense		10,000	15,000
Net loss		**$ (556,422)**	**$ (593,997)**
Foreign exchange translation gain (loss)		133,208	(509,518)
Total comprehensive loss		**$ (423,214)**	**$ (1,103,515)**
Net loss per common share, basic and diluted		$ 0.00	$ 0.00
Weighted average common shares outstanding, basic and diluted		726,758,334	487,758,334

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

(Presented in U.S. dollars)

	Notes	Three months ended March 31, 2015	2014
Cash flows from operating activities			
Net loss		$ (556,422)	$ (593,997)
Share-based compensation expense, net of capitalized amounts	9.B	12,835	84,615
Effects of foreign currency changes		66,150	(109,321)
Interest income		(26,936)	(5,148)
Reversal of bonus accrual, net of amount capitalized	8.A	-	(520,081)
Loss from investment in NADECOR	4.C	10,626	-
Loss from investments in joint ventures	5.B	6,513	-
Changes in assets and liabilities			
Decrease (increase) in prepaids, other current assets and accruals		(8,699)	49,465
Increase in other non-current assets		-	(2,800)
Net cash used by operating activities		$ (495,933)	$ (1,097,267)
Cash flows from investment activities			
Increase in investment in mineral property	3	$ (1,040,117)	$ (2,071,476)
Advances to joint ventures	5	(245,215)	-
Note receivable from NADECOR	4.B	(32,037)	(15,695)
Purchase of property and equipment		(1,799)	-
Changes in non-cash investing working capital		(322,676)	175,697
Interest income		4,183	5,148
Decrease in restricted cash		-	100,000
Net cash used by investing activities		$ (1,637,661)	$ (1,806,326)
Cash flows from financing activities			
Proceeds from common stock and warrants, net of issuance costs	9.A	(147,500)	-
Net cash provided by financing activities		$ (147,500)	$ -
Net decrease in cash and cash equivalents		$ (2,281,094)	$ (2,903,593)
Effect of exchange rate changes on cash and cash equivalents		44,557	(46,152)
Cash and cash equivalents, beginning of period		10,385,283	6,293,357
Cash and cash equivalents, end of year		**$ 8,148,746**	**$ 3,343,612**
Comprised of:			
Cash		$ 281,240	$ 3,033,568
Cash equivalents		7,867,506	310,044
Total cash and cash equivalents, end of year		**$ 8,148,746**	**$ 3,343,612**

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

St. Augustine Gold and Copper Limited
Unaudited interim consolidated statements of changes in shareholders' equity
For the three months ended March 31, 2015 and 2014
(Presented in U.S. dollars)

	Notes	Shares	Share capital	Share option reserves	Warrant reserves	Accumulated deficit	Accumulated other comprehensive income (loss)	Total
Balance, January 1, 2014		487,758,334	$ 106,693,756	$ 10,990,066	$ -	$ (17,593,396)	$ (3,761,583)	$ 96,328,843
Share-based compensation	9.B	-	-	180,122	-	-	-	180,122
Foreign exchange translation loss		-	-	-	-	-	(509,518)	(509,518)
Net loss		-	-	-	-	(593,997)	-	(593,997)
Balance, March 31, 2014		487,758,334	$ 106,693,756	$ 11,170,188	$ -	$ (18,187,393)	$ (4,271,101)	$ 95,405,450
Balance, January 1, 2015		726,758,334	$ 129,922,867	$ 11,951,374	$ 1,215,488	$ (20,507,249)	$ (4,568,578)	118,013,902
Share-based compensation	9.B	-	-	31,987	-	-	-	31,987
Foreign exchange translation gain		-	-	-	-	-	133,208	133,208
Net loss		-	-	-	-	(556,422)	-	(556,422)
Balance, March 31, 2015		726,758,334	$ 129,922,867	$ 11,983,361	$ 1,215,488	$ (21,063,671)	$ (4,435,370)	$ 117,622,675

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

1. Organization and description of business

St. Augustine Gold and Copper Limited (the "Company" or "SAGC") was incorporated on January 27, 2010, in the British Virgin Islands. The address of the Company's corporate office is 601 West Main Avenue, Suite 600, Spokane, Washington 9 9201. The registered address of the Company in the British Virgin Islands is Jayla Place, Wickham's Cay 1, Road Town, Tortola VG 1110, British Virgin Islands.

The Company has earned no revenues since its recapitalization in 2011 and is focused on the acquisition, development and exploration of mineral properties. The Company (through a related party company, prior to the Company's incorporation) and Nationwide Development Corporation ("NADECOR"), a Philippine corporation, entered into a Letter of Intent dated November 10, 2009, and executed a Memorandum of Understanding ("MOU") on April 27, 2010. Under these agreements, subsequent amendments and related agreements, the Company became responsible for providing technical assistance for operations and acquired the right to earn-in an aggregate 60% equity position, through direct and indirect investments, in the King-king Joint Venture envisioned in the MOU. The earn-in is based on expenditures made to benefit the King-king copper gold project (the "Project") as well as direct payments to NADECOR. The MOU will be superseded following fulfillment of the terms of an amended agreement executed in 2013 and amended in August 2014 (Note 4.A).

The Project is a copper-gold mineral reserve located at Sitio Gumayan, Barangay King-king, Municipality of Pantukan, Province of Compostela Valley, on Mindanao Island, Philippines. Several years of exploration, including drilling and baseline studies have been completed by various parties. A National Instrument 43-101-compliant Preliminary Feasibility Technical Report has been completed and published on SEDAR.

The Philippine Environmental Management Bureau approved the Project Environmental Impact Study and issued the Environmental Compliance Certificate to NADECOR for the King-king Project on February 26, 2015.

The Company is dependent upon its ability to obtain additional financing to complete a Bankable Feasibility Study ("BFS"), develop the mine site, and fund operations.

These unaudited condensed interim consolidated financial statements ("Financial Statements") were authorized for issue by the Board of Directors on May 15, 2015.

2. Significant accounting policies

A. Statement of compliance

These Financial Statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") effective for the Company's reporting period ending December 31, 2015. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2014. Accounting policies applied are the same as those applied in the Company's annual financial statements which are filed under the Company's profile on SEDAR at www.sedar.com, with the exception of new and revised accounting standards outlined in Note 2.G. The Financial Statements are prepared as at and for the three months ended March 31, 2015, which is part of the period to be covered by the Company's annual financial statements for the year ending December 31, 2015.

B. Basis of presentation

The Financial Statements have been prepared using historical costs and fair values of certain items. Items initially measured at fair value include cash held in foreign currencies, warrant valuations, share-based payments and investments. The use of "₱" refers to Philippine pesos and "CDN$" refers to Canadian dollars.

Certain prior period information has been conformed to current presentation.

C. Basis of consolidation

The Financial Statements include the accounts of the Company and its subsidiaries. Intercompany balances and transactions are eliminated on consolidation.

Financial disclosures are presented in U.S. dollars unless otherwise noted

D. Segment reporting

The Company operates in a single reportable operating segment, which is the development of mineral properties. The Company's sole mineral property interest, the King-king project, is located in the Philippines.

E. Significant accounting estimates, judgments and assumptions

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and reported amounts of income and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses.

Management uses historical experience and other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

There were no changes in key estimates, judgments or assumptions since the year ended December 31, 2014.

F. New or revised pronouncements and amendments

Pronouncement	**Effective date**	**Adoption date**	**Summary of impact**
IFRS 9 Financial Instruments This guidance was issued as the first step in its project to replace IAS 39 - Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets and new rules for hedge accounting. An entity may elect to apply earlier versions of IFRS 9 if, and only if, the entity's relevant date of initial application is before February 1, 2015. Otherwise, early application is only permitted if the complete version of IFRS 9 is adopted in its entirety for reporting periods beginning after July 24, 2014.	Annual periods beginning on or after January 1, 2018		To be determined
IFRS 15 Revenue from Contracts with Customers The standard replaces all existing revenue requirements in IFRS and applies to all revenue arising from contracts with customers. It also provides a model for the recognition and measurement of sales of some non-financial assets including disposals of property, equipment and intangible assets.	Annual periods beginning on or after January 1, 2017		No material impact

G. Application of new and revised accounting standards

There were no new or revised standards effective January 1, 2015, that had a material effect on the Financial Statements.

3. Investment in mineral property

The following table summarizes changes to the investment in mineral property for the three months ended March 31, 2015 and the year ended December 31, 2014:

Financial disclosures are presented in U.S. dollars unless otherwise noted

	March 31, 2015	December 31, 2014
Begnning balance	$ 53,269,409	$ 48,045,958
Additions	1,104,761	5,258,750
Foreign exchange translation effects	17,511	(35,299)
Total	**$ 54,391,681**	**$ 53,269,409**

Additions in the above table reflect capitalized depreciation of $31,055 and book value equipment losses of $49,459 (2014 - $178,846) (Note 7) and capitalized share-based payments of $19,152 (2014 – 622,110) (Note 9.B).

The Company's investment in mineral property is secured under its rights under the MOU. Additionally, the Company owns 25% of NADECOR directly (Note 4.C). Management expects to fulfill the terms of the Project Framework Agreement ("PFA") (Note 4.A), which will supersede the terms of the MOU. However, until the PFA is substantially enacted, the MOU is the current contract in force underlying this asset at March 31, 2015.

The Company has committed to spend $43,500,000 to complete a BFS for the Project, for which the Company earns a 45% interest in the Project. The underlying earn-in accumulates as expenditures are made, along with other milestones and earn-in commitments. An additional 6% can be earned through interim payments to NADECOR and an additional 9% can be earned by funding a minimum of $32,000,000 in capital development expenditures ("CapEx"), subject to adjustment according to outcomes contemplated in the MOU. To earn the full 60% potential interest in the Project, the Company will spend, or pay to NADECOR, a minimum of $83,000,000, as outlined by the agreement summarized below and subject to adjustments for outcomes contemplated in the MOU. A significant variable which can change this minimum commitment is the planned tonnage throughput of mine operations. In the event that the Company's minimum commitment increases, the Company and NADECOR share in the economic benefit of cost savings against CapEx at the ratio of the earn-in. The Company also incurs costs related to the project which do not qualify for progress towards the earn-in. The expenditure requirements and progress towards the payments are summarized as follows:

Item	Earn-in amount	March 31, 2015	December 31, 2014
Exclusivity payment to NADECOR (i)	$ 400,000	$ 400,000	$ 400,000
Initial payment to NADECOR (ii)	3,100,000	3,100,000	3,100,000
Initial BFS funding (iii)	30,000,000	30,000,000	30,000,000
Incremental BFS funding (iv)	5,000,000	5,000,000	5,000,000
Incremental BFS funding (iv)	8,500,000	8,500,000	8,500,000
Payments to NADECOR (v)	4,000,000	1,231,000	1,231,000
CapEx funding (vi)	32,000,000	11,161,962	10,157,686
Totals	$ 83,000,000	$ 59,392,962	$ 58,388,686

(i) Direct payment to NADECOR made in 2009;

(ii) $3,000,000 was paid in 2010. The remaining $100,000 was paid in 2012;

(iii) Direct project expenditures made by the Company pursuant to the Preferred Shares Investment Agreement ("PSIA"). The full amount has been expended;

(iv) Direct project expenditures after the fulfillment of $30 million required to be expended following the PSIA;

(v) The timing of direct payments to NADECOR is contingent on events contemplated in the MOU. During 2011, $981,000 was paid, $250,000 was paid during 2013, and the balance is expected to be paid if the terms of the PFA are not fulfilled; and

(vi) Total capital expenditures based on planned mine throughput. The minimum commitment is $32,000,000, and is subject to adjustment depending on the planned throughput of the mine.

Financial disclosures are presented in U.S. dollars unless otherwise noted

PFS results indicate throughput would increase the Company's capital expenditure ("CapEx") commitment should the terms of the PFA not be completed.

A reconciliation of the progress made towards the earn-in to the amounts invested in mineral properties included on the accompanying statements of financial position is as follows:

Reconciliation of Investment in mineral property to earn-in	March 31, 2015	December 31, 2014
Investment in mining property	$ 54,391,681	$ 48,045,958
Depreciable property (earn-in in full on purchase)	253,062	500,611
Qualifying fundraising costs	1,788,362	1,788,362
Other (i)	2,959,857	3,517,683
Estimated earn-in balance	$ 59,392,962	$ 53,852,614

(i) Other items include disallowed earn-in expenditures, non-cash items and other differences due to accounting guidance and differences between the Company's accounting policies and earn-in calculations.

There were no indicators of impairment identified and no impairment loss recognized during the three months ended March 31, 2015, or the year ended December 31, 2014.

4. Transactions with Nationwide Development Corporation

A. Project Framework Agreement ("PFA")

On October 3, 2013, the Company, NADECOR and Queensberry Mining & Development Corp. ("Queensberry, Note 8.C) executed the PFA, which was amended in August 2014. In November 2013, NADECOR's shareholders ratified the execution and implementation of the PFA. The Company received shareholder approval and conditional Toronto Stock Exchange ("TSX") approval in December 2013. The Company received shareholder approval and conditional TSX approval in July 2014 for the PFA amendment. NADECOR shareholders approved the PFA amendment in June 2014. The PFA amendment was executed on August 8, 2014. The amended PFA's purpose is to restructure and align NADECOR and the Company's financial interests in the Project. Upon completion of the amended PFA's terms, it will supersede the MOU and related agreements. The primary terms of this agreement, as amended, include the following completed items:

- In 2013, NADECOR established a mining company (King-king Mining Corporation; "KMC") which is 60% owned by NADECOR and 40% by the Company (in accordance with Philippine nationality requirements). NADECOR is required to transfer the Mineral Production Sharing Agreement ("MPSA") to KMC (Note 5.B);
- The Company extends a credit facility to NADECOR of up to ₱860 million (approximately $20 million), subject to available funds (Note 4.B);
    - During 2014 the Company settled NADECOR debts of ₱110 million (approximately $2.5 million) and $2,218,810 in exchange for additions to the receivable under the credit facility (Note 4.B);
- In 2013 NADECOR reimbursed $2,800,000 million in Project expenditures to the Company; and
- In 2013 NADECOR acknowledged that the Company has earned-in to a 50% economic interest in the Project, and this interest remains in effect whether or not the other terms of the PFA are not entirely fulfilled.

The primary terms of the agreement pending completion are:

- The Company's acquisition of 100% of a newly created milling company (King-king Milling Corporation; "MillingCo") from NADECOR by issuing debt payable to NADECOR (MillingCo was incorporated February 7, 2014), and provision of funds to build the mill facility;
- NADECOR's shareholders will acquire the receivable from the Company as a dividend;
- The Company will settle the debt payable (now dividended to NADECOR's shareholders) in exchange for cash or Company shares from treasury (cash or share settlement is at NADECOR shareholders' discretion), up to a maximum issuance of 185,000,000 shares;

- The execution of an ore sales agreement between MillingCo and KMC, making MillingCo the exclusive buyer of KMC's ore;
- MillingCo's provision of loaned funds for KMC to build mining operation facilities; and
- A secondary public listing of the Company's shares on the Philippine Stock Exchange.

A credit facility with Queensberry was arranged during 2014, allowing the Company to borrow up to a total of $2 million for general working capital, as needed. No amounts were borrowed and the facility was terminated concurrent with the private placement of equity closed in December 2014.

KMC (Note 5.B) will be loaned $11 million under a credit facility which has been committed to secure land acquisitions ($10 Million) and to compensate Queensberry (Note 8.C) for certain services provided ($1 million). The Queensberry service contract contains milestone payments related to permitting and transfer of the MPSA to KMC, the Project joint venture. KMC accrued $500,000 of this amount as payable upon issuance of the ECC in February 2015. The Company has advanced $7 million of the facility to KMC as at March 31, 215 (December 31, 2014 - $7 million).

B. Note receivable from NADECOR

At March 31, 2015, NADECOR owed the Company $5,131,014 under the terms of the facility established by the amended PFA (Note 4.A) (December 31, 2014 – $5,077,120). The balance includes ₱110 million (approximately $2.5 million) advanced in cash to settle NADECOR's debt to Queensberry and Company shares issued against other NADECOR debts, valued at $2,218,810, as well as other advances and accrued interest. Cash advanced during the three months ended March 31, 2015 totalled $32,037 (2014 - $2,588,101). The note matures October 3, 2023, at which time a single installment for principal and accrued interest is due. The maturity date can be extended an additional fifteen years at NADECOR's option. The note accrues interest at one-year LIBOR per annum until the date of commercial production of the Project, at which time interest will accrue at one-year LIBOR plus 2%. The note may be prepaid at any time without premium or penalty.

C. Investment in NADECOR

On March 15, 2013, the Company executed an agreement with NADECOR (the "NADECOR Subscription") whereby the Company acquired 25% of NADECOR's common shares for ₱1.8 billion ($43,520,407). The terms of this agreement were fully executed in 2013 and the Company holds 25% of NADECOR's issued and outstanding common stock.

The Company accounts for its investment in NADECOR as an investment in an associate using the equity method.

NADECOR's ability to transfer funds to the Company in the form of cash dividends is limited by law while NADECOR has an accumulated deficit. The law does not have significant restrictions on NADECOR`s ability to repay Philippine loans or advances made by the Company.

Below is the summarized financial information of NADECOR prepared under IFRS for the three months ended March 31, 2015, and the year ended December 31, 2014, acknowledging fair value adjustments made at the date of the acquisition.

Financial disclosures are presented in U.S. dollars unless otherwise noted

Item		March 31, 2015		March 31, 2014
Current assets	$	267,952	$	261,813
Non-current assets		166,312,684		165,922,625
Current liabilities		(678,601)		(2,725,136)
Non-current liabilities		(5,131,014)		(2,797,247)
Net assets	$	160,771,021	$	160,662,055
Share of net assets		25%		25%
Carrying amount on statement of financial position	$	40,192,755	$	40,165,514
Net loss	$	(42,502)	$	-
Foreign exchange translation gain (loss)		359,523		(1,288,380)
Comprehensive loss	$	317,021	$	(1,288,380)
Share of comprehensive loss		25%		25%
Proportionate share of net loss	$	(10,626)	$	-
Proportionate share of other comprehensive gain (loss)	$	89,881	$	(322,095)

5. Investments in joint ventures

The Company is invested in two joint ventures.

A. King-king Gold and Copper Mines, Inc.

The Company has invested cash totaling $752,913 in KGCMI through March 31, 2015 (December 31, 2014 - $752,913), in exchange for 40% of KGCMI's voting common shares. The Company has also appointed 2 of 6 board seats of KGCMI. At March 31, 2015, the Company was owed $61,599 for advances made to KGCMI (2014 - $61,479).

KGCMI was incorporated to become the joint venture entity to hold the rights to develop and operate the Project. However, NADECOR is arranging for a new entity, King-king Mining Corporation (Note 5.B), to hold the rights to develop and operate the Project. It is expected that the assets and liabilities of KGCMI will be distributed to the newly formed entity. The Company accounts for this investment using the equity method; accordingly, the investment will be adjusted for the Company's share of profit and loss at each reporting period. As a Project site operating entity, KGCMI's expenses are capitalized, and the Company did not report loss attributable to KGCMI in the Financial Statements.

At March 31, 2015, KGCMI had approximately $12,000 in cash and approximately $21,000 in liabilities (2014 - $12,000 in cash and approximately $21,000 in liabilities).

B. King-king Mining Corporation

KMC was incorporated on October 30, 2013, to take KGCMI's (Note 5.A) role as the entity which will hold the rights to develop and operate the Project. The Company had invested $58,706 in KMC through March 31, 2015 (December 31, 2014 - $58,706).

The Company continues to advance funds to KMC for joint venture operations, such as tenement security. At March 31, 2015, the Company was owed $898,769 for advances made to KMC (2014 – $652,093). The total amount receivable from KGCMI and KMC at March 31, 2015 was $960,368 (December 31, 2014 - $713,572).

At March 31, 2015, KMC owed the Company $7,027,981, comprised of $7,000,000 in principal and $27,987 in accrued interest (2014 - $7,015,750; $7,000,000 for principal and $15,750 for accrued interest) under the credit facility established concurrent with amended PFA (Note 4.A). The credit facility to KMC charges interest at the one year LIBOR rate per annum until the date of commercial production, at which time the rate is one year LIBOR plus 2%. The facility is due in one payment in August 2024 and can be paid before maturity without penalty.

Below is the summarized financial information of KMC prepared under IFRS for the three months ended March 31, 2015 and for the year ended December 31, 2014.

Item		March 31, 2015		March 31, 2014
Current assets	$	81,345	$	32,342
Non-current assets		8,969,377		538,502
Current liabilities		(2,002,206)		(371,284)
Non-current liabilities		(7,027,981)		(52,795)
Net assets	$	20,535	$	146,765
Share of net assets		40%		40%
Carrying amount on statement of financial position	$	8,214	$	58,706
Net loss	$	(16,282)	$	-
Foreign exchange translation gain (loss)		8,413		-
Comprehensive loss	$	(7,870)	$	-
Share of comprehensive loss		40%		40%
Proportionate share of net loss	$	(6,513)	$	-
Proportionate share of other comprehensive gain (loss)	$	3,365	$	-

The carrying amount of the Company's investments in KMC and KGCMI of $8,214 and $752,913, respectively, total $761,127.

6. Notes receivable

The Company holds notes receivable from former employees of the Company (under prior management), which were exchanged for two million shares of the Company. The notes are denominated in Canadian dollars and are reported at the translated U.S. dollar amount of $709,650 (2014 - $775,800). The notes are non-interest bearing and payable to the Company upon the earlier of the sale of the shares by the debtor or December 23, 2015.

Financial disclosures are presented in U.S. dollars unless otherwise noted

7. Property and equipment

	Vehicles	Furniture and fixtures	Equipment	Buildings and leasehold improvements	Totals
Cost balance, January 1, 2014	$ 637,383	$ 139,291	$ 322,552	$ 85,742	$ 1,184,968
Additions	34,949	-	815	-	35,764
Disposals	(87,352)	(30,955)	(31,904)	-	(150,211)
Balance, December 31, 2014	$ 584,980	$ 108,336	$ 291,463	$ 85,742	$ 1,070,521
Additions	-	-	1,799	-	1,799
Disposals	-	(59,588)	(151,688)	(16,582)	(227,858)
Balance, March 31, 2015	$ 584,980	$ 48,748	$ 141,574	$ 69,160	$ 844,462
Accumulated depreciation, January 1, 2014	$ 318,970	$ 63,687	$ 215,931	$ 42,854	$ 641,442
Additions	60,781	30,236	69,922	17,907	178,846
Disposals	(80,803)	(14,155)	(16,553)	-	(111,511)
Balance, December 31, 2014	$ 298,948	$ 79,768	$ 269,300	$ 60,761	$ 708,777
Additions	17,533	2,275	7,114	4,133	31,055
Disposals	-	(34,100)	(137,723)	(6,576)	(178,399)
Balance, March 31, 2015	$ 316,481	$ 47,943	$ 138,691	$ 58,318	$ 561,433
Net book value, December 31, 2014	**$ 286,032**	**$ 28,568**	**$ 22,163**	**$ 24,981**	**$ 361,744**
Net book value, March 31, 2015	**$ 268,499**	**$ 805**	**$ 2,883**	**$ 10,842**	**$ 283,029**

There were no indicators of impairment identified and no impairment loss recognized during the three months ended March 31, 2015 or the year ended December 31, 2014 with respect to property and equipment. Depreciation capitalized into the mineral asset during the three months ended March 31, 2015 was $31,055 (2014 - $178,846).

8. Related party transactions

Certain key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

The following related parties transacted with the Company in the reporting period of these Financial Statements. The terms and conditions of the transactions with key management personnel and their related parties are made at terms equivalent to those that prevail on similar transactions to non-key management personnel related entities at an arm's length basis.

A. Transactions with officers and directors

The aggregate value of transactions with officers and directors was as follows:

	Three months ended March 31,	
Compensation	**2015**	**2014**
Officer salaries and director compensation	$ 276,313	$ 730,112
Share-based compensation	18,659	166,526
Total	**$ 294,972**	**$ 896,638**

During the three months ended March 31, 2014, the Company reversed bonuses of $1,375,975 which were accrued at December 31, 2013. Approximately $1 million of this amount was attributable to officer and director compensation; this amount is excluded from compensation in 2014, presented above. Of the total bonus reversal, $520,081 was attributed to expenses accrued as at December 31, 2013.

Financial disclosures are presented in U.S. dollars unless otherwise noted

B. Transactions with Other Related Parties

The aggregate value of transactions and outstanding balances with other related parties were as follows:

	Three months ended March 31,	
Transactions	**2015**	**2014**
Services rendered:		
Norton Rose Canada LLP (i)	$ 89,548	$ 15,603
Reimbursement of third party expenses incurred on the Company's behalf:		
Russell Mining Corporation (ii), (iii)	13,578	50,795
Total	**$ 103,126**	**$ 66,398**

	Three months ended March 31,	
Transactions	**2015**	**2014**
Charges for reimbursement from:		
Russell Mining Corporation (ii), (iii)	$ -	$ 15,427
Josephine Mining Corp. (iii)	-	2,810
Casa Grande Resources LLC (iii)	-	10,526
Total	**$ -**	**$ 28,763**

Related party receivable	**March 31, 2015**	**December 31, 2014**
Russell Mining Corporation (ii), (iii)	21,276	21,276
Queensberry (Note 8.C)	-	55,358
NADECOR (Note 4.C)	5,131,014	5,077,120
KMC note receivable (Note 5.B)	7,027,981	7,015,750
KMC advances receivable (Note 5.B)	898,769	652,093
KGCMI advances receivable (Note 5.A)	61,599	61,479
Total	**$ 13,140,639**	**$ 12,883,076**

Related party balances payable	**March 31, 2015**	**December 31, 2014**
Norton Rose Canada LLP (i)	$ 10,493	$ 24,868
Russell Mining Corporation (ii), (iii)	3,636	3,636
Total	**$ 14,129**	**$ 28,504**

Related party receivables are included in prepaids and other current assets on the accompanying Financial Statements.

(i) Norton Rose Canada LLP acts as the Company's securities counsel and the partner of the account is also the Corporate Secretary.

(ii) Russell Mining Corporation ("RMC") is a large shareholder (owning over 10% of issued and outstanding shares) and is party to several of the Company's agreements and has key managers in common with the Company. The Company was a sub-lessee to RMC's office lease, which ended March 31, 2015 (Note 12.C).

(iii) These companies received accounting and clerical support from the Company's staff until September 30, 2014. Josephine Mining Corp. ("JMC"), RMC and Casa Grande Resources LLC have management in common with the Company, and shared corporate headquarters until March 31, 2015. The aforementioned entities and the Company reimbursed RMC for office rent and other general and administrative expenses and all entities advance certain shared expense payments to one another for administrative convenience until March 31, 2015.

Financial disclosures are presented in U.S. dollars unless otherwise noted

C. Queensberry

The Company and Queensberry are party to agreements described in Note 4. Queensberry's Chief Executive Officer ("CEO"), Manuel Paolo A. Villar, is also the CEO of the Company and Chairman of the Board of Directors of the Company. Queensberry is the Company's largest shareholder.

9. Shareholders' equity

A. Share capital

The Company is authorized to issue an unlimited number of shares of no par value.

No shares were issued during the three months ended March 31, 2015 or 2014. During the three months ended March 31, 2015, the Company paid $147,500 in fundraising fees which were accrued against share capital in 2014.

B. Share option reserves

The Company has a share option plan approved by the Company's shareholders that allows the Board of Directors to grant options to employees, officers, independent contractors, and directors. Shares reserved and available for grant and issuance equals 10% of the total issued and outstanding common shares as calculated from time to time. Under the plan, the exercise price of each option cannot be less than the market price of the Company's stock on the date of grant. The options are granted for a term determined by the board of directors. Options generally expire 90 days following employment termination and vest over a two year period, although individual option contract terms may change the standard terms under the plan at the discretion of the Board of Directors.

Share option reserves totalled $11,983,361 at March 31, 2015 (December 31, 2014 - $11,951,374), equalling charges of $31,987 during the three months ended March 31, 2015 (2014 - $180,122); of this amount, $12,835 was expensed and $19,152 was capitalized to the investment in mineral property (2014 - $84,615 and $95,507 respectively). The portion expensed is included in wages and share-based payments on the statements of comprehensive loss.

i. Continuity schedule of stock options (dollars in CDN$)

	Exercise price range	Number of options outstanding	Weighted average exercise price
Balance, January 1, 2014	$0.20 - 1.54	20,628,834	$ 0.72
Grants	$0.10 - 0.20	11,189,500	0.15
Expired	$0.14 - 1.54	(4,050,666)	0.58
Balance, December 31, 2014	**$0.10 - 1.54**	**27,767,668**	**$ 0.51**
Expired	$0.10 - 1.54	(592,668)	1.35
Balance, March 31, 2015	**$0.10 - 1.54**	**27,175,000**	**$ 0.49**

ii. Summary of share options outstanding and exercisable at March 31, 2015 (dollars in CDN$)

	Outstanding			Exercisable		
Exercise prices	Number outstanding	Weighted average exercise price	Weighted average remaining years	Number outstanding	Weighted average exercise price	Weighted average remaining years
$0.10 to $0.50	20,325,000	$ 0.26	3.43	18,892,681	$ 0.26	3.38
$0.51 to $0.75	1,300,000	0.55	1.49	1,300,000	0.55	1.49
$0.76 to $1.00	1,850,000	0.98	1.01	1,850,000	0.98	1.01
$1.54	3,700,000	1.54	0.87	3,700,000	1.54	0.87
Totals	**27,175,000**	**$ 0.49**	**2.82**	**25,742,681**	**$ 0.51**	**2.76**

C. Warrant reserves

At March 31, 2015, 37,500,000 warrants were outstanding and exercisable at $0.15 until December 22, 2016 (March 31, 2014 – nil outstanding).

10. Earnings per share ("EPS")

A. Basic EPS

Basic EPS is computed by dividing net loss for a period by the weighted average number of common shares outstanding during that year.

B. Diluted EPS

Diluted EPS is computed by dividing net loss for a period by the diluted number of common shares. Diluted common shares include the effects of instruments, such as share options and warrants, which could cause the number of common shares outstanding to increase.

The Company reported net losses for the three months ended March 31, 2015 and 2014; the Company has accordingly presented basic and diluted EPS, which are the same, on a single line in the statements of comprehensive loss. Diluted loss per share did not include the effect of share purchase options and warrants as they were anti-dilutive.

11. Capital management

The following table summarizes the accounts under the Company's capital management program at March 31, 2015 and December 31, 2014:

	March 31, 2015	December 31, 2014
Cash and cash equivalents	$ 8,149,057	$ 10,385,283
Restricted cash	40,000	40,000
Share capital	129,922,867	129,922,867
Share option reserves	11,983,361	11,951,374

At March 31, 2015, approximately $40,000 (December 31, 2014 - $41,000) was held in banks in the Philippines denominated in the Philippine Peso and approximately $6.2 million in cash was held in banks in the Philippines denominated in U.S. dollars (December 31, 2014 – approximately $7 million). The balance of cash and cash equivalents at March 31, 2015, and December 31, 2014, was held in USA and Canadian banks. At December 31, 2014, the Company reported $40,000 in restricted cash which secures a $40,000 line of credit (2014 - $40,000).

The Company's objectives and continued financing of its commitments under its agreements with NADECOR (Note 3) are dependent on the ability to raise funds until mineral production commences.

12. Commitments and contingencies

A. NADECOR

i. Commitments related to NADECOR

The Company's commitments to NADECOR are described in Note 3.

ii. NADECOR shareholder dispute

There is an internal dispute between two distinct shareholder groups of NADECOR which continues to exist as of the date these financial statements were authorised for issue. The dispute pertains to many issues including the validity of the 2011 annual stockholders' meeting of NADECOR where the NADECOR majority shareholder group nominees were appointed as the lawfully elected board of directors.

Several court actions were lodged by each side of the NADECOR shareholder groups during 2011 and 2012. On February 18, 2013, the Philippine Court of Appeals ruled that the board of directors elected during the August 15, 2011 meeting was validly elected. As a consequence, the directors nominated by the NADECOR majority shareholder group constituted majority of the lawful board of NADECOR. The NADECOR minority shareholder group has filed an appeal with the Philippines Supreme Court. The Company's view, based on external legal counsel advice, is the likelihood of the NADECOR minority shareholder group successfully appealing is remote.

However, in the unlikely event that the appeal to the Philippines Supreme Court in the Philippines is ultimately successful and the Court of Appeals ruling is reversed, the minority shareholder group could seek to challenge and rescind any or all contracts between the Company and NADECOR. Accordingly, as the Company would view such rescission to be without legal basis, the Company may be forced to go to arbitration to defend its agreements, which would result in protracted delays. The Company's management believes the agreements protecting the Company's investment in the project would be upheld in arbitration; however, it cannot provide absolute assurance as to the ultimate arbitration results.

B. Investments in joint ventures

i. KGCMI

The Company has subscribed to 40% of KGCMI. At this time, the Company has not yet received the share certificates as a result of the above referred NADECOR internal board dispute, as NADECOR is a 60% owner of KGCMI. The Company has received legal advice that their rights to the shares of KGCMI are protected by the share subscription agreement between the Company and KGCMI. A new entity has been incorporated to take the place of KGCMI's business purpose (Note 4.A).

ii. KMC

King-king Mining Corporation (Note 4.A), the entity to which NADECOR's shareholders have approved the transfer of the MPSA, was incorporated in October 2013.

KMC has a $3 million commitment due upon the finalization of a lands purchase agreement and $1 million in milestone payments to Queensberry (Note 4.A), of which $500,000 was accrued at March 31, 2015.

C. Office lease agreement

The Company's remaining office lease commitment to RMC (Note 8.B), was settled during 2014 in exchange for amounts due from JMC, a related party (Note 8.B). The office lease terminated on March 31, 2015.

D. Other

Due to the nature of the Company's operations, various legal and tax matters are outstanding from time to time. In the opinion of management, there are no matters that could have a material effect on these consolidated financial statements which require additional disclosure.