TERRAX MINERALS INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

April 30, 2015

(Expressed in Canadian Dollars)

NOTICE TO READER

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

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management.

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

TERRAX MINERALS INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars-unaudited)

	Notes		April 30, 2015		January 31, 2015
ASSETS					
Current assets					
Cash and cash equivalents	4	$	1,142,327	$	2,486,412
Receivables	5		83,898		47,726
Prepaids and deposits			26,290		63,790
			1,252,515		**2,597,928**
Non-current assets					
Security deposit	7		70,000		70,000
Exploration and evaluation assets	8		6,549,612		5,410,707
TOTAL ASSETS		**$**	**7,872,127**	**$**	**8,078,635**
LIABILITIES					
Current liabilities					
Trade payables and accrued liabilities	9, 10	$	356,105	$	349,471
TOTAL LIABILITIES			**356,105**		**349,471**
SHAREHOLDERS' EQUITY					
Share capital	11		12,137,490		12,136,174
Share-based payment reserve	11, 12		2,498,923		2,275,505
Deficit			(7,120,391)		(6,682,515)
TOTAL SHAREHOLDERS' EQUITY			**7,516,022**		**7,729,164**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**7,872,127**	**$**	**8,078,635**

Nature and continuance of operations (Note 1)
Subsequent event (Note 15)

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

TERRAX MINERALS INC.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars-unaudited)

	Notes		Three months ended April 30, 2015		Three months ended April 30, 2014
EXPENSES					
Consulting	10	$	41,725	$	18,350
Office, rent and miscellaneous	10		18,924		9,755
Professional fees			1,037		12,506
Share-based payments	11		223.894		795,217
Transfer agent, filing fees and shareholder communications			131,967		95,260
Travel and related costs			25,748		25,237
			(443,295)		(956,325)
OTHER ITEMS					
Interest income			5,419		5,951
COMPREHENSIVE LOSS FOR THE YEAR		$	(437,876)	$	(950,374)
Loss per share - basic and diluted		$	(0.01)	$	(0.02)
Weighted average number of common shares outstanding – basic and diluted			54,122,109		42,430,536

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

TERRAX MINERALS INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars - unaudited)

		Share capital								
	Notes	Number of shares		Amount		Share-based payment reserve		Deficit		Total
Balance at January 31, 2014		**39,918,140**	**$**	**7,738,905**	**$**	**1,230,819**	**$**	**(4,819,779)**	**$**	**4,149,945**
Comprehensive loss:										
Loss for the year		-		-		-		(950,374)		(950,374)
Transactions with owners, in their capacity as owners, and other transfers:										
Shares issued to acquire exploration and evaluation assets	8, 11	175,000		118,250		-		-		118,250
Shares issued on exercise of options	11	500,000		50,000		-		-		50,000
Shares issued on exercise of warrants	11	380,900		94,270		-		-		94,270
Shares issued for private placements	11	2,800,000		1,260,000		-		-		1,260,000
Share issuance costs	11	-		(56,963)		25,463		-		(31,500)
Reallocation of share-based payment reserves	12	-		22,484		(22,484)		-		-
Share based payments	12	-		-		795,217		-		795,217
Balance at April 30, 2014		**43,774,040**	**$**	**9,226,947**	**$**	**2,029,015**	**$**	**(5,770,154)**	**$**	**5,485,808**
Balance at January 31, 2015		**54,121,826**	**$**	**12,136,174**	**$**	**2,275,505**	**$**	**(6,682,515)**	**$**	**7,729,164**
Comprehensive loss:										
Loss for the year		-		-		-		(437,876)		(437,876)
Transactions with owners, in their capacity as owners, and other transfers:										
Shares issued on exercise of warrants	11	2,800		840		-		-		840
Reallocation of share-based payment reserves	12	-		476		(476)		-		-
Share based payments	12	-		-		223,894		-		223,894
Balance at April 30, 2015		**54,124,626**	**$**	**12,137,490**	**$**	**2,498,923**	**$**	**(7,120,391)**	**$**	**7,516,022**

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

TERRAX MINERALS INC.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Three months ended April 30, 2015	Three months ended April 30, 2014
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss	$ (437,876)	$ (950,374)
Items not involving cash		
Stock-based compensation	223,894	795,217
Changes in non-cash working capital items:		
Receivables	(36,171)	(35,428)
Trade payables and accrued liabilities	(325,770)	265,341
Prepaids and deposits	37,500	(175,000)
Net cash used in operating activities	(538,423)	(100,244)
INVESTING ACTIVITIES		
Security Deposit	-	(70,000)
Expenditures on exploration and evaluation assets	(806,502)	(652,220)
Net cash used in investing activities	(806,502)	(722,220)
FINANCING ACTIVITIES		
Advances on private placement		
Issuance of common shares, net of share issuance costs	840	1,372,771
Net cash provided by financing activities	840	1,372,771
Increase (decrease) in cash and cash equivalents	(1,344,085)	550,307
Cash and cash equivalents, beginning of period	2,486,412	1,655,703
Cash and cash equivalents, end of period	$ 1,142,327	$ 2,206,010

Supplemental cash flow information (Note 14)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

TerraX Minerals Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on August 1, 2007 and its principal activity is the exploration and development of mineral properties in Canada. The Company trades on the TSX Venture Exchange ("TSX-V").

The head office of the Company is located at 2300-1066 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3X2. The registered address and records office of the Company is located at 1000-840 Howe Street, Vancouver, British Columbia, Canada, V6Z 2M1.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at April 30, 2015 the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. These uncertainties may cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management believes that the Company has sufficient funds to finance operating costs over the next twelve months (Note 13).

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

These financial statements were authorized for issue on June 29, 2015 by the directors of the Company.

Statement of compliance to International Financial Reporting Standards ("IFRS")
These unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee.

These unaudited condensed interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended January 31, 2015.

Basis of presentation
These financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, the Company's functional currency, unless otherwise noted.

Significant estimates and assumptions
The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include stock-based awards and payments assumptions, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets and provisions for restoration and environmental obligations.

Significant judgments
The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

Exploration and evaluation expenditures
Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

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

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Farm outs
The Company does not record any expenditure made by the farmee on its account. It also does not recognize any gain or loss on its exploration and evaluation farm out arrangements but reallocates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the farmee is credited against costs previously capitalized.

Share-based payments
The Company operates a stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.
Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Impairment of assets

The carrying amount of the Company's long-lived assets (which include exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.
The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Income taxes (cont'd)

Flow-through shares:
The Company renounces qualifying Canadian exploration expenditures to certain share subscribers who subscribe for flow-through shares in accordance with the Income Tax Act (Canada). Under these provisions, the Company is required to incur and renounce qualifying expenditures on a timely basis for the respective flow-through subscriptions and, accordingly, it is not entitled to the related tax deductions and tax credits for such expenditures.

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("flow-through tax liability") and included in trade payables and accrued liabilities. A deferred tax liability is recognized and the flow-through tax liability will be reversed provided that the Company has renounced, or there is reasonable expectation that the Company will renounce, the tax benefits associated with the related expenditures. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability.

Restoration and environmental obligations
The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

As at April 30, 2015, the Company has no known material restoration and environmental obligations.

Adoption of new and revised standards
The following standards, amendments and interpretations have been adopted by the Company as of February 1, 2014. There was no impact on the financial statements as a result of the adoption of these standards, amendments and interpretations:

a) IFRS 8 Operating Segments;
b) IAS 32 Financial Instruments: Presentation;
c) IAS 36 Impairment of Assets; and
d) IFRIC 21 Levies.

(Expressed in Canadian dollars - unaudited)

3. ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after February 1, 2015 or later periods.

a) IFRS 9 Financial Instruments; and
b) IAS 16 and IAS 38 Property, Plant and Equipment and Intangibles

The above new standards or amendments to existing standards that have not been early adopted in these financial statements, is not expected to have a material effect on the Company's future results and financial position.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's financial statements

4. CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents are as follows:

		April 30, 2015	January 31, 2015
Cash at bank	$	20,049	$ 86,135
Term deposits		1,122,278	2,400,277
	$	1,142,327	$ 2,486,412

At April 30, 2015, the Company has variable rate investments of $1,122,278 (January 31, 2015 - $2,400,277) yielding a variable interest rate of prime less 1.70%. The term deposits allow for early redemption after the first 30 days of investment and mature on various dates.

5. RECEIVABLES

Receivables consist of the following:

		April 30, 2015		January 31, 2015
GST receivable	$	79,142	$	42,680
Interest receivable		4,756		5,046
	$	83,898	$	47,726

(Expressed in Canadian dollars - unaudited)

7. SECURITY DEPOSITS

A security deposit of $70,000 has been deposited with the minister of Aboriginal Affairs and Northern Development Canada for a land use permit issued by the Mackenzie Valley Land and Water Board ("MVLWB") for the Company's exploration properties in the Northwest Territories. The deposit will be refunded once the land use permit ends and a final report describing land use activities during the term of the permit and subsequent reclamation activities has been submitted to the MVLWB.

8. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mining properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

he following are details of the Company's exploration and evaluation assets:

	Northbelt	Walsh Lake	Stewart	Central Canada	Total
Balance, January 31, 2014	996,932	22,492	1,295,767	297,844	2,613,035
Acquisition costs	70,176	36,848	62,000	10,000	179,024
Recovery of costs	-	-	-	(10,000)	(10,000)
	70,176	36,848	62,000	-	169,024
Exploration costs					
Assays and drilling	938,482	1,920	-	-	940,402
Consulting (Note 10)	750,615	18,167	569	800	770,151
Field expenses	754,170	2,500	1,800	-	758,470
Geophysical	89,146	11,979	58,500	-	159,625
	2,532,413	34,566	60,869	800	2,628,648
Balance, January 31, 2015	$3,599,521	$ 93,906	$1,418,636	$ 298,644	$ 5,410,707
Acquisition costs	2,914	-	-	-	2,914
	2,914	-	-	-	2,914
Exploration costs					
Assays and drilling	759,397	-	-	-	759,397
Consulting (Note 10)	161,498	-	2,100	-	163,598
Field expenses	211,196	-	1,800	-	212,996
Geophysical	-	-	-	-	-
	1,132,091	-	3,900	-	1,135,991
Balance, April 30, 2015	$4,734,526	$ 93,906	$1,422,536	$ 298,644	$6,549,612

8. EXPLORATION AND EVALUATION ASSETS (Cont'd)

Yellowknife City Gold Project, Northwest Territories

The Yellowknife City Gold Project ("YCG") is comprised of the Northbelt and Walsh Lake properties in the Northwest Territories as well as additional claims and property interests that have been acquired and incorporated into the Northbelt property, as described in more detail below.

Northbelt Property
On December 17, 2012, the Company submitted an offer to acquire a 100% interest in certain mineral leases, collectively known as the Northbelt Property located in the Northwest Territories. As consideration, the Company paid $211,000.

During the year ended January 31, 2014, the Company acquired a 100% interest in additional mineral claims for consideration of $10,000, which have been incorporated into the Northbelt Property and paid annual lease payments of $17,374.

During the year ended January 31, 2015, the Company acquired a 100% interest in additional mineral claims for consideration of $13,926, which have been incorporated into the Northbelt Property. The Company also acquired a 100% interest in additional mineral claims for consideration by way of issuance of 75,000 common shares (issued, with a fair value of $56,250), which have also been incorporated into the Northbelt Property. The vendor will retain a 1% Net Smelter Royalty ("NSR"), of which 0.5% can be purchased by the Company at any time for $1,000,000.

To April 30, 2015, the Company has incurred $4,623,401 (January 31, 2015 - $3,490,970) in exploration work on the Northbelt Property.

In May 2013, the Company granted Osisko Gold Royalties Ltd. (formerly Virginia Mines Inc.) ("Osisko") an option to acquire a 2% smelter returns royalty on the Northbelt property. Osisko may exercise the option by payment of $2,000,000 within three months following the commencement of production. In consideration of granting the option, the Company received 20,000 common shares of Osisko at a market value of $10 per share, the value of which was applied to reduce the acquisitions costs recorded for Northbelt by $200,000 during the period. See Note 6.

Walsh Lake Property
On October 28, 2013, the Company entered into an option agreement to acquire a 100% interest in the Walsh Lake Property, which is contiguous with and immediately east of its Northbelt Property, for the following consideration:

- $5,000 (paid) and the issuance of 30,000 common shares (issued, with a fair value of $13,500) upon execution of the agreement;
- $10,000 (paid) and the issuance of 40,000 common shares (issued, with a fair value of $16,200) and incurring $25,000 in exploration work by October 28, 2014 (completed);
- $20,000, the issuance of 50,000 common shares and incurring an additional $55,000 in exploration work by October 28, 2015;
- $25,000, the issuance of 70,000 common shares and incurring an additional $70,000 in exploration work by October 28, 2016; and
- $30,000, the issuance of 70,000 common shares and incurring an additional $250,000 in exploration work by October 28, 2017.

The vendor will retain a 2% NSR, of which 1.5% can be purchased by the Company for $2,000,000.

To April 30, 2015, the Company has incurred $34,566 (January 31, 2015 - $34,566) in exploration work on the Walsh Lake Property.

8. EXPLORATION AND EVALUATION ASSETS (Cont'd)

Stewart Property, Newfoundland

On June 28, 2010, and as last amended on September 26, 2012, the Company entered into an option agreement to acquire a 100% interest in the Stewart Property located in the Burin Peninsula of Newfoundland. In consideration, the Company was required to pay $80,000 (paid), issue 295,000 common shares (issued, with a fair value of $103,600, of which 100,000 common shares with a fair value of $62,000 were issued during the year ended January 31, 2015 and 75,000 common shares with a fair value of $17,250 were issued during the year ended January 31, 2014) and incur $525,000 (incurred) in exploration work over a period of four years.

To April 30, 2015, the Company has paid $3,789 (January 31, 2015 - $3,789) in staking costs and incurred $1,235,147 (January 31, 2015 - $1,231,247) in exploration work on the Stewart Property, net of a $100,000 government grant received in April 2012.

The Stewart Property is subject to a 2% NSR. The Company has the right, at any time, to purchase 1% of the 2% NSR for $1,000,000.

Central Canada Property, Ontario

On December 11, 2009, and as amended on December 5, 2012, the Company entered into an option agreement to acquire a 100% interest in the Central Canada Property located in Northwest Ontario. In consideration, the Company was obligated to pay $68,000 (paid) (of which $20,000 was paid during the year ended January 31, 2014), issue 280,000 common shares (issued, with a fair value of $42,900) and incur $140,000 in exploration work over a period of four years.

On February 24, 2014, the Company had entered into an option agreement with Alberta Star Development Corp. ("Alberta Star"), a company related by a common director, whereby Alberta Star could earn up to a 60% interest in the Central Canada Property. In consideration, Alberta Star was obligated to make cash payments to the Company totaling $85,000 over a three year period (of which $10,000 was received during the year ended January 31, 2015) incur $500,000 in exploration work over a three year period. In December 2014 Alberta Star advised that, due to market conditions, it had elected not to continue with the exploration of the Central Canada property and abandoned its interest in the property.

To April 30, 2015, the Company has incurred $147,744 (January 31, 2017 - $147,744) in exploration work on the Central Canada Property.

The Central Canada Property is subject to a 2.5% NSR. The Company has the right, at any time, to purchase 1% of the 2.5% NSR for $1,000,000, or in increments of $500,000 per 0.5%. The Company is obligated to pay a pre-production royalty of $10,000 per year, which will continue annually until production commences on the Central Canada Property and this amount will be deducted from royalties payable by the Company. To April 30 2015, the Company has paid $40,000 for the annual pre-production royalty.

(Expressed in Canadian dollars - unaudited)

9. TRADE PAYABLES AND ACCRUED LIABILITIES

Trade payables and accrued liabilities consist of the following:

		April 30, 2015		January 31, 2015
Trade payables	$	336,105	$	219,447
Due to related parties (Note 9)		-		110,024
Accrued liabilities		20,000		20,000
	$	356,105	$	349,471

10. RELATED PARTY TRANSACTIONS

Related party balances

As at April 30 2015, $Nil (January 31, 2015 - $100,024) was due to directors or companies controlled by directors and recorded in trade payables and accrued liabilities. These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

Related party transactions

The Company's related parties include key management. Key management includes executive directors and non-executive directors. The remuneration of the key management of the Company as defined above was as follows:

		Three months ended		
		April 30, 2015		April 30, 2014
Rent and administrative services	$	18,000	$	9,000
Consulting fees		17,775		10,350
Geological consulting – Exploration and evaluation assets		135,575		117,566
	$	171,350	$	136,916

11. SHARE CAPITAL

Authorized share capital

Unlimited number of voting common shares without par value.

Issued share capital

At April 30, 2015 there were 54,124,626 issued and fully paid common shares (January 31, 2015 – 54,121,826).

2016

a) During the three months ended April 30, 2015 the Company received net proceeds of $840 from the exercise of 2,800 warrants at $0.30 per share.

(Expressed in Canadian dollars - unaudited)

11. SHARE CAPITAL (cont'

2015

b) During the three months ended April 30, 2014, the Company issued 175,000 common shares at a fair value of $118,250 towards consideration for the acquisition of exploration and evaluation assets (Note 7).

c) The Company completed a private placement of 1,500,000 units at $0.45 per unit for gross proceeds of $675,000. Each unit consists of one common share and one-half of one share purchase warrant, with each full warrant entitling the holder to purchase an additional common share at an exercise price of $0.51 per share until February 14, 2016. Finder's fees of $31,500 were paid with respect to a portion of this private placement along with the issuance of 70,000 finder's warrants exercisable at $0.51 until February 14, 2016, with a fair value of $25,463. The total fair value of $25,463 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 2 years, a risk-free interest rate of 1.03% and an expected volatility of 130.66%.

d) The Company completed a private placement whereby Alberta Star Development Corp. acquired 1,300,000 units of the Company at $0.45 per unit for gross proceeds of $585,000 (Note 7). Each unit consists of one common share and one-half of one share purchase warrant, with each full warrant entitling the holder to purchase an additional common share at an exercise price of $0.57 per share until February 28, 2016.

e) The Company received net proceeds of $50,000 from the exercise of 500,000 stock options at $0.10 per share and the fair value of these options of $25,463 was reclassified from share-based payment reserve to share capital.

f) The Company received net proceeds of $94,270 from the exercise of 280,900 warrants at $0.30 per share and 100,000 warrants at $0.10 per share.

Stock options

The Board of Directors of the Company has adopted a stock option plan which permits the Company to grant to directors, officers and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares and be exercisable for a period of up to five years from the date of grant. The number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant or individual conducting investor relations activities will not exceed 2% of the issued and outstanding common shares. Options granted typically vest on the grant date.

The changes in options during the three months ended April 30, 2015 and 2014 are as follows:

	Three months ended April 30, 2015			Three months ended April 30, 2014		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Options outstanding, beginning of the period	4,490,000	$	0.40	3,955,000	$	0.19
Options granted	650,000		0.38	1,050,000		0.75
Options exercised	-		-	(500,000)		0.10
Options expired	-		-	-		-
Options outstanding, end of the period	5,140,000	$	0.39	4,505,000	$	0.33
Options exercisable, end of the period	5,140,000	$	0.39	4,415,000	$	0.33

(Expressed in Canadian dollars - unaudited)

11. SHARE CAPITAL (cont'd)

Stock options (cont'd)

2016

On March 26, 2015 TerraX granted 650,000 stock options to consultants that can be exercised at $0.38 per share until March 26, 2018. These options vested immediately. The total fair value of $187,178 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 3 years, a risk-free interest rate of 0.57% and an expected volatility of 134.45%. The granting of these options resulted in a stock based compensation expense of $187,178 being recorded during the three months ended April 30, 2015.

The Company recorded a further $36,716 during the three months ended April 30, 2015 relating to the vesting of previously issued stock options.

2015

On March 14, 2014 the Company granted 1,050,000 stock options to directors and consultants that can be exercised at $0.75 per share until March 14, 2019. These options vested immediately. The total fair value of $661,698 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 5 years, a risk-free interest rate of 1.60% and an expected volatility of 123.81%. The granting of these options resulted in a stock based compensation expense of $661,698 being recorded during the three months ended April 30, 2014.

The following incentive stock options were outstanding and exercisable at April 30, 2015:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
2,050,000	2,050,000	$ 0.17	June 28, 2018
100,000	100,000	0.61	September 30, 2016
295,000	295,000	0.45	December 23, 2016
1,050,000	1,050,000	0.75	March 14, 2019
500,000	500,000	0.61	May 5, 2019
395,000	395,000	0.35	December 24, 2017
100,000	100,000	0.38	January 29, 2018
650,000	650,000	0.38	March 26, 2018
5,140,000	5,140,000		

As at April 30, 2015, the weighted average remaining life of options outstanding was 3.19 years.

Warrants

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
Balance as at January 31, 2014	6,713,479	0.28
Issued	5,488,738	0.51
Exercised	(2,210,900)	0.13
Balance as at January 31, 2015	9,991,317	$ 0.44
Exercised	2,800	0.30
Balance as at April 30, 2015	9,988,517	$ 0.44

(Expressed in Canadian dollars - unaudited)

11. SHARE CAPITAL (cont'd)

Warrants (cont'd)

The following warrants were outstanding and exercisable at April 30, 2015:

Number	Exercise Price	Expiry Date
3,143,543	$ 0.30	May 8, 2016
62,500	$ 0.30	May 30, 2016
1,187,480	$ 0.50	December 20, 2015
106,256	$ 0.50	December 27, 2015
820,000	$ 0.51	February 12, 2016
650,000	$ 0.57	February 28, 2016
2,803,000	$ 0.50	September 30, 2017
672,465	$ 0.50	October 8, 2017
543,273	$ 0.50	October 16, 2017
9,988,517		

As at April 30, 2015, the weighted average remaining life of warrants outstanding was 1.50 years.

12. SHARE-BASED PAYMENT RESERVE

The share-based payment reserve records items recognized as share-based payments until such time that the stock options and finders' warrants are exercised, at which time the corresponding amount will be transferred to share capital.

13. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

(Expressed in Canadian dollars - unaudited)

13. FINANCIAL RISK AND CAPITAL MANAGEMENT

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is therefore assessed as high.

Foreign exchange risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and other foreign currencies will affect the Company's operations and financial results. The Company operates in Canada and is, therefore, not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash balances at April 30, 2015 and no-interest bearing debt, therefore, interest rate risk is nominal.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the year.

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

Classification of financial instruments

Financial assets included in the statements of financial position are as follows:

	April 30, 2015	January 31, 2015
FVTPL:		
Cash and cash equivalents	$ 1,142,327	$ 2,486,412

Financial liabilities included in the statements of financial position are as follows:

	April 30, 2015	January 31, 2015
Non-derivative financial liabilities:		
Trade payables	$ 336,105	$ 219,447
Due to related parties	-	110,024
	$ 336,1051	$ 329,471

(Expressed in Canadian dollars - unaudited)

13. FINANCIAL RISK MANAGEMENT (cont'd)

Fair value

The fair value of the Company's financial assets and liabilities approximates their carrying amount.

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 or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at April 30, 2015 and January 31, 2015:

	As at April 30, 2015		
	Level 1	**Level 2**	**Level 3**
Cash and cash equivalents	$ 1,142,327	$ -	$ -
	As at January 31, 2015		
	Level 1	**Level 2**	**Level 3**
Cash and cash equivalents	$ 2,486,412	$ -	$ -

14. SUPPLEMENTAL CASH FLOW INFORMATION

During the three months ended April 30, 2015 and 2014 the Company incurred the following non-cash transactions that are not reflected in the statements of cash flows:

	Three months ended	
	April 30, 2015	**April 30, 2014**
Exploration expenditures included in trade payables and accrued liabilities	$ 332,403	$ 393,704
Fair value of shares issued for mineral property option payments	$ -	$ 118,250
Fair value of finders' warrants	$ -	$ 24,563
Fair value of stock options and finders warrants reallocated to share capital	$ 476	$ 22,484

15. SUBSEQUENT EVENTS

a) On May 12, 2013 TerraX entered into an agreement to grant an option to Osisko Exploration to purchase an additional 1.0% net smelter return royalty ("NSR") on its wholly-owned Yellowknife City Gold Project ("YCG") in the Northwest Territories. To purchase this option, Osisko Exploration will pay TerraX $1 Million in cash. The option entitles Osisko Exploration to purchase a 1.0% NSR on production from the properties that comprise the YCG by payment of an additional $2 Million within 3 months following commencement of production. This 1.0% NSR is in addition to the existing Osisko Exploration option to acquire a 2% NSR on YCG (subject to underlying royalties to certain property vendors, and payment of $2 Million within 3 months of the start of production from those properties). This transaction closed on June 17, 2015.

In conjunction with the acquisition of the NSR option, Osisko agreed to a private placement of 6,250,000 flow-through shares at $0.40 per share for gross proceeds of $2,500,000 which also closed on June 17, 2015. Osisko has been granted rights to participate in future production royalties held or created by TerraX following the private placement and *pro rata* financing participation rights. Osisko will be entitled to nominate one (1) director who will be put forward and included in management's nominees for directors at any meeting of TerraX shareholders, as long as Osisko holds at least 10% of the issued and outstanding shares of TerraX on a non-diluted basis.

b) On May 19, 2015 TerraX announced that it had agreed to a non-brokered private placement of up to 7,700,000 flow-through units at $0.45 per unit for gross proceeds of $3,492,000. Each unit will consist of one flow-through common share and one-half of one share purchase warrant, with each full warrant entitling the holder to purchase an additional common share at an exercise price of $0.55 per share for a period of three years from the date of closing.

   On June 5, 2015 TerraX completed a private placement of 5,000,000 flow-through shares at $0.40 per share for gross proceeds of $2,000,000 with CMP, a large Canadian institutional shareholder. There were no warrants issued to the subscriber in conjunction with this placement. A cash finder's fee was paid on this placement along with the issuance of 300,000 finders warrants exercisable at $0.55 per share until June 5, 2018. The size of the non-brokered flow-through private placement of $3.492 Million dollars announced May 19, 2015 at $0.45 per unit was reduced to accommodate this $2 Million investment by CMP.

b) On June 18, 2015 TerraX completed a second closing of its non-brokered private placement announced May 19, 2015 with the issuance of a further 1,058,100 flow-through units at $0.45 per unit and 125,000 flow-through common shares at $0.40 per share for aggregate gross proceeds for this tranche of $526,145. Each flow-through unit consists of one flow-through common share and one-half of one share purchase warrant, with each full warrant entitling the holder to purchase an additional common share at an exercise price of $0.55 per share until June 18, 2018. Cash finder's fees will be payable with respect to a portion of this placement along with the issuance, to certain finders, of 46,986 finders warrants exercisable at $0.55 until June 18, 2018.

c) On June 24, 2018 TerraX completed a third and final closing of its non-brokered private placement announced May 19, 2015 with the issuance of a further 385,000 flow-through common shares at $0.40 per share for gross proceeds for this tranche of $154,000. Cash finder's fees are payable with respect to this placement along with the issuance of 23,100 finders warrants exercisable at $0.55 until June 24, 2018.

   In addition, the Company also closed a non-brokered private placement of 145,000 non-flow-through units at $0.36 per unit announced June 23, 2015 for gross proceeds of $52,200. Each unit consists of one common share and one-half of one share purchase warrant, with each full warrant entitling the holder to purchase an additional common share at an exercise price of $0.55 per share until June 24, 2018.