



THEMAC Resources Group Limited

Condensed Consolidated Interim Financial Statements

December 31, 2014

(Unaudited)

(Expressed in Canadian dollars)

Suite 700 – 510 West Hastings Street
Vancouver, BC
Canada V6B 1L8
TSXV: MAC

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED 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 condensed consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated 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.

THEMAC Resources Group Limited
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited)

(Expressed in Canadian Dollars)

AS AT

| | December 31, 2014 | June 30, 2014 |
|---|----------------------|----------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 325,585 | \$ 57,981 |
| Receivables | 8,634 | 1,926 |
| Prepaid expenses and deposits (Note 4) | 65,950 | 66,601 |
| | 400,169 | 126,508 |
| Property and equipment (Note 5) | 3,670,208 | 3,427,433 |
| Bonds (Note 6) | 356,687 | 345,142 |
| Mineral property (Note 6) | 29,939,732 | 27,550,390 |
| Deferred exploration and evaluation (Note 6) | 27,109,198 | 24,131,854 |
| Total Assets | \$ 61,475,994 | \$ 55,581,327 |
| LIABILITIES | | |
| Current | | |
| Trade and other payables | \$ 313,106 | \$ 315,550 |
| Due to related parties | 677,719 | 843,669 |
| Property obligation (Note 8) | 292,120 | 227,858 |
| Loan payable (Note 7) | 49,581,912 | 44,256,489 |
| | 50,864,857 | 45,643,566 |
| Property obligation (Note 8) | 2,378,205 | 2,188,580 |
| Asset retirement obligation (Note 6) | 188,253 | 173,243 |
| Total Liabilities | 53,431,315 | 48,005,389 |
| SHAREHOLDERS' EQUITY | | |
| Share capital (Note 9) | 19,014,011 | 19,014,011 |
| Warrants (Note 9) | 10,072,430 | 10,072,430 |
| Share-based payment reserve (Note 9) | 3,660,107 | 3,646,717 |
| Foreign currency translation reserve | 6,722,150 | 2,122,443 |
| Deficit | (31,424,019) | (27,279,663) |
| Total Shareholders' Equity | 8,044,679 | 7,575,938 |
| Total Liabilities and Shareholders' Equity | \$ 61,475,994 | \$ 55,581,327 |

Nature of operations and going concern (Note 1)

Subsequent event (Note 15)

See accompanying notes to the condensed consolidated interim financial statements.

On behalf of the Board of Directors:

"Joel Schneyer"
Director

"Kenneth Pickering"
Director

THEMAC Resources Group Limited
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS
AND COMPREHENSIVE INCOME (LOSS)

(Unaudited)

(Expressed in Canadian Dollars)

FOR THE SIX MONTHS ENDED DECEMBER 31

| | Three months ended December 31 | | Six months ended December 31 | |
|---|-----------------------------------|---------------------|---------------------------------|-----------------------|
| | 2014 | 2013 | 2014 | 2013 |
| General Expenses | | | | |
| Accounting and audit | \$ 39,162 | \$ 35,585 | \$ 65,674 | \$ 46,329 |
| Depreciation (Note 5) | 7,539 | 9,330 | 14,765 | 18,755 |
| Directors' fees (Note 10) | 87,500 | 83,750 | 175,000 | 175,000 |
| Filing fees and transfer agent fees | 3,040 | 10,810 | 5,643 | 14,576 |
| Finance expense (Note 7) | 1,707,721 | 1,561,646 | 3,373,199 | 3,071,269 |
| Interest on property obligation (Note 8) | 21,800 | 21,650 | 42,699 | 40,649 |
| Investor communications | 1,837 | 60,194 | 3,411 | 140,786 |
| Legal fees | 9,488 | 27,805 | 15,247 | 35,108 |
| Management fees | 57,183 | 99,615 | 102,884 | 203,490 |
| Office and sundry | 153,736 | 131,374 | 318,141 | 300,003 |
| Share-based payments (Note 9) | - | 48,258 | - | 34,429 |
| Travel | 10,117 | 42,273 | 27,693 | 60,609 |
| Net loss for the period | (2,099,123) | (2,132,290) | (4,144,356) | (4,141,003) |
| Other comprehensive income (loss) | | | | |
| Exchange differences on translating foreign operations | 1,969,572 | 1,723,889 | 4,599,707 | 646,713 |
| Total comprehensive income (loss) | \$ (129,551) | \$ (408,401) | \$ 455,351 | \$ (3,494,290) |
| Net loss per share | | | | |
| - basic and diluted | \$ (0.03) | \$ (0.03) | \$ (0.05) | \$ (0.06) |
| Weighted average number of outstanding shares | | | | |
| - basic and diluted | 76,492,122 | 75,300,122 | 76,492,122 | 75,300,122 |

See accompanying notes to the condensed consolidated interim financial statements.

THEMAC Resources Group Limited
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian Dollars)
FOR THE SIX MONTHS ENDED DECEMBER 31

| | 2014 | 2013 |
|---|-------------------|--------------------|
| OPERATING ACTIVITIES | | |
| Net loss for the period | \$ (4,144,356) | \$ (4,141,003) |
| Add non-cash items: | | |
| Accrued interest expense | 42,699 | 40,649 |
| Depreciation | 14,765 | 18,755 |
| Share-based payments | - | 34,429 |
| Finance expense | 3,373,199 | 3,071,269 |
| | <u>(713,693)</u> | <u>(975,901)</u> |
| Net change in non-cash working capital items: | | |
| Receivables | (6,708) | 45,798 |
| Prepaid expenses and deposits | 1,923 | (24,326) |
| Trade and other payables | (5,811) | (289,685) |
| Amounts due to related parties | (165,950) | 268,322 |
| Payables related to deferred exploration and evaluation | 39,971 | 185,781 |
| Cash provided by (used in) operating activities | <u>(850,268)</u> | <u>(790,011)</u> |
| INVESTING ACTIVITIES | | |
| Deferred exploration and development expenditures | (872,740) | (1,175,784) |
| Bonds on Copper Flat Project | 17,609 | (139,040) |
| Cash used in investing activities | <u>(855,131)</u> | <u>(1,314,824)</u> |
| FINANCING ACTIVITIES | | |
| Cash received from loan advances | 1,952,224 | 1,686,609 |
| Cash provided by financing activities | <u>1,952,224</u> | <u>1,686,609</u> |
| Effect of foreign exchange translation on cash | <u>20,779</u> | <u>18,251</u> |
| Net changes in cash position | 267,604 | (399,975) |
| Cash position, beginning of period | 57,981 | 462,910 |
| Cash position, end of period | <u>\$ 325,585</u> | <u>\$ 62,935</u> |

Supplemental disclosure with respect to cash flows (Note 11)

See accompanying notes to the condensed consolidated interim financial statements.

THEMAC Resources Group Limited
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
(Unaudited)
(Expressed in Canadian Dollars)

| | Amount | Value | Warrants | Share-based payment reserve | Foreign currency translation reserve | Deficit | Total |
|-------------------------------------|------------|---------------|---------------|-----------------------------------|---|-----------------|---------------|
| Balance, June 30, 2013 | 75,300,122 | \$ 18,906,731 | \$ 10,072,430 | \$ 3,235,203 | \$ 1,733,156 | \$ (19,103,907) | \$ 14,843,613 |
| Share-based payments | - | - | - | 90,647 | - | - | 90,647 |
| Comprehensive loss for the period | - | - | - | - | 646,713 | (4,141,003) | (3,494,290) |
| Balance, December 31, 2013 | 75,300,122 | 18,906,731 | 10,072,430 | 3,325,850 | 2,379,869 | (23,244,910) | 11,439,970 |
| Shares issued for debt (Note 10) | 1,192,000 | 107,280 | - | - | - | - | 107,280 |
| Share-based payments | - | - | - | 320,867 | - | - | 320,867 |
| Comprehensive loss for the period | - | - | - | - | (257,426) | (4,034,753) | (4,292,179) |
| Balance, June 30, 2014 | 76,492,122 | 19,014,011 | 10,072,430 | 3,646,717 | 2,122,443 | (27,279,663) | 7,575,938 |
| Share-based payments | - | - | - | 13,390 | - | - | 13,390 |
| Comprehensive income for the period | - | - | - | - | 4,599,707 | (4,144,356) | 455,351 |
| Balance, December 31, 2014 | 76,492,122 | \$ 19,014,011 | \$ 10,072,430 | \$ 3,660,107 | \$ 6,722,150 | \$ (31,424,019) | \$ 8,044,679 |

See accompanying notes to the condensed consolidated interim financial statements.

THEMAC Resources Group Limited
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)
(Expressed in Canadian Dollars)
DECEMBER 31, 2014

1. NATURE OF OPERATIONS AND GOING CONCERN

THEMAC Resources Group Limited (“THEMAC” or the “Company”) was incorporated on February 24, 1997 under the Business Corporations Act (Yukon) by registration of its Articles of Incorporation. The Company is in the business of acquiring, exploring, and developing natural resource properties. The address of the Company’s registered office is #700 – 510 West Hastings Street, Vancouver, BC, V6B 1L8, Canada.

The Company has one operating segment, which is the exploration and development of its mineral property. The Company’s assets are distributed in two geographic regions, Canada and the United States of America; however the assets in Canada are not significant.

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business for the foreseeable future. The Company incurred a loss of \$4,144,356 for the period ended December 31, 2014, and had a working capital deficiency of \$50,464,688 at December 31, 2014. In addition, the Company’s forecast cash requirements for the next twelve months exceeds the undrawn amount available under the Company’s loan agreement with Tulla Resources Group Pty Ltd. (“Tulla”) (see Notes 7 and 15). These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern. The continued support of shareholders and the ability to raise funds through the issuance of equity or debt will be required in order to enable the Company to continue and to develop the Copper Flat project. Realization values may be substantially different from carrying values, as shown, and these consolidated financial statements do not give effect to the adjustment that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Basis of Presentation

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company’s June 30, 2014 audited consolidated annual financial statements with the exception of newly adopted standards as disclosed in Note 3.

The consolidated financial statements of the Company are presented in Canadian dollars, which is the functional currency of the parent company.

These consolidated financial statements were authorized for issuance by the Company’s board of directors on February 4, 2015.

2. BASIS OF PREPARATION (cont'd...)

Significant accounting judgments and estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect reported amounts of assets, liabilities, income and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, income and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual results may differ from these estimates and judgments.

Accounts that require significant estimates as the basis for determining the stated amounts include mineral properties, deferred exploration and evaluation, asset retirement obligation and share-based payments. Depreciation and depletion of mineral properties and deferred exploration and evaluation are dependent upon resource estimates which are determined with the exercise of judgment. Share-based payments expense is calculated using the Black-Scholes valuation model which requires significant judgment as to the consideration, such as stock option lives, forfeiture rates and stock volatility; a detailed disclosure of management's estimates with respect to the pricing model is found in Note 9.

In estimating the asset retirement obligation provision, the Company makes assumptions about the required activities which will occur into the future including the cost and timing of such activities. The ultimate financial impact is not clearly known as decommissioning costs and techniques are subject to change, as are legal, regulatory, environmental, political, safety and other such considerations. In arriving at amounts recorded, assumptions and estimates are made on ultimate settlement amounts in discussion with the Company's management and professional staff.

The most significant judgment relates to determination of the functional currency for both the Company and its wholly owned foreign subsidiary. Management has assessed various factors including the costs of inputs and has determined the functional currency of its subsidiary, New Mexico Copper Corporation ("NMCC"), to be the US Dollar.

An assessment of any impairment of mineral properties deferred exploration and evaluation costs is dependent upon estimates of fair value that take into account factors such as resources, economic, and market conditions. The Company has judged that no such impairment exists.

THEMAC Resources Group Limited
Notes to the Condensed Consolidated Interim Financial Statements
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3. SIGNIFICANT ACCOUNTING POLICIES

New standards, interpretations and amendments adopted

As of July 1, 2014, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The Company has adopted these new and amended standards without any significant effect on its financial statements.

- IAS 32 (Amendment) New standard that clarifies requirements for offsetting financial assets and financial liabilities.
- IAS 36 (Amendment) This amendment addresses the disclosure of information regarding the recoverable amount of impairment assets as the amount is based on fair value less costs of disposal.
- IFRIC 21 This is an interpretation of IAS 37, *Provisions, contingent liabilities and contingent assets*. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event, known as an obligating event. The interpretation clarifies that the obligation event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

New standards not yet adopted

IFRS 9 Financial Instruments (Revised)

IFRS 9 was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing derecognition requirements from IAS 39 *Financial instruments: recognition and measurement*. The revised financial liability provisions maintain the existing amortised 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. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The impact of IFRS 9 on the Company's financial instruments has not yet been determined.

4. PREPAID EXPENSES AND DEPOSITS

Prepaid expenses and deposits are integrated as follows:

| | December 31, 2014 | June 30, 2014 |
|---|----------------------|------------------|
| Advances to vendors and contractors related to the mineral property | \$ 15,169 | \$ 16,674 |
| Advances to other vendors and contractors | 1,839 | - |
| Prepaid insurance | 10,747 | 28,634 |
| Lease and rent deposits | 38,195 | 21,293 |
| | <u>\$ 65,950</u> | <u>\$ 66,601</u> |

THEMAC Resources Group Limited
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)
(Expressed in Canadian Dollars)
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5. PROPERTY AND EQUIPMENT

| | Land | Vehicles | Furniture and Equipment | Total |
|---------------------------------|--------------|-----------|----------------------------|--------------|
| Cost | | | | |
| Balance, June 30, 2013 | \$ 2,522,880 | \$ 84,880 | \$ 883,434 | \$ 3,491,194 |
| Additions | 104,385 | - | - | 104,385 |
| Disposals | - | (22,740) | (7,337) | (30,077) |
| Net exchange differences | 41,735 | 2,248 | 13,663 | 57,646 |
| Balance, June 30, 2014 | 2,669,000 | 64,388 | 889,760 | 3,623,148 |
| Net exchange differences | 231,250 | 5,579 | 77,065 | 313,894 |
| Balance, December 31, 2014 | \$ 2,900,250 | \$ 69,967 | \$ 966,825 | \$ 3,937,042 |
| Accumulated Depreciation | | | | |
| Balance, June 30, 2013 | \$ - | \$ 27,044 | \$ 70,412 | \$ 97,456 |
| Depreciation | - | 15,331 | 92,104 | 107,435 |
| Disposals | - | (10,905) | - | (10,905) |
| Net exchange differences | - | 875 | 854 | 1,729 |
| Balance, June 30, 2014 | - | 32,345 | 163,370 | 195,715 |
| Depreciation | - | 6,711 | 45,237 | 51,948 |
| Net exchange differences | - | 3,088 | 16,083 | 19,171 |
| Balance, December 31, 2014 | \$ - | \$ 42,144 | \$ 224,690 | \$ 266,834 |
| Net Book Value | | | | |
| As at June 30, 2014 | \$ 2,669,000 | \$ 32,043 | \$ 726,390 | \$ 3,427,433 |
| As at December 31, 2014 | \$ 2,900,250 | \$ 27,823 | \$ 742,135 | \$ 3,670,208 |

Depreciation of \$37,183 (2013 - \$17,417) has been capitalized to deferred exploration and evaluation expenditures.

THEMAC Resources Group Limited
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(Unaudited)
(Expressed in Canadian Dollars)
DECEMBER 31, 2014

6. MINERAL PROPERTY

Copper Flat Project

| | Mineral property | Deferred exploration and evaluation | Total |
|----------------------------|---------------------|---|---------------|
| Balance, June 30, 2013 | \$ 27,126,767 | \$ 21,712,810 | \$ 48,839,577 |
| Additions | - | 2,078,133 | 2,078,133 |
| Net exchange differences | 423,623 | 340,911 | 764,534 |
| Balance, June 30, 2014 | 27,550,390 | 24,131,854 | 51,682,244 |
| Additions | - | 886,031 | 886,031 |
| Net exchange differences | 2,389,342 | 2,091,313 | 4,480,655 |
| Balance, December 31, 2014 | \$ 29,939,732 | \$ 27,109,198 | \$ 57,048,930 |

Pursuant to the completion of its obligations under an acquisition agreement, the Company controls 100% of the mineral rights of the Copper Flat Project in New Mexico, USA.

The property is subject to a 3.25% net smelter return royalty, and quarterly advance royalty payments of US\$50,000 (for copper prices under US\$2.00/lb) or US\$112,500 (for copper prices greater than \$2.00/lb).

On September 9, 2010, the Company entered into an option agreement to acquire the water rights related to Copper Flat. The Company has paid US\$1,500,000 in connection with the agreement and is required to pay US\$700,000 within 60 days after the Minerals Division of the New Mexico Energy, Minerals and Natural Resources Department issues a permit for the commercial operation of the mine, or on August 1, 2018, whichever occurs first.

Bonds and deposits

As at December 31, 2014, the Company has posted bonds of \$216,203 (US\$186,366) (June 30, 2014 – \$198,964 (US\$186,366)) in connection with the drilling permits for Copper Flat and deposits of \$140,484 (US\$121,096) (June 30, 2014 - \$146,178 (US\$136,922)) posted with the Bureau of Land Management pursuant to a cost recovery agreement.

Asset Retirement Obligation

The Company has set up an asset retirement obligation in connection with certain possible environmental liabilities resulting from work done at the Copper Flat project.

| | December 31, 2014 | June 30, 2014 |
|----------------------------------|----------------------|------------------|
| Balance, beginning of the period | \$ 173,243 | \$ 258,128 |
| Additions | - | (89,147) |
| Net exchange differences | 15,010 | 4,262 |
| Balance, end of the period | \$ 188,253 | \$ 173,243 |

THEMAC Resources Group Limited
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(Expressed in Canadian Dollars)
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7. LOAN PAYABLE

| | Principal | Finance Expense | Total |
|----------------------------|---------------|--------------------|---------------|
| Balance, June 30, 2013 | \$ 29,637,683 | \$ 5,452,479 | \$ 35,090,162 |
| Additions | 2,911,775 | 6,254,552 | 9,166,327 |
| Balance, June 30, 2014 | 32,549,458 | 11,707,031 | 44,256,489 |
| Additions | 1,952,224 | 3,373,199 | 5,325,423 |
| Balance, December 31, 2014 | \$ 34,501,682 | \$ 15,080,230 | \$ 49,581,912 |

The Company has a loan agreement (the "Loan") with Tulla, a firm that invests in natural resources. Mr. Kevin Maloney, who is Chairman of THEMAC is also director of Tulla. The Loan bears interest at 20% per annum. The Loan can be repaid by the Company at any time without penalty, and is payable on demand. Tulla has not made demand for payment.

The Loan has a maximum principal amount of \$35,000,000. As at December 31, 2014, the undrawn balance available is \$498,318.

8. PROPERTY OBLIGATION

During the year ended June 30, 2013, the Company entered into an agreement, as subsequently amended, ("Fancher Agreement") with a local rancher to purchase 1,220 acres of land within the Copper Flat Project area. The land is subject to a grazing lease which expires in 2015 and may be terminated with 30 days' written notice.

The total purchase price of the land is US\$2,500,000 ("Purchase Price") of which US\$325,000 (the "Initial Payment") was paid during the year ended June 30, 2013. The Company will pay installments of US\$125,000 on the second, third and fourth anniversaries of the Initial Payment and the balance of US\$1,800,000 ("Final Payment") on or before the fifth anniversary of the Initial Payment.

Interest accrues at a rate of 3.5%, adjusted to changes in LIBOR, per year on the Purchase Price less installments paid to date.

If the Company has not, before the fifth anniversary of the Initial Payment, obtained all permits and approvals it deems necessary for the commercial operation of the Copper Flat Project, the Final Payment may be deferred for not more than five additional years if the Company makes ongoing annual installments of US\$125,000 until the Final Payment (which will be reduced by the additional installments) and is making satisfactory progress toward obtaining such permits.

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DECEMBER 31, 2014

8. PROPERTY OBLIGATION (cont'd...)

| | December 31, 2014 | June 30, 2014 |
|--|----------------------|------------------|
| Balance, beginning of the period | \$ 2,416,438 | \$ 2,193,580 |
| Initial recognition of property obligation | - | 104,385 |
| Accrued interest | 42,699 | 82,092 |
| Net exchange differences | 211,188 | 36,381 |
| Balance, end of period | 2,670,325 | 2,416,438 |
| Payable within the next fiscal year | (292,120) | (227,858) |
| Long-term portion | \$ 2,378,205 | \$ 2,188,580 |

If the Company fails to make any payment under the terms of the Fancher Agreement, the vendors may issue notice of default which allows for a 30 day remedy period. If the period lapses without remedy, the vendors may elect to terminate the agreement, retain all payments made to date under the agreement and retain the land.

9. EQUITY

a) Authorized share capital

Unlimited common shares without par value.

b) Issued and fully paid

The Company did not complete any private placements during the period ended December 31, 2014 or the year ended June 30, 2014.

c) Warrants

The continuity of warrants is as follows:

| | Warrants outstanding | Weighted average exercise price |
|---|-------------------------|---------------------------------------|
| Balance, June 30, 2013, June 30, 2014 and December, 2014 | 50,500,000 | \$0.33 |

Warrants outstanding and exercisable as at December 31, 2014 are as follows:

| Grant date | Warrants outstanding | Weighted average exercise price | Expiry date |
|---------------|-------------------------|------------------------------------|---------------|
| March 4, 2011 | 10,500,000 | \$0.28 | March 4, 2016 |
| March 4, 2011 | 40,000,000 | 0.34 | March 4, 2016 |
| | 50,500,000 | \$0.33 | |

THEMAC Resources Group Limited
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9. EQUITY (cont'd...)

d) Stock options

The Company has adopted a formal stock option plan (the "Plan"). The Plan is a fixed plan and reserves up to 15,060,024 common shares for issuance at the time of the grant of a stock option under the Plan. Stock options can be granted for a term not to exceed ten years. Stock options are granted with an exercise price in accordance with the TSX Venture Exchange policy.

The continuity of stock options is as follows:

| | Options outstanding | Weighted average exercise price |
|----------------------------|------------------------|---------------------------------------|
| Balance on June 30, 2013 | 7,530,012 | \$ 0.47 |
| Granted | 7,392,857 | 0.07 |
| Re-priced | 3,532,515 | 0.15 |
| Forfeited and expired | (5,509,147) | 0.57 |
| Balance on June 30, 2014 | 12,946,237 | 0.11 |
| Granted | 495,835 | 0.05 |
| Balance, December 31, 2014 | 13,442,072 | \$ 0.11 |

Stock options outstanding and exercisable as at December 31, 2014 are as follows:

| Options Outstanding | Options Exercisable | Weighted average exercise price | Expiry date |
|------------------------|------------------------|---------------------------------------|-------------------|
| 258,983 | 258,983 | \$ 0.51 | March 4, 2016 |
| 108,628 | 108,628 | 0.60 | March 4, 2016 |
| 1,681,726 | 1,681,726 | 0.15 | March 4, 2016 |
| 367,611 | 367,611 | 0.07 | March 4, 2016 |
| 200,000 | 200,000 | 0.15 | March 27, 2016 |
| 200,000 | 200,000 | 0.15 | May 6, 2016 |
| 75,000 | 75,000 | 0.15 | December 21, 2016 |
| 675,789 | 675,789 | 0.15 | August 24, 2017 |
| 200,000 | 200,000 | 0.15 | January 10, 2018 |
| 500,000 | 500,000 | 0.15 | February 14, 2018 |
| 350,920 | - | 0.07 | June 30, 2018 |
| 1,653,254 | 1,250,000 | 0.10 | June 30, 2018 |
| 495,835 | - | 0.05 | June 30, 2018 |
| 6,674,326 | 6,674,326 | 0.07 | April 24, 2019 |
| 13,442,072 | 12,192,063 | \$ 0.11 | |

THEMAC Resources Group Limited
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(Unaudited)
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9. EQUITY (cont'd...)

d) Stock options (cont'd...)

During the year ended June 30, 2014, the Company re-priced 3,900,126 stock options having an exercise price of \$0.37 to \$0.68 per share to a weighted average exercise price of \$0.14 per share. The re-pricing of options led to additional share-based payments expense of \$75,993. The weighted average assumptions used for the Black-Scholes valuation of re-priced options were annualized volatility of 138.97%, risk-free interest rate of 1.22%, expected life of 2.63 years and a dividend rate of Nil%.

e) Share-based payments

During the period ended December 31, 2014, the Company granted 495,835 options (2013 – Nil) and recognized total share-based payments for options vesting and cancelled in the period of \$13,390 (2013 - \$90,647). Inclusive of the stock option re-pricing, share-based payments expense of \$Nil (2013 –\$34,429) was recognized in the statement of comprehensive income (loss) and \$13,390 (2013 - \$56,218) was capitalized to exploration and evaluation assets.

The following weighted average assumptions were used for the valuation of stock options:

| | 2014 | 2013 |
|--------------------------|---------|------|
| Risk-free interest rate | 1.20% | - |
| Expected life of options | 3 years | - |
| Annualized volatility | 159.79% | - |
| Dividend rate | 0.00% | - |

10. PAYMENTS TO KEY MANAGEMENT PERSONNEL AND RELATED PARTY TRANSACTIONS

Management Compensation

The aggregate of amounts paid or accrued to parties not at arm's length to the Company for the periods ended December 31, 2014 and 2013 consist of the following:

| | 2014 | 2013 |
|--|------------|------------|
| Payments to key management personnel: | | |
| Cash compensation | \$ 225,296 | \$ 172,500 |
| Stock-based compensation granted to senior management | 13,390 | 73,497 |
| Directors' fees | 175,000 | 175,000 |
| Related party transactions: | | |
| Advances received on Tulla loan (Note 7) | 1,952,224 | 1,686,609 |
| Interest accrued on Tulla loan (Note 7) (no payments made) | 3,373,199 | 3,071,269 |

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10. PAYMENTS TO KEY MANAGEMENT PERSONNEL AND RELATED PARTY TRANSACTIONS
(cont'd...)

During the year ended June 30, 2014, the Company issued 1,192,000 shares to five directors of the Company to settle \$107,280 in accrued directors' fees.

Amounts due to related parties consist of amounts due for expense reimbursements and accrued fees for compensation disclosed above. Amounts are non-interest bearing and due on demand.

11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

During the period ended December 31, 2014, the Company entered into the following non-cash transactions:

- Incurred \$66,755 (2013 - \$240,695) of deferred Copper Flat exploration and evaluation expenditures through trade and other payables.
- Incurred \$13,390 (2013 - \$56,218) of deferred Copper Flat exploration and evaluation expenditures through share-based payments.
- Recognized \$Nil (2013 - \$10,441) of deferred Copper Flat exploration and evaluation expenditures through the accrual of asset retirement obligations.
- Recognized depreciation of \$37,183 (2013 - \$35,238) in deferred Copper Flat exploration and evaluation expenditures.

12. SEGMENTED INFORMATION

The Company operates in one business segment which is the exploration of its mineral property in New Mexico, USA. The Company's non-current assets are located in the United States of America.

13. CAPITAL DISCLOSURES

The Company considers its loan payable and share capital as capital. The Company's objective when managing capital is to maintain a flexible capital structure for the benefit of its shareholders. The Company's main source of funds is from drawdowns on its loan from Tulla and the issuance of common shares.

The Company keeps its cash only in chequing accounts with major Canadian, Australian and US institutions of high credit worthiness. At December 31, 2014, the Company had cash of \$325,585 (June 30, 2014 - \$57,981).

The Company is not subject to any externally imposed capital requirements.

14. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, bonds, trade and other payables, amounts due to related parties, loan payable and property obligation. The fair value of cash is measured on the statement of financial position using Level 1 of the fair value hierarchy as it is based on unadjusted quoted prices in active market. The fair value of receivables, bonds, trade and other payables and loan payable approximate their carrying values due to their short-term nature.

The property obligation is carried at amortized cost. The fair value of the property obligation approximates its carrying value as it reflects the amount payable as at the reporting date to discharge the liability.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Currency Risk

The Company is subject to currency risks. The Company's Copper Flat project is located in the United States of America, and many of the Company's expenditures on this project are denominated in US dollars. The Company maintains its principal office in Canada, and has monetary assets and liabilities in Canadian and US dollars. The currency exchange rate between the US and Canadian dollars fluctuated from a low of US\$0.86 to a high of US\$0.94 for CAD\$1 during the period ended December 31, 2014. The Company has estimated that a change of 10% in the currency rate could affect the total comprehensive income (loss) by approximately \$5,812,000. As such, the Company's results of operations are subject to foreign currency fluctuation risks and such fluctuations may adversely affect the financial position and operating results of the Company. The Company has not undertaken to mitigate foreign currency risk at this time, and does not use derivative instruments to reduce its exposure to currency risk.

Interest rate and credit risk

The Company has a cash balance, taxes recoverable, trade and other payables, amounts due to related parties, loan payable (Note 7) and property obligation (Note 8). Amounts owed to related parties, excluding the loan payable, do not bear interest, and, therefore, these amounts are not exposed to interest rate variations. The loan payable bears an interest rate of 20% per annum on outstanding amounts. The property obligation bears interest at a rate of 3.5% per annum adjusted for fluctuations in LIBOR. While changes in LIBOR were insignificant in the period presented, it is possible that adjustments in the future could be significant.

Receivables typically consist of Canadian Goods and Services Tax ("GST") due from the Federal Government of Canada and bonds for the Copper Flat project refunded after period end. Management believes that the credit risk with respect to receivables is remote. In addition, the Company is satisfied with the credit rating of the banks where the cash is held.

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14. FINANCIAL INSTRUMENTS (cont'd...)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities are comprised of trade and other payables, due to related parties, loan payable and property obligation. The Company frequently assesses its liquidity position by reviewing the timing of amounts due and future obligations compared to the Company's current cash position and expected cash receipts. The objective of the Company is to manage its liquidity risk by maintaining sufficient cash to meet its anticipated operational needs. Due to the relatively low cash position of the Company, the Company is exposed to liquidity risk.

The Company has identified the outstanding Tulla Loan and negative working capital position as a significant liquidity risk to the Company. Tulla has not made demand for payment of the Loan to date.

15. SUBSEQUENT EVENT

Subsequent to the period ended December 31, 2014, the Company

- a) Issued 2,908,000 shares at a price of \$0.05 per share to settle \$145,400 in outstanding directors' fees.
- b) Drew \$175,000 on the Tulla Loan (Note 7).