ALDRIDGE
MINERALS INC.

Consolidated Financial Statements

For the Year Ended December 31, 2014
(Expressed in Canadian Dollars)

March 20, 2015

Independent auditor's report

To the Shareholders of
Aldridge Minerals Inc.

We have audited the accompanying consolidated financial statements of Aldridge Minerals Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2014
and December 31, 2013 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Aldridge Minerals Inc. and its subsidiaries as at December 31, 2014 and December 31, 2013 and their financial performance and cash flows for the years then ended in accordance with IFRS.

Emphasis of matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Aldridge Minerals Inc.'s ability to continue as a going concern.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Aldridge Minerals Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	As at December 31 2014	As at December 31 2013
ASSETS		
Current		
Cash and cash equivalents	**$ 16,657,397**	$ 7,055,868
Other receivables (Note 6)	**505,614**	429,441
Prepaid expenses	**201,680**	186,028
	17,364,691	7,671,337
Non-Current		
Exploration license deposits (Note 7(b))	**41,363**	71,786
Mineral property under development (Note 7(a))	**7,812,010**	2,476,462
Property and equipment (Note 8)	**4,773,365**	860,314
Other assets (Note 9)	**30,000**	97,915
	$ 30,021,429	$ 11,177,814
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 852,387**	$ 721,874
Due to related parties (Note 15)	**119,644**	31,886
	972,031	753,760
Non-Current		
Borrowings (Note 4, 10)	**9,573,433**	**-**
Deferred revenue (Note 4)	**2,457,819**	-
Environmental rehabilitation provision (Note 16)	**49,281**	49,281
Warrants (Note 4, 10)	**55,659**	**-**
Other liabilities (Note 11)	**187,205**	123,772
	13,295,428	926,813
SHAREHOLDERS' EQUITY		
Share capital (Note 12)	**68,712,471**	59,042,061
Contributed surplus	**13,664,962**	13,336,689
Deficit	**(65,650,757)**	(62,127,379)
Accumulated other comprehensive loss	**(675)**	(370)
	16,726,001	10,251,001
	$ 30,021,429	$ 11,177,814

Nature of Operations and Going Concern (Note 1)
Commitments (Note 14)

Approved by the Board of Directors:

"Barry Hildred" — Barry Hildred, Director

"Ed Guimaraes" — Ed Guimaraes, Director

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

Aldridge Minerals Inc.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Year Ended December 31 2014	December 31 2013
EXPENSES		
Exploration and evaluation expenditures (Note 7)	**$ 5,029**	$ 3,209,780
General and administrative (Note 13)	**3,290,668**	4,209,991
	(3,295,697)	(7,419,771)
OTHER INCOME (EXPENSE)		
Interest expense (Note 10)	**(964,991)**	-
Interest income	**127,954**	113,072
Other income (Note 10)	**306,024**	61,549
Other expense	**(156,796)**	(24,597)
Foreign exchange gain/(loss), net	**460,128**	(118,120)
	(227,681)	31,904
Net loss for the year before income tax	**$ (3,523,378)**	$ (7,387,867)
Income tax recovery (Note 18)	**-**	343,433
Net loss for the year	**$ (3,523,378)**	$ (7,044,434)
Items that may be reclassified to net loss:		
Change in unrealized foreign currency translation gains on foreign operations	**967**	(370)
Items that will not be subsequently reclassified to net loss:		
Changes in gains/(losses) on employment termination benefits	**(1,272)**	-
Comprehensive loss for the year	**$ (3,523,683)**	**$ (7,044,804)**
Basic and diluted net loss per share	**$ (0.04)**	$ (0.09)
Weighted average number of shares outstanding - basic and diluted	**90,639,292**	80,919,545

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

Aldridge Minerals Inc.
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive (Loss) Income	Deficit	Total
Balance, December 31, 2012	**$ 45,526,494**	**$ 13,265,748**	**$ -**	**$(55,082,945)**	**$ 3,709,297**
Net loss for the year	-	-		(7,044,434)	(7,044,434)
Cumulative translation adjustment			(370)		(370)
Shares issued for cash	15,028,914	-	-	-	15,028,914
Share issue cost	(1,513,347)	163,648			(1,349,699)
Stock based compensation	-	250,726	-	-	250,726
Tax on expired warrants	-	(343,433)	-	-	(343,433)
Balance, December 31, 2013	**$ 59,042,061**	**$ 13,336,689**	**$ (370)**	**$(62,127,379)**	**$ 10,251,001**
Net loss for the year	-	-	-	**(3,523,378)**	**(3,523,378)**
Change in unrealized foreign currency translation gains on foreign operations	-	-	967	-	967
Change in gains (losses) on employment termination benefits	-	-	(1,272)	-	(1,272)
Comprehensive loss for the year	-	-	(305)	(3,523,378)	(3,523,683)
Interim financing (Note 4)	9,670,410	-	-	-	9,670,410
Stock based compensation	-	328,273	-	-	328,273
Balance, December 31, 2014	**$ 68,712,471**	**$ 13,664,962**	**$ (675)**	**$ (65,650,757)**	**$ 16,726,001**

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

Aldridge Minerals Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year Ended December 31 2014	December 31 2013
Cash Flows from (used in) Operating Activities		
Net loss from continuing operations	**$ (3,523,378)**	$ (7,044,434)
Add (deduct) items not affecting cash:		
Amortization	**59,722**	77,382
Income tax recovery (Note 18)	**-**	(343,433)
Stock-based compensation	**184,032**	250,726
Unrealized foreign exchange loss/(gain)	**(141,666)**	26,707
Interest accrual and accretion on borrowings	**964,990**	-
Loss/(gain) on warrant revaluation (Note 10)	**(295,342)**	-
Loss on disposal of assets	-	18,082
Other	-	20,683
	(2,751,642)	(6,994,287)
Changes in non-cash operating assets and liabilities (Note 19)	**5,628**	(440,742)
	(2,746,014)	(7,435,029)
Cash Flows from Financing Activities		
Proceeds from issuance of common shares, net of costs (Note 4)	**9,670,410**	13,679,215
Proceeds from debt financing, net of costs	**10,220,884**	**-**
Proceeds from issuance of warrants, net of costs (Note 4, 10)	**351,001**	**-**
	20,242,295	13,679,215
Cash Flows from (used in) Investing Activities		
Investment in mineral property under development	**(4,621,863)**	(2,230,719)
Purchase of property and equipment	**(3,716,706)**	(506,661)
Exploration license deposit	**32,454**	79,577
	(8,306,115)	(2,657,803)
Impact of foreign exchange on cash balances	**411,363**	(5,603)
Net change in cash and cash equivalents	**9,601,529**	3,580,780
Cash and cash equivalents, beginning of period	**7,055,868**	3,475,088
Cash and cash equivalents, end of period	**$ 16,657,397**	$ 7,055,868
Total interest paid	**$ -**	$ -
Total income taxes paid	**$ -**	$ -

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Aldridge Minerals Inc. (the "Company") is listed on the TSX Venture Exchange (TSX-V: AGM). During the year ended December 31, 2014, the Company's principal business activities were the exploration and development of mineral properties in Turkey. As at December 31, 2014, the Company is incorporated under the Canadian Business Corporations Act, and its head office is located at 10 King Street East, Suite 300, Toronto, Ontario, M5C 1C3.

The economic recoverability of the mineral properties is dependent upon prevailing market conditions and metal prices, the successful acquisition of the land in which the minerals are located and the ability of the Company to obtain necessary financing to bring the property to commercial production.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. The Company has incurred a net loss of $3,523,378 in the current year (December 31, 2013 - $7,044,434) and has an accumulated deficit of $65,650,757 (December 31, 2013 - $62,127,379). As the Company progresses through the development stage of its Yenipazar Project, it will need to secure additional funding to advance the mine towards production, meet its obligations and keep its mineral claims in good standing. Although the Company closed its Interim Financing on September 25, 2014 (Note 4), there can be no assurance that sufficient project financing will be obtained in the future to realize the economic value of the Yenipazar Project. These circumstances may cast significant doubt as to the Company's ability to continue as a going concern and the ultimate appropriateness of the use of accounting principles applicable to a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The Company's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financing Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part I of the Chartered Professional Accountants of Canada Handbook - Accounting. The Board of Directors approved the consolidated financial statements for issuance on March 20, 2015.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and liabilities to fair value.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following entities have been consolidated within the consolidated financial statements:

	Country of incorporation	Principal activity	Ownership %
Aldridge Mineral Madencilik Sanayi Ticaret Ltd. Sti.	Turkey	Development company	100%
Aldridge Minerals Canada Inc.	Canada	Holding company	100%
Aldridge Netherlands B.V.	The Netherlands	Holding company	100%
Aldridge Minerals Netherlands Cooperatie U.A	The Netherlands	Holding company	100%

(d) Foreign currencies

The functional currency, as determined by management, of Aldridge Minerals Inc., Aldridge Minerals Canada Inc., and Aldridge Mineral Madencilik Sanayi Ticaret Ltd. Sti. is the Canadian Dollar. The functional currency of the holding companies based in The Netherlands is the Euro. For the purpose of the consolidated financial statements, the results and financial position are expressed in Canadian Dollars.

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in the consolidated statement of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
ii. Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
iii. All resulting exchange differences are recognized in other comprehensive loss.

(e) Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash, and have an initial maturity of less than 90 days, and are subject to an insignificant risk of change in value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments

As at December 31, 2014, the Company's financial instruments consisted of the following:

Financial assets:	**Classification:**
Cash and cash equivalents	Loans and receivables
Long-term investments:	
Anatolia Energy Ltd. – Class A performance shares	Fair value through profit and loss
Other receivables	Loans and receivables

Financial liabilities:	**Classification:**
Amounts payable and other liabilities	Other financial liabilities
Due to related parties	Other financial liabilities
Borrowings	Loan and receivables
Warrants	Fair value through profit and loss

The Company recognizes financial assets and financial liabilities when the Company becomes a party to a contract. Financial assets and financial liabilities, with the exception of financial assets classified as at fair value through profit or loss, are measured at fair value on initial recognition. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the Company's obligations are discharged, cancelled or expire.

Measurement in subsequent periods depends on the classification of the financial instrument.

(i) Financial assets and liabilities at fair value through profit or loss ("FVTPL")

Financial assets and liabilities are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management (fair value option), or if they are derivative assets and liabilities that are not part of an effective and designated hedging relationship. Financial assets and liabilities classified as FVTPL are measured at fair value, with changes in fair value recognized in the consolidated statements of loss. Financial assets and liabilities at FVTPL are classified as current except for the portion expected to be realized beyond twelve months of the balance sheet date which is classified as non-current.

The investment in Anatolia Energy Class A performance shares and the Warrants (Note 10) issued at the Interim Financing (Note 4) are accounted for as financial derivatives with changes in fair value being recorded in the statement of loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets and liabilities that have fixed or determinable payments and are not quoted in an active market. Subsequent to initial recognition, loans and receivables are carried at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of an instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including transaction costs and other premiums or discounts) through the expected life of the instrument to the net carrying amount on initial recognition. Cash and cash equivalents, other receivables and the Company's borrowings are classified as loans and receivables.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial instruments (continued)

(iii) Other financial liabilities

Other financial liabilities are financial liabilities that are not classified as FVTPL. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

(iv) Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of income/(loss).

(g) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized costs; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of debt facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

(h) Borrowing costs

General borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(i) Deferred revenue

Deferred revenues are recognized on the statement of financial position for certain offtake agreements for future lead concentrate and gold production (Note 4). Deferred revenues will be recognized in the consolidated statement of loss as deliveries are made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Exploration and evaluation expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activity.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Depreciation on capitalized expenditures begins when commercial levels of production are capable of being achieved, as determined by management judgement.

From July 1, 2013, the Company began capitalizing expenditures with respect to the Yenipazar project.

(k) Property and equipment

Property and equipment ("PE") are carried at cost, less accumulated amortization and accumulated impairment losses. The cost of an item of PE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the statement of loss in the period in which they are incurred.

Amortization is recognized based on the cost of an item of property and equipment, less its estimated residual value, over its estimated useful life at the following rates:

Automotive	30% per annum, declining balance
Furniture and Equipment	30% per annum, declining balance
Computer equipment and software	30% per annum, declining balance
Building	10% per annum, Straight line over the useful life 10 years
Leasehold improvements	Straight line over the term of the lease

Land is not amortized. An asset's residual value, useful life and amortization method are reviewed, and adjusted if appropriate, on an annual basis.

Gains and losses on disposals of PE are determined by comparing the proceeds with the carrying amount of the asset and are included as part of gain or loss on sale of equipment in the statement of loss.

(l) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its PE to determine whether there is any indication that those assets are impaired. Where such an indication exists, the recoverable amount of the asset is estimated. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant CGU). An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Leases

Operating leases are not recognized on the Company's balance sheet. Payments made under operating leases are expensed in profit or loss in general and administrative expenses on a straight-line basis over the term of the lease.

(n) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity or other comprehensive loss, in which case it is recognized in equity or other comprehensive loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are presented as non-current.

(o) Share based payment transactions

The fair value of share options granted to employees is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in contributed surplus. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using an appropriate option-pricing model, taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest based on an estimate of the forfeiture rate.

Cancelled options are accounted for as an acceleration of vesting and the amount that otherwise would have been recognized for services received over the vesting period is recognized immediately.

(p) Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs are discounted to their net present value using a risk-free rate and are provided for as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Loss per share

The Company presents basic loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on basic loss per share is recognized on the use of the proceeds that could be obtained upon exercise of these instruments. It assumes that the proceeds would be used to purchase common shares at the weighted average market price during the period. Diluted earnings (loss) per share is not adjusted when the impact of the share issuances would be anti-dilutive.

(r) Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made include but are not limited to, the following:

- All inputs used in the option pricing models for determining the fair value of share based payment transactions and warrants issued. (Note 12).
- The estimated useful lives and residual value of PE used for calculating the amortization. (Note 8).
- Discount rate and other inputs used to assign a fair value to borrowings, which in turn affect the value of deferred revenues recognized with respect to the offtake agreements associated with such borrowings (Note 4).

Critical accounting judgments

- Management's assumptions in determining the functional currencies of the Company's subsidiaries.
- Going concern presentation of the financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.
- Management’s assessment of impairment indicators for long-lived assets
- Assessment of the recoverability of deferred tax assets and associated valuation allowances. (Note 18).

(s) Accounting standards and amendments issued and adopted

(i) IFRIC 21 – Levies (“IFRIC 21”) 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 obligating 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. IFRIC 21 is effective for the fiscal year beginning January 1, 2014. The Company identified no significant impacts as a result of the adoption of this interpretation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Accounting standards and amendments issued and adopted (continued)

(ii) Amendment to IAS 36 – Impairment of assets ("IAS 36") addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments are effective for the fiscal year beginning January 1, 2014. The Company identified no significant impacts as a result of the adoption of this interpretation.

(t) Accounting standards and amendments issued but not yet adopted

(i) IFRS 9 - The final version of IFRS 9, Financial instruments, was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however is available for early adoption. In addition, the own credit risk changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Company is in the process of assessing the impact of IFRS 9 and has not yet determined when it will adopt the new standard.

(ii) IFRS 15, issued in May 2014, establishes the principles that an entity shall apply to report the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. IFRS 15 replaces IAS 11, *Construction contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers* and Standard Interpretations Committee interpretation 31, *Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. IFRS 15 is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Company is currently assessing the impact of this standard.

3. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

a) to safeguard its ability to continue as a going concern;
b) to continue the development and exploration of its mineral properties; and
c) to maintain a capital structure which optimizes the cost of capital at an acceptable level of risk.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the board of irectors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, contributed surplus, accumulated other comprehensive loss and deficit which at December 31, 2014 totaled $16,726,001 (December 31, 2013 - $10,251,001).

3. CAPITAL MANAGEMENT (continued)

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on its exploration and development activities. The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2014. As at December 31, 2014, the Company is subject to certain debt covenants. (Note 4).

4. INTERIM FINANCING

On September 25, 2014 the Company closed a financing arrangement (the "Interim Financing") with Orion JV Ltd ("Orion"), ANT Holding Anonim Sti. ("ANT") and APMS Investment Fund Limited ("APMS"). The Interim Financing includes a US$10,000,000 equity private placement (the "Private Placement"), a US$35,000,000 bridge loan facility (the "Loan"), and offtake agreements for future lead concentrate and gold production (the "Offtakes").

Details of the interim financing arrangement are as follows:

a) *Share Purchases*

Under the Private Placement agreements, Orion purchased 11,660,611 common shares, ANT 6,696,732 common shares and APMS 3,864,879 common shares at US$0.45, for gross proceeds of $10,338,731 and transaction costs of $668,321 (net proceeds of $9,670,410). The common shares issued through the Interim Financing are subject to a four-month hold period from the closing date.

As a result of an equity position greater than 10%, Orion was granted one nominee to the Company's board of directors, for a period of 24 months from September 25, 2014 and to continue as long as ownership meets or exceeds the 10% requirement.

b) *Warrants*

ANT and APMS have received one common share purchase warrant ("Warrant") for each common share purchased through the Private Placement agreements for a total of 10,561,611 Warrants. The Warrant exercise price is US$1.00 ($1.108 as at the closing date) for a period of two years from the closing date of September 25, 2014. The Warrants are subject to a four-month hold period from the closing date.

On September 25, 2014, the Warrants were valued at $351,001 using the Black-Scholes Options Pricing Model. Although the Warrants were issued as part of the Private Placement, the Warrants are classified as liabilities due to the exercise price being denominated in a currency that is not the functional currency of the Company.

c) *Borrowings*

The US$35,000,000 Loan carries an interest rate of 9% per annum, plus the greater of the 3 month USD LIBOR rate or 1%, and a maturity date of August 29, 2016. Interest accrues over the term of the Loan and is capitalized monthly. Early repayment of the Loan may occur at any time without charges (other than customary breakage costs). As at December 31, 2014, US$10,000,000 has been drawn down less the Financing costs of $1,341,593 (net proceeds of $7,763,064). The Financing costs will be amortized over the term of the loan using effective interest rate method.

Orion will have first priority interest in all of the material assets of the Company. Such security will be released following full repayment of the Loan plus all accrued interest. A debt covenant is in place for the Company, restricting the ratio of liabilities to equity to a maximum of 3:1 for FY 2014 and a maximum of 5:1 thereafter until the Loan and all accrued interest are repaid fully. The Company has been in compliance with the debt covenant from the inception of the borrowings.

4. INTERIM FINANCING (continued)

d) Offtake Agreements

Orion has entered into a purchase agreement with the Company, on a take-or-pay basis, to buy certain lead concentrate and gold offtakes produced at the Yenipazar Project. Under the agreement, the Company will sell and Orion will purchase, 50% of the gold produced (subject to a minimum of 237,089 ounces) and 5,000 dry metric tonnes of lead concentrate per annum (subject to a minimum total delivery of 50,000 dry metric tonnes), over the first ten years of the mine plan at Yenipazar. Payment price for both the gold and lead concentrate will be determined at the time of delivery by market values, subject to specific quotational periods. Deferred revenues relating to the offtakes totaling $2,457,819 have been recorded and will be taken into profit and loss as deliveries are made. Deferred revenues have been calculated as the net residual value after deducting the fair market values of all other individual financing components, excluding the offtakes, from the gross proceeds of the Interim Financing. On closing, transaction costs totaling $131,128, which relate to the Offtakes, were recognized as other expenses in the statement of profit and loss.

5. FINANCIAL RISK FACTORS

(a) Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate and commodity and equity price risk). Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

<u>Credit risk</u>

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, which are held in financial institutions in Canada, Turkey, and The Netherlands and other receivables. The Company has no significant concentration of credit risk arising from operations. The Company's policy is to invest excess cash in fixed interest investment-grade short-term deposit certificates and overnight deposits in Canada and Turkey. Management believes the risk of loss to be minimal given the apparent financial strength of the financial institutions with whom the Company transacts.

Other receivables consist of harmonized sales tax, accrued interest and value added tax receivable from government authorities in Canada and Turkey, respectively. Management believes that the credit risk concentration with respect to other receivables is minimal.

<u>Liquidity risk</u>

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2014, the Company had cash and cash equivalents of $16,657,397 (December 31, 2013 - $7,055,868) to settle current liabilities of $972,031 (December 31, 2013 - $753,760). The Company is obligated to repay $12,241,073 in borrowings and accrued interest on August 29, 2016.

All of the Company's current financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. Although the Company has successfully raised additional funding in the past, there can be no assurance that sufficient new funding will be obtained. These circumstances may cast significant doubt as to the Company's ability to continue as a going concern and the ultimate appropriateness of the use of accounting principles applicable to a going concern.

5. FINANCIAL RISK FACTORS (continued)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity and equity prices.

i) Interest rate risk

The Company has cash balances and interest bearing debt. The Company's policy is to invest excess cash in fixed interest investment-grade short-term deposit certificates and overnight deposits. The Company regularly monitors its cash management policy. The company has risk on its interest bearing debt which carries an interest rate of 9% per annum plus the greater of the 3 months USD LIBOR rate or 1%. The Company closely monitors the LIBOR rate and will take appropriate mitigating actions should interest rate risk become material.

ii) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar. Major purchases are transacted in Canadian Dollars, Turkish Lira ("TRY"), British Pound Sterling ("GBP"), Euros, and United States Dollars ("USD"). The Company also has borrowings in Unites States Dollars ("USD"). The Company funds exploration expenditures in Turkey. In Turkey, the Company maintains separate bank accounts for Turkish Lira, Euro, British Pound Sterling, United States Dollars and Canadian Dollars with sufficient funds to support monthly forecasted cash outflows over the following month. Management monitors the foreign currency risk closely and takes necessary mitigating activities.

iii) Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of commodities for which it is exploring. The Company closely monitors commodity prices, particularly as they relate to precious minerals, individual equity movements, and the stock market in general to determine the appropriate course of action to be taken by the Company.

(b) Sensitivity analysis

Based on management's knowledge of and experience with the financial markets, the Company believes the following movements are "reasonably possible" over a one year period:

(i) Short-term investments are subject to fixed interest rates. The Company receives low interest rates on its cash balances. The Company has a risk on its borrowing which carries an interest rate of 9% per annum plus the greater of the 3 month USD LIBOR rate or 1%. If the LIBOR rate had been 100 basis points higher than December 31, 2014 rate of 0.26%, the accrued interest would have been $64,252 higher for the year ended December 31, 2014.

(ii) The Company maintains bank accounts, and has other current assets and current liabilities denominated in TRY, EUR, GBP, and USD and is subject to foreign currency risk. As at December 31, 2014, had these foreign currencies weakened/strengthened by 10% against the Canadian dollar with all other variables held constant, the Company's loss would have been approximately $1,630,550 lower and reported shareholders' equity would have been approximately $1,630,550 higher. During the year ended December 31, 2014, the TRY appreciated from 2.01 TRY/CAD to 1.99 TRY/CAD. Management is sensitive to the potential impact of exchange fluctuations to the currencies needed in its 2015 development plans. As a result at December 31, 2014 approximately 62% of its cash is in USD and 37% in TRY.

5. FINANCIAL RISK FACTORS (continued)

(b) Sensitivity analysis (continued)

(iii) The Company's borrowings are maintained in US dollars and are subject to foreign currency risk. As at December 31, 2014 had the US currency weakened/strengthened by 10 % against the Canadian dollar with all other variables held constant, the Company's loss/gain would have been approximately $1,077,508 lower/higher.

(c) Fair value hierarchy

The different levels of fair value hierarchy are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability are not based on observable market data (unobservable inputs).

As at December 31, 2014, the Company held 3,051,196 Class A Performance Shares in Anatolia Energy Limited valued at $nil (December 31, 2013 – 3,051,196 valued at $nil). Such shares are classified as Level 3 fair value measurements.

6. OTHER RECEIVABLES

	As at December 31 2014	**As at December 31 2013**
Deferred rent	**$ -**	$ 6,519
Interest receivable	**158**	63,106
Sales taxes receivable	**505,456**	359,816
Other receivables	**$ 505,614**	$ 429,441

7. EXPLORATION & DEVELOPMENT EXPENDITURES ON MINERAL PROPERTIES

a) Yenipazar Project, Turkey

Mineral Property Under Development	**Yenipazar Project**
Balance, December 31, 2012	**$ -**
Additions	2,476,462
Balance, December 31, 2013	**$ 2,476,462**
Additions	5,335,548
Balance, December 31, 2014	**$ 7,812,010**

In accordance with the Company's accounting policy, upon determination of technical feasibility and commercial viability of a project, related development expenditures are capitalized. At the beginning of the third quarter of 2013, the Company began to capitalize expenditures as mineral property under development with respect to the Yenipazar project. Prior to that time, expenditures relating to the Yenipazar project were expensed in exploration and evaluation expenditures when incurred.

The Company's wholly-owned subsidiary in Turkey holds an Operational License for the Yenipazar Project. On May 21, 2014 the Company's Operational License and related mining permits for the Yenipazar Project were renewed for 5 years.

7. EXPLORATION & DEVELOPMENT EXPENDITURES ON MINERAL PROPERTIES (Continued)

a) Yenipazar Project, Turkey (continued)

While the Company advances the project towards development and production, the Company is operating under a temporary shutdown permit that expired in January 2015. The temporary shutdown permit is renewed annually and the Company's renewal application was approved in February 2015.

During the year ended December 31, 2014, additions to the mineral property under development mainly related to the completion of the Optimization Study and operational costs for the Yenipazar Project.

The expenditures on the mineral property in Yenipazar were as follows:

	Year ended December 31 2014	**Year ended December 31 2013**
Yenipazar Property		
Analytical	**$ 4,305**	$ 40,094
Depreciation	**116,713**	43,499
Drilling	**1,944**	117,410
Drilling site access fees	**18,131**	15,713
Engineering consulting for Optimization Study	**1,506,644**	552,222
Environmental consulting	**83,388**	173,239
Feasibility studies and project management	**-**	1,062,938
Geotechnical consulting	**-**	67,682
Land acquisition planning and development	-	263,498
License	**10,413**	4,161
Metallurgical consulting	**104,236**	328,260
Permitting	**179,248**	77,946
Professional expenses	**356,910**	491,672
Project expenses and employee costs	**2,276,288**	1,990,913
Resource estimate and mine design	**26,125**	183,338
Travel	**337,082**	157,957
Vehicles and equipment	**101,180**	95,464
Interest Capitalization	**200,867**	**-**
Other	**12,074**	16,702
	$ 5,335,548	$ 5,682,708

During the year, the Company capitalized borrowing costs amounting to $200,867 on qualifying assets (nil during year ended December 31, 2013). A capitalization rate of 19.07%, representing the weighted average cost of general borrowing, was applied. Expenditures prior to July 1, 2013 were recorded as exploration and evaluation expenditures in the statement of loss. The Company began to acquire land relating to the Yenipazar project during the fourth quarter of 2014. Acquisitions totaling $3,619,798 are included in PE (Note 8).

7. EXPLORATION & DEVELOPMENT EXPENDITURES ON MINERAL PROPERTIES (continued)

b) Other Exploration Licenses, Turkey

Exploration license deposits		
Balance, December 31, 2013	**$**	**71,786**
Refunded on abandoned licenses		(32,454)
Impact of foreign exchange		2,031
Balance, December 31, 2014	**$**	**41,363**

At December 31, 2014, the Company held one exploration license (December 31, 2013 - 8). Exploration and evaluation expenditures for the year ended December 31, 2014 include amounts related to other licenses and fees in Turkey of $5,029 (year ended December 31, 2013 - $3,534).

8. PROPERTY AND EQUIPMENT

Cost	Furniture and Equipment	Computer & software equipment	Land	Leasehold Improvements	Building	Total
Balance, December 31, 2012	$ 509,789	$ 109,079	$ 44,142	$ 44,645	$ 71,294	$ 778,949
Additions	199,862	19,495	20,558	-	266,746	506,661
Disposal	-	(10,744)	-	(23,755)	-	(34,499)
Balance, December 31, 2013	$ 709,651	$ 117,830	$ 64,700	$ 20,890	$ 338,040	$ 1,251,111
Additions	54,580	275,698	3,619,798(1)	40,413	98,996	4,089,485
Balance, December 31, 2014	$ 764,231	$ 393,528	$ 3,684,498	$ 61,303	$ 437,036	$ 5,340,596

Accumulated amortization	Furniture and Equipment	Computer & software equipment	Land	Leasehold Improvements	Building	Total
Balance, December 31, 2012	$ 250,497	$ 38,398	$ -	$ 12,627	$ -	$ 301,522
Net amortization	70,051	14,584	-	(6,359)	10,999	89,275
Balance, December 31, 2013	$ 320,548	$ 52,982	$ -	$ 6,268	$ 10,999	$ 390,797
Net amortization	110,302	27,505	-	4,123	34,504	176,434
Balance, December 31, 2014	$ 430,850	$ 80,487	$ -	$ 10,391	$ 45,503	$ 567,231

Carrying value	Furniture and Equipment	Computer & software equipment	Land	Leasehold Improvements	Buildings	Total
Balance, December 31, 2012	$ 259,292	$ 70,681	$ 44,142	$ 32,018	$ 71,294	$ 477,427
Balance, December 31, 2013	$ 389,103	$ 64,848	$ 64,700	$ 14,622	$ 327,041	$ 860,314
Balance, December 31, 2014	$ 333,381	$ 313,041	$3,684,498	$ 50,912	$ 391,533	$ 4,773,365

(1)*Includes capitalized borrowing costs of $372,779.*

9. OTHER ASSETS

	As at December 31, 2014	As at December 31, 2013
Rent deposits held by lessor	$ -	$ 67,915
Restricted cash	30,000	30,000
	$ 30,000	$ 97,915

10. FINANCIAL INSTRUMENTS

(a) Financial assets

The Company holds Class A Performance shares in Anatolia Energy Limited ("Anatolia"). Shareholders of these Performance shares are entitled to be issued common shares in Anatolia if Anatolia issues Australian Joint Ore Reserves Committee ("JORC") Code compliant resource estimates that meet predetermined thresholds. As at December 31, 2014, the Company continued to hold the Class A Performance shares at an estimated fair value of $nil (December 31, 2013 - $nil) based on the assessment of the likelihood of Anatolia achieving the minimum performance requirement. The valuation processes and results are reviewed and approved by Management. The shares are classified as Level 3 fair value measurements.

(b) Financial liabilities

(i) Borrowings

On September 25, 2014 the Company entered into a bridge loan facility (Note 4). The Loan is classified as a financial liability measured at amortized cost. As at December 31, 2014 its carrying value is $9,573,433 (December 31, 2013 - $nil) and the undrawn amount of borrowing is USD $25,000,000 (December 31, 2013 - $nil).

The initial fair value of the bridge loan facility was determined by discounting the proceeds of the Loan and expected interest costs at an appropriate discount rate. An appropriate discount rate was determined with reference to the interest rates and arrangement costs of comparable transactions. If the discount rate had been 100 basis points higher with all other variables held constant, the initial fair value of the bridge loan would have been approximately $617,000 lower. If the discount rate had been 100 basis points lower with all other variables held constant, the initial fair value of the bridge loan would have been $632,000 higher. The initial recognition of the Loan is classified as a Level 3 fair value measurement.

Drawdowns are at the discretion of the Company and the expected drawdown schedule was revised as at December 31, 2014. The change in expected cash flows resulted in the recognition of accelerated effective interest totaling $1,217,466. Total effective interest recognized during the year ended December 31, 2014 totaled $1,538,637 (nil during the year ended December 31, 2013). Of this, $200,867 was capitalized to mineral property under development, $372,779 was capitalized to land purchased with respect to the Yenipazar project and the balance of $964,991 was recognized in the statement of loss.

As at December 31, 2014, all the Company's shares in wholly-owned Aldridge Mineral Madencilik Sanayi Ticaret Ltd. Sti. and land with a net book value of $1,020,895 were pledged as collateral for the Company's borrowings.

10. FINANCIAL INSTRUMENTS (continued)

(b) Financial liabilities (continued)

(ii) Warrants

Concurrently with the bridge loan facility, the Company closed the Private Placement (Note 4). ANT and APMS received one common share purchase Warrant for each common share purchased through the Private Placement agreements for a total of 10,561,611 Warrants. The Warrant exercise price is US$1.00 for a period of two years from the closing date of September 25, 2014. The fair value of the Warrants of $55,659 as at December 31, 2014 was determined using the Black-Scholes Options Pricing Model. On revaluation of the warrants, $294,342 was recognized as other income in the statement of loss.

Although the Warrants were issued as part of the Private Placement, they are classified as financial liabilities at fair value through profit or loss due to their exercise price being denominated in a currency that is not the functional currency of the Company. The Warrants are classified as Level 2 fair value measurements.

11. OTHER LIABILITIES

	As at December 31, 2014	**As at December 31, 2013**
Deferred rent and sales tax	**$ 17,378**	$ 16,092
Statutory employee termination benefits	**169,827**	107,680
	$ 187,205	$ 123,772

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12. SHARE CAPITAL

(a) Authorized

Authorized share capital is unlimited.

(b) Issued

	Number of Shares	**Amount**
Balance, December 31, 2012	**53,093,841**	**$ 45,526,494**
Share issue for cash	31,639,819	15,028,914
Share issuance costs	-	(1,513,347)
Balance, December 31, 2013	**84,733,660**	**$ 59,042,061**
Issued (Note 4)	22,222,222	10,339,352
Share issuance costs	-	(668,942)
Balance, December 31, 2014	**106,955,882**	**$ 68,712,471**

12. SHARE CAPITAL (continued)

(c) Warrants

The following table shows the continuity of warrants for the period ended December 31, 2014:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2012	**4,721,367**	**1.94**
Expired	(4,721,367)	1.94
Issued	738,213	0.475
Balance, December 31, 2013	**738,213**	**$ 0.475**
Issued (Note 4)	10,561,611	1.160(1)
Balance, December 31, 2014	**11,299,824**	**$ 1.070**

(1) $1.16 as at December 31, 2014 ($1.108 as at date of issuance). Although the Warrants were issued as part of the Interim Financing Private Placement, they are classified as liabilities due to their exercise price being denominated in a currency that is not the functional currency of the Company.

The fair value of the Warrants was $55,659 as at December 31, 2014 ($351,001 as at September 25, 2014, the date of issuance). Fair values were determined using the Black-Scholes Options Pricing Model with the following assumptions:

	As at December 31, 2014	As at September 25, 2014
Exercise price in Canadian dollars	**$1.16**	$1.11
Share price at grant date	**$0.19**	$0.27
Risk-free interest rate	**1.01%**	1.12%
Expected life of options	**1.75 years**	2 years
Expected volatility	**73%**	71%
Dividend yield	**Nil**	Nil

As at December 31, 2014, the following warrants were outstanding:

Description	Expiry date	Weighted Average Exercise Price	Warrants Outstanding	Value Assigned on Issue Date
Broker Warrants	February 14, 2015	$ 0.475	515,750	$ 126,720
Special Warrants	February 14, 2015	0.475	222,463	36,928
Warrants (Note 4)	September 25, 2016	1.16(1)	10,561,611	351,001
		$ 1.070	11,299,824	$ 514,649

(1) The Warrant exercise price of US$1.00 is valued at $1.16 as at December 31, 2014 ($1.108 at date of issuance). Although the Warrants were issued as part of the Interim Financing Private Placement, they are classified as liabilities due to their exercise price being denominated in a currency that is not the functional currency of the Company.

12. SHARE CAPITAL (continued)

(d) Stock options

The Company has a Stock Option Plan (the "Plan") to promote the interests of the Company to assist the Company in attracting, retaining and motivating its directors, officers, employees and consultants by providing greater incentive to further develop and promote the business and financial success of the Company. Pursuant to the Plan, the Company may grant options to purchase common shares of the Company to directors, officers, employees and consultants. As at December 31, 2014, the maximum number of shares that may be issuable pursuant to the options granted under the Plan is 10% of the Company's issued share capital, or 10,695,588 shares (December 31, 2013 - 8,473,366 shares).

The following table shows the continuity of stock options for the year ended December 31, 2014:

	Number of Stock Options	Weighted Average Exercise Price
Balance, December 31, 2012	**4,598.000**	**$ 1.22**
Granted	1,550,000	0.22
Cancelled	(200,000)	0.73
Expired	(910,000)	1.66
Balance, December 31, 2013	**5,038,000**	**$ 0.85**
Expired	(1,517,500)	1.23
Issued	4,060,938	0.21
Forfeiture	(7,500)	0.20
Balance, December 31, 2014	**7,573,938**	**$ 0.44**

The fair value of stock options was estimated on the measurement date using the Black-Scholes option-pricing model and is amortized over the vesting period of the underlying options. The weighted average assumptions used to calculate the fair value were as follows:

	2014	2013
Share price at grant date	**$0.20**	$0.21
Risk-free interest rate	**1.50%**	1.67%
Expected life of options	**5 years**	5 years
Expected volatility	**75%**	82%
Dividend yield	**Nil**	Nil
Estimated forfeiture rate	**Nil**	Nil

The expected volatility used in the Black-Scholes option pricing model is based on historical volatility of the Company.

The weighted average per share fair value of options granted was $0.12 (2013 - $0.13).

12. SHARE CAPITAL (continued)

(d) Stock options (continued)

As at December 31, 2014, the following stock options were outstanding:

Expiry Date	Exercise Price	Number Outstanding	Number Exercisable	Weighted Average Remaining Contractual Life (years)
April 28, 2015	0.88	200,000	200,000	0.32
November 9, 2015	1.11	200,000	200,000	0.86
November 30, 2015	1.40	300,000	300,000	0.92
February 22, 2016	1.46	50,000	50,000	1.15
March 21, 2016	1.06	50,000	50,000	1.22
March 30, 2016	1.29	60,000	60,000	1.25
June 15, 2016	1.25	400,000	400,000	1.46
June 20, 2016	1.05	200,000	200,000	1.47
August 3, 2016	0.80	110,000	110,000	1.59
February 27, 2017	0.54	75,000	56,250	2.16
March 28, 2017	0.64	233,000	174,750	2.24
May 1, 2017	0.61	200,000	150,000	2.33
November 26, 2018	0.20	1,435,000	717,500	3.91
April 7, 2019	0.24	1,000,000	250,000	4.27
December 18, 2019	0.20	3,060,938	1,335,938	4.97
	$0.44	**7,573,938**	**4,254,438**	**1.78**

The Company granted 1,000,000 stock options on April 7, 2014 to its new President and Chief Executive Officer and granted 3,060,938 stock options to its directors, officers and employees on December 18, 2014. The options are exercisable at a price of $0.235 and $0.20 per common share, respectively. One quarter of the options vest immediately, one quarter on the first anniversary, one quarter on the second anniversary and the balance on the third anniversary. They expire in 5 years. The fair value of the 1,000,000 stock options granted on April 7, 2014 is $149,900 on the date of issuance and the fair value of the 3,060,938 stock options granted on December 18, 2014 is $348,947 on the date of issuance. As at December 31, 2014, 4,254,438 stock options were exercisable. The remaining 3,319,500 outstanding stock options vest over the following four years. As at December 31, 2014, there was $347,441 of share-based compensation cost remaining to be charged to net loss in future periods.

13. GENERAL AND ADMINISTRATIVE

	Year ended December 31 2014	Year ended December 31 2013
Amortization	**$ 59,722**	$ 62,193
Directors' fees and expenses	**286,109**	292,192
Office and sundry	**622,461**	637,969
Professional fees	**488,214**	1,174,073
Salaries and benefits	**1,234,007**	1,414,619
Shareholder information	**266,534**	193,815
Stock-based compensation	**184,032**	197,355
Transfer and filing	**37,081**	38,375
Travel and promotion	**112,508**	199,400
General and administrative expenses	**$ 3,290,668**	$ 4,209,991

14. COMMITMENTS

On July 31, 2014 the Company extended its office lease in Ankara for a period of one year. The commitment for the gross rent, operating costs and realty taxes is estimated to be approximately $6,219 per month, or $74,623 per annum.

On July 26, 2012, the Company entered into a lease agreement for smaller office premises in Toronto, Ontario, in conjunction with a sublet agreement for its existing office premises in order to realize cost savings on rental payments. The new lease agreement is effective from September 1, 2012 to March 31, 2018. The commitment for the gross rent, including operating costs and realty taxes is estimated at $11,179 per month or $134,148 per annum for the first two years and $11,928 per month or $143,136 per annum for the balance of the term.

In September 2014, the Company purchased enterprise resource planning ("ERP") software licenses for $100,000. The Company committed to an additional $338,460 for ERP implementation services and $4,828 per month for the next three years for IT support services.

As at December 31, 2014 the future minimum payments with respect to office leases, vehicle leases and ERP purchase commitments total $1,004,595 and are to be paid as follows:

Fiscal year ending December 31, 2015	$	572,954
Fiscal year ending December 31, 2016		208,449
Fiscal year ending December 31, 2017		188,158
Fiscal year ending December 31, 2018		35,034

Mineral Property Licenses in Turkey

As at December 31, 2014, the Company held one exploration license and one operational license. Exploration licenses are granted for three years and can be extended for an additional two years upon application. Exploration license holders are required to submit reports on exploration at the end of the second, third and fifth years of the exploration period. Operation license holders are required to submit annual reports on operation projects to the relevant departments. To obtain the appropriate licenses, deposits must be made based on a per hectare fee. The applicable deposits are proportional to the size of the mining area and are determined each year or re-valued according to prevailing economic conditions. In the event the required reports and projects are not submitted on time, deposits for that period are forfeited. If a site is abandoned, the remaining part of the deposit is returned.

As at December 31, 2014, the Company is in compliance with reporting and license fees requirements. License fees paid during the fiscal year ended December 31, 2014 totaled $ 10,413 ($4,161 during the year ended December 31, 2013). License deposits recorded on the balance sheet as at December 31, 2014 totaled $41,363 ($71,786 as at December 31, 2013).

While the Company advances the Yenipazar Project towards development and production, the Company is operating under a temporary shutdown permit that expired in January 2015. The temporary shutdown permit is renewed annually and the Company's renewal application has been approved in February 2015.

15. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Related party transactions include consulting fees, management fees and compensation paid to key management personnel or to companies controlled by such individuals. Key management personnel are defined as officers and directors of the Company.

	Year ended December 31 2014	Year ended December 31 2013
Salaries and benefits [1]	**$ 778,604**	$ 699,534
Termination and Retirement Benefits	**100,000**	466,687
Share based payments	**265,215**	172,978
Total compensation	**$ 1,143,819**	$ 1,339,379
Consulting and management fees[2]	**708,446**	404,774
Common share subscriptions[3]	**-**	845,011
Finder's fees[4]	**368,567**	-
Total transactions with key management personnel	**$ 2,220,832**	$ 2,589,164

(1) Directors do not have employment or service contracts with the Company, but may be entitled to director fees while officers have employment contracts and earn salaries and benefits for their services. Both directors and officers are also eligible for share-based payments.

(2) These amounts represent consulting fees paid or payable to various current and former officers and directors of the Company or to companies controlled by such individuals.

(3) At the closing of the private placement on February 14, 2013, key management personnel subscribed to 1,778,970 common shares at $0.475 per share.

(4) On closing of the Interim Financing on September 25, 2014, a board member received a finder's fee.

Amounts owed to key management personnel were $119,644 as at December 31, 2014 (December 31, 2013 - $31,886).

16. ENVIRONMENTAL REHABILITATION

The Company's asset retirement obligations ("ARO") are based on management's estimates of costs to abandon and reclaim mineral properties and facilities, as well as an estimate of the future timing of costs to be incurred.

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the ARO associated with the retirement of the Company's Yenipazar property

	Year ended December 31, 2014	Year ended December 31, 2013
Balance, beginning of year	**$ 49,281**	$ 49,281
Accretion for asset retirement	**-**	-
Balance, end of year	**$ 49,281**	$ 49,281

The estimated ARO value of $49,281 as at December 31, 2014 has not changed since December 31, 2013 - $49,281, which has been calculated using an annual inflation rate of 1.5%, and a risk free rate of 7%. This obligation pertains to the exploration shaft on the Yenipazar Property in Turkey.

17. SEGMENTED INFORMATION

Segmented information is provided on the basis of geographical segments as the Company operates in one industry, exploration and evaluation of mineral properties and manages its business and exploration activities in one geographical region, namely Turkey. The business segments presented reflect the management structure of the Company and the way in which the Company's Board of Directors review business performance. The Company evaluates performance of its operating and reportable segments as noted below:

Year ended December 31, 2014	**Corporate**	**Turkey**	**Total**
Exploration and evaluation expenditures	**$ -**	**$ 5,029**	**$ 5,029**
General and administrative	**2,112,218**	**1,178,450**	**3,290,668**
	$ (2,112,218)	**$ (1,183,479)**	**$ (3,295,697)**
Interest expense	**(964,991)**	**-**	**(964,991)**
Interest income	**27,992**	**99,962**	**127,954**
Other income	**295,342**	**10,682**	**306,024**
Other expenses	**-**	**(156,796)**	**(156,796)**
Foreign exchange gain/(loss)	**471,555**	**(11,427)**	**460,128**
Net loss – year ended December 31, 2014	**$ (2,282,320)**	**$ (1,241,058)**	**$ (3,523,378)**

17. SEGMENTED INFORMATION (continued)

Year ended December 31, 2013	Corporate	Turkey	Total
Exploration and evaluation expenditures	$ -	$ 3,209,780	$ 3,209,780
General and administrative	3,175,306	1,034,685	4,209,991
	$ (3,175,306)	$ (4,244,465)	$ (7,419,771)
Interest income	113,072	-	113,072
Other income	-	61,549	61,549
Other expenses	-	(24,597)	(24,597)
Foreign exchange gain/(loss)	(26,881)	(91,239)	(118,120)
Income tax recovery	343,433	-	343,433
Net loss – year ended December 31, 2013	$ (2,745,682)	$ (4,298,752)	$ (7,044,434)

	Corporate	**Turkey**	**Total**
Mineral property under development	**$ -**	**$ 7,812,010**	**$ 7,812,010**
Corporate and other assets	**12,877,477**	**9,331,942**	**22,209,419**
Total assets –December 31, 2014	**$ 12,877,477**	**$ 17,143,952**	**$ 30,021,429**

	Corporate	**Turkey**	**Total**
Mineral property under development	$ -	$ 2,476,462	$ 2,476,462
Corporate and other assets	7,321,743	1,379,609	8,701,352
Total assets - December 31, 2013	$ 7,321,743	$ 3,856,071	$ 11,177,814

	Corporate	**Turkey**	**Total**
Borrowings	**$ 9,573,433**	**$ -**	**$ 9,573,433**
Other liabilities	**749,255**	**2,972,740**	**3,721,995**
Total liabilities – December 31, 2014	**$ 10,322,688**	**$ 2,972,740**	**$ 13,295,428**

	Corporate	**Turkey**	**Total**
Borrowings	$ -	$ -	$ -
Other liabilities	356,195	570,618	926,813
Total liabilities - December 31, 2013	$ 356,195	$ 570,618	$ 926,813

17. SEGMENTED INFORMATION (continued)

Geographic Information

	Canada	Turkey	Total
Exploration license deposits	**$ -**	**$ 41,363**	**$ 41,363**
Mineral property under development	**-**	**7,812,010**	**7,812,010**
Property and equipment	**656,461**	**4,116,904**	**4,773,365**
Other assets	**30,000**	**-**	**30,000**
Total non-current assets – December 31, 2014	**$ 686,461**	**$ 11,970,277**	**$ 12,656,738**

	Canada	Turkey	Total
Exploration license deposits	$ -	$ 71,786	$ 71,786
Mineral property under development	-	2,476,462	2,476,462
Property and equipment	62,822	797,492	860,314
Other assets	97,915	-	97,915
Total non-current assets - December 31, 2013	$ 160,737	$ 3,345,740	$ 3,506,477

18. INCOME TAXES

The following table reconciles the expected income tax recovery at the Canadian Federal and Provincial statutory rate to the amounts recognized in the statements of loss and comprehensive loss:

For the fiscal year	2014	2013
Net loss before income taxes	**$ (3,523,378)**	$ (7,387,867)
Expected income tax recovery	**(933,695)**	(1,957,785)
Expenses/gains not deductible/taxable	**77,633**	537,578
Effect of foreign tax rate difference	**88,837**	180,033
Effect of current and future tax rate difference	**-**	-
Unrecognized benefit of deferred tax assets	**767,225**	896,741
Income tax recovery reflected in the statements of loss and comprehensive loss	**$ -**	$ (343,433)

The applicable tax rate was 26.5% (2013 - 26.5%).

	As at December 31, 2014	As at December 31 2013
Current tax expense	**$ -**	$ -
Deferred tax recovery:		
Origination and reversal of temporary differences	-	(343,433)
Income tax recovery	**$ -**	$ (343,433)

18. INCOME TAXES (continued)

The gross movement on the deferred income tax asset account, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Year Ended December 31, 2014	Year Ended December 31, 2013
Balance at the beginning of the period	**$ 10,349**	$ 4,508
Non-capital losses used to shelter the gross deferred tax liability	**442,412**	5,841
Balance at the end of the period	**$ 452,761**	$ 10,349

The gross movement on the deferred income tax liability account, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Year Ended December 31, 2014	Year Ended December 31, 2013
Balance at the beginning of the period	**$ 10,349**	$ 4,508
Financing expenses to be amortized for accounting	**398,678**	-
Accelerated tax depreciation charged to the Statement of Loss	**43,734**	5,841
Balance at the end of the period	**$ 452,761**	$ 10,349

Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The Company did not recognize deferred income tax assets with respect to the following deductible temporary differences:

	As at December 31, 2014	As at December 31, 2013
Non-capital losses	**$ 20,532,121**	$ 18,528,484
Mineral properties	**16,778,545**	18,575,115
Undeducted share issue costs	**3,063,867**	2,249,392
Other	**109,101**	375,725
Total	**$ 40,483,634**	$ 39,728,716

18. INCOME TAXES (continued)

The Company's non-capital income tax losses total $22,306,978 and expire as follows:

Year of expiry	Amount
2015	327,899
2016	1,233,197
2017	794,021
2018	1,936,865
2019	833,415
2022	84,278
2023	81,941
2025	597,635
2026	735,702
2027	546,144
2028	1,435,562
2029	1,366,169
2030	2,098,525
2031	3,365,066
2032	434,563
2033	3,556,334
2034	2,879,661
Total	**$22,306,978**

19. CHANGES IN NON-CASH OPERATING ASSETS AND LIABILITIES

	Year ended December 31, 2014	**Year ended December 31, 2013**
Changes in non-cash operating assets and liabilities:		
Other receivables	**$ (76,172)**	$ 188,834
Prepaid expenses	**(15,652)**	201,884
Other assets	**67,915**	8,692
Accounts payable, accrued liabilities, and other liabilities	**(57,926)**	(849,805)
Due to related parties	**87,463**	9,653
	$ 5,628	$ (440,742)

20. SUBSEQUENT EVENT

In February 2015 the Company’s temporary shutdown permit for its Yenipazar operating license was renewed for a period of one year with a new expiry date in January 2016.