Kazax Minerals Inc.

Consolidated Financial Statements
Year ended December 31, 2014 and December 31, 2013
(expressed in thousands of U.S. dollars, except where indicated)

Independent Auditor's Report

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To the Shareholders of
Kazax Minerals Inc.

We have audited the accompanying consolidated financial statements of Kazax Minerals Inc., 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 a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Kazax Minerals Inc. as at December 31, 2014 and December 31, 2013 and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2 in the consolidated financial statements which describes that the Company has incurred cumulative losses of $30.330 million as at December 31, 2014, has reported a net loss of $8.379 million during the year ended December 31, 2014, and does not have reasonable assurance that sufficient funding will be available to conduct further exploration and development of its flagship project. These conditions, along with other matters set forth in Note 2, indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

Grant Thornton LLP

Vancouver, Canada
April 30, 2015

Chartered Accountants

Kazax Minerals Inc.

Consolidated Statements of Financial Position

As of December 31, 2014 and December 31, 2013

(expressed in thousands of U.S. dollars, except where indicated; common shares balances are expressed in thousands)

	Note	December 31, 2014	December 31, 2013
ASSETS			
Current assets			
Cash and cash equivalents	6	7,990	3,640
Other receivables and prepaid expenses	6, 7	215	359
Other current assets		68	–
		8,273	**3,999**
Non-current assets			
Property and equipment	8	28	98
Exploration and evaluation assets	3	80,975	76,264
Other long term assets	7, 11(ii)	171	29
		81,174	**76,391**
TOTAL ASSETS		**89,447**	**80,390**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		634	2,682
Convertible debentures – current	10	19,659	–
Derivative liability	10	16	–
Payable to Safin – LLLP acquisition – current portion	3	12,500	30,989
Loan to Safin	3	–	1,258
Asset retirement obligation – current	11	–	48
Payable to Tobol – LLLP acquisition	3	2,012	–
		34,821	**34,977**
Non-current liabilities			
Convertible debentures	10	18,709	12,949
Payable to Safin – LLLP acquisition – non-current portion	3	10,348	–
Asset retirement obligation	11	146	122
		29,203	**13,071**
TOTAL LIABILITIES		**64,024**	**48,048**
EQUITY			
Share capital	12	38,925	35,355
Reserves		16,827	3,920
Deficit		(30,330)	(22,725)
Total equity for owners		**25,422**	**16,550**
Non-controlling interest ("NCI")	3	1	15,792
TOTAL EQUITY		**25,423**	**32,342**
TOTAL LIABILITIES AND EQUITY		**89,447**	**80,390**

Nature of operations (note 1)
Going concern (note 2)
Supplemental cash flow information (note 16)
Subsequent events (note 17)

Approved by the Board of Directors

___________"Trevor Campbell Smith"__________ Director _________"Mohamad Chafic"__________ Director

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

Kazax Minerals Inc.

Consolidated Statements of Net Loss and Comprehensive Loss

For the year ended December 31, 2014 and December 31, 2013

(expressed in thousands of U.S. dollars, except where indicated; common shares balances are expressed in thousands)

	Notes	Year ended December 31, 2014	Year ended December 31, 2013
Expenses			
Amortization	8	(20)	(28)
Professional fees		(1,171)	(659)
General and administration		(329)	(335)
Investor relations and marketing		—	(87)
Travel and entertainment		(185)	(872)
Wages and benefits		(9)	(988)
Management fees	13	(596)	(972)
Stock based compensation expense	12	(27)	(257)
Exploration expense		—	(2,058)
		(2,337)	**(6,256)**
Other (expenses) income, net			
Finance income		12	9
Finance cost	10, 3	(5,261)	(4,803)
Gain on debt settlement		278	—
Foreign exchange (loss) gain		(1,071)	307
Net loss before income tax		**(8,379)**	**(10,743)**
Deferred tax recovery on convertible debt	14	774	1,604
Net loss		**(7,605)**	**(9,139)**
Other comprehensive loss			
Cumulative translation adjustment		(90)	(1,234)
Comprehensive loss		**(7,695)**	**(10,373)**
Loss per share			
Basic & diluted		(0.04)	(0.05)
Weighted average shares outstanding (000's)			
Basic & diluted		214,786	169,980
Total shares issued and outstanding (000's)		**218,058**	**178,788**

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

Kazax Minerals Inc.

Consolidated Statements of Changes in Equity

For the year ended December 31, 2014 and December 31, 2013

(expressed in thousands of U.S. dollars, except where indicated; common shares balances are expressed in thousands)

	Notes	Shares ('000)	Share capital	Foreign translation reserves	Convertible debenture reserves	Other reserves	Deficit	Total for owners	NCI	Total Equity
Balance at December 31, 2012		138,208	25,715	–	–	17	(13,586)	**12,146**	–	**12,146**
Net loss – year ended		–	–	–	–	–	(9,139)	**(9,139)**	–	**(9,139)**
Share issued for mineral property acquisitions	3	36,163	9,096	–	–	–	–	**9,096**	15,792	**24,888**
Proceeds from warrants exercised	12	4,417	544	–	–	(17)	–	**527**	–	**527**
Issuance of convertible debenture	10	–	–	–	6,501	–	–	**6,501**	–	**6,501**
Stock based compensation expense	12	–	–	–	–	257	–	**257**	–	**257**
Deferred tax effect on convertible debenture	14	–	–	–	(1,604)	–	–	**(1,604)**	–	**(1,604)**
Cumulative translation adjustment		–	–	(1,234)	–	–	–	**(1,234)**	-	**(1,234)**
Balance at December 31, 2013		178,788	35,355	(1,234)	4,897	257	(22,725)	**16,550**	15,792	**32,342**
Net loss – year ended		–	–	–	–	–	(7,605)	**(7,605)**	–	**(7,604)**
Acquisition of 25% interest from Tobol		–	–	–	–	10,760	–	**10,760**	(15,791)	**(5,031)**
Share issued for mineral property acquisitions	3	39,270	3,570	–	–	–	–	**3,570**	–	**3,570**
Issuance of convertible debenture	10	–	–	–	1,798	–	–	**1,798**	–	**1,798**
Deferred tax effect on convertible debenture	14	–	–	–	(776)	–	–	**(776)**	–	**(776)**
Issuance of warrants	10	–	–	–	–	1,188	–	**1,188**	–	**1,188**
Stock based compensation expense	12	–	–	–	–	27	–	**27**	–	**27**
Cumulative translation adjustment		–	–	(90)	–	–	–	**(90)**	–	**(90)**
Balance at December 31, 2014		218,058	38,925	(1,324)	5,919	12,232	(30,330)	**25,422**	1	**25,423**

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

Kazax Minerals Inc.

Consolidated Statements of Cash Flows

For the year ended December 31, 2014 and December 31, 2013

(expressed in thousands of U.S. dollars, except where indicated; common shares balances are expressed in thousands)

	Notes	Year ended December 31, 2014	Year ended December 31, 2013
Cash used from operating activities:			
Net loss		**(7, 605)**	**(9,139)**
Items not affecting cash:			
Amortization	8	20	28
Accreted interest – convertible debt		3,172	468
Accreted interest – other current liabilities		2,089	4,334
Accreted interest – other long term liabilities		—	4
Stock based compensation expense	13	27	257
Deferred income tax recovery	14	(776)	(1,604)
Gain on debt settlement		(278)	—
Loss on equipment disposal		53	—
Foreign exchange		1,071	(307)
		(2,227)	(5,959)
Change in non-cash operating working capital:			
Change in accounts receivable, deposits, and prepaid expenses		(66)	2,125
Change in accounts payable and accruals		(3,841)	(585)
		(6,134)	**(4,419)**
Cash flows from financing activities:			
Proceeds from warrants exercised	12	—	527
Proceeds from convertible debentures	10	24,545	19,001
Payment of asset retirement obligation	11	(114)	(48)
Novation of Safin loan to LLLP	3	(1,000)	—
Repayment of Safin loan	9	—	(280)
Payment of Safin SPA cash consideration	3	(3,400)	(2,000)
		20,031	**17,200**
Cash flows used in investing activities:			
Equipment expenditure		(3)	(52)
Exploration and evaluation asset expenditure		(6,525)	(9,628)
Acquisition of LLLP, net of cash acquired		(3,019)	(10,380)
		(9,547)	**(20,060)**
Decrease in cash and cash equivalents:		**4,350**	**(7,279)**
Foreign exchange impact on cash and cash equivalents		—	284
Cash and cash equivalents - beginning of period		3,640	10,635
Cash and cash equivalents - end of period		**7,990**	**3,640**

Currency (expressed in USD)	Notes	December 31, 2014	December 31, 2013
Canadian Dollars		144	3,403
US Dollars		6,939	158
European Euro		8	45
Kazakhstani Tenge		899	34
		7,990	**3,640**

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

(expressed in thousands of U.S. dollars, except where indicated; common shares balances are expressed in thousands)

1. Nature of operations

KazaX Minerals Inc. (formerly Newbridge Capital Inc.) (the "Company") was incorporated under the Business Corporations Act of British Columbia on September 12, 2005. The Company's shares are listed for trading on the TSX Venture Exchange under the symbol KZX. The address of the Company's corporate office and principal place of business is 7th Floor, Arman Business Center, 6 Saryarka Avenue, Astana, Kazakhstan, 010000.

These consolidated financial statements of the Company for the years ended December 31, 2014 and December 31, 2013, comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities'). The Group is primarily involved in the acquisition, exploration and development of mineral properties.

On February 15, 2013, the Group completed the acquisition of a 74.99% interest in Lomonosovskoye Limited Liability Partnership ("LLLP"), a legal entity existing under the laws of the Republic of Kazakhstan from Safin Element GmbH ("Safin"). LLLP holds the exploration and production rights to the Lomonosovskoye iron ore project (the "Lomonosovskoye Project" or "Project") located in the northwest of the Republic of Kazakhstan. On November 24, 2014 the Group completed the acquisition of a 25.0% interest in LLLP from the Kazakhstan state agency Tobol. See Note 3 for details of these acquisitions, following which, the Group currently holds a 99.9% interest in LLLP, with Safin holding the remaining 0.01%.

2. Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Several adverse conditions exist which may cast significant doubt on the ability of the Group to continue as a going concern. In 2014, the Group had a net loss of $8,379 (2013: $10,743) and as at December 31, 2014, a negative working capital of $26,548 (2013: $30,978), an accumulated deficit of $30,330 (December 31, 2013: $22,725), limited resources has no source of operating cash flow and no assurances that sufficient funding will be available to conduct further exploration and development of its Project or to complete the significant commitments in respect of its purchase of the Project (see Note 3).

The Company announced on April 15, 2015 that it is in discussions and negotiations with Safin in respect to the non-payment of USD 4,000 thousand due under the LLLP Sale and Purchase Agreement (the "SPA") on January 15, 2015. Pursuant to the SPA, Safin agreed not to enforce this payment until such amount is overdue by 90 days (Note 17).

The Company does not generate cash flow from operations and has therefore relied principally upon the issuance of securities to, and loans from, two of the Company's directors for financing. In April 2014, two of the Company's directors advanced $2,260 (equivalent to CDN$ 2,500) through completion of a private placement of convertible debentures, in July 2014 they advanced $2,980 (equivalent to CDN$ 3,200) through completion of a private placement of convertible debentures and in September 2014, they advanced $20,000 on terms that were subsequently renegotiated in October 2014 by way of issuance of convertible debentures (see note 10).

The Directors expect to be able to obtain further funding for the Group. However, there can be no guarantee that the required funds will be raised within the necessary timeframe or on terms that will be acceptable to the Company. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. The Company intends to continue relying upon the issuance of securities and/or debt financing to finance its future activities, but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company. Although these consolidated financial statements do not include any adjustments that may result from the inability to secure future financing, such a situation would have a material adverse effect on the Company's business, results of operations and financial condition.

3. Acquisition of LLLP

Overview

On February 15, 2013, the Group completed the acquisition of a 74.99% interest in LLLP from Safin (the "Acquisition"). Pursuant to the terms of the SPA, the Group agreed to make certain cash payments and issue common shares (the "Consideration Shares") to Safin as consideration for the Acquisition. To date, the Group has made the following payments to Safin in connection with the Acquisition:

a) at the closing of the Acquisition (February 15, 2013), the Group made an initial payment to Safin of $6.933 million in cash (the "First Instalment Cash") and the Company issued approximately 23.1 million Consideration Shares to Safin (the "First Instalment Consideration Shares");
b) on May 28, 2013, the Company issued a further approximately 13.1 million Consideration Shares to Safin;
c) on October 2, 2013 the Group made a further cash payment to Safin of $2.0 million ("Second Instalment Cash payment");
d) on February 10, 2014 the Company issued a further approximately 39.3 million Consideration Shares to Safin (the "Third Instalment Consideration Shares");
e) on October 14¸ 2014, the Group made a further cash payment to Safin of $2.125 million and on December 23, 2014, the Group made a further cash payment to Safin of $1.275 million, totalling $3.400million ("Third Instalment Cash payment");

Under the terms of the SPA, the future cash consideration remaining to be paid totals approximately $22.848 million (gross and including amounts to be deducted from the gross sum and paid by the Group to the government of Kazakhstan in respect of Safin's Capital Gains Tax ("CGT") liability). No further Consideration Shares are due to be issued under the terms of the SPA.

Under the terms of the SPA, the Group is required to pay Safin's CGT liability on the cash and share consideration to the Kazakhstan tax authorities, without deduction from the consideration payable to Safin. Following the initial cash payment and share issuance in February 2013, the Group made a CGT payment of $2.0 million to the Kazakhstan tax authorities in April 2013 in respect of Safin's CGT liability for the First Instalment Cash and First Instalment Consideration Shares. In accordance with the terms of the SPA, the application for refund of the CGT paid in respect of the First Instalment Cash and First Instalment Consideration Shares having been successful with the Kazakh tax authorities, the refund of these CGT funds has been made to Safin. Pursuant to the SPA, all other successful CGT refunds in respect to the consideration payable to Safin, will be to the benefit of the Group subject to due payments being made to Safin by KMI as per the SPA schedule. The second refund application has been approved by the Kazakh- tax authorities and payment is pending.

All of the Consideration Shares issued to Safin were subject to resale restrictions for four months and a day from the date of issuance. In addition, under the terms of the SPA, the parties agreed that 25% of the Consideration Shares have an additional hold period expiring 12 months from issuance, 25% of the Consideration Shares have an additional hold period expiring 18 months from issuance and 25% of the Consideration Shares have an additional hold period expiring 24 months from issuance.

On September 17, 2014, the Company and Safin agreed to amendments to the SPA and entered into an amending agreement (the "Amendment Agreement") for the rescheduling of the outstanding consideration due to Safin under the terms of the SPA. Under the terms of the Amendment Agreement, $2.125 million was paid to Safin on October 14¸ 2014 and $1.275 million was paid to Safin on December 23, 2014. In October 2014, $1.884 million of CGT was paid by the Group, bringing all outstanding CGT payment obligations at that time, up to date. In January 2015, $0.225 million was paid by the Group. Pursuant to the terms of the Amendment Agreement, the remaining $22.848 million cash consideration payable to Safin and in respect of CGT is scheduled to be paid as follows:

a) $4.0 million due for payment by January 15, 2015 (pursuant to the SPA Safin agreed not to enforce this payment until such amount is overdue by 90 days). The Company announced on April 15th 2015 that it is in discussions with Safin to reschedule this payment (Note 17);
b) $8.5 million due for payment by October 11, 2015; and
c) $10.348 million due for payment by February 11, 2016.

From each of the payments shown above, the Group will deduct such amount as is due to the Republic of Kazakhstan in respect of CGT and all risk relating to such tax shall be borne by Safin. The estimated future CGT payable by the Group on behalf of Safin in respect of future SPA consideration payments is $3.427 million.

In the event the Group does not complete any of the above payments to Safin, in full or in part, in accordance with the terms of the SPA, the Group is required to transfer back to Safin the unpaid portion of its interest in LLLP on a pro rata basis.

(expressed in thousands of U.S. dollars, except where indicated; common shares balances are expressed in thousands)

3. Acquisition of LLLP (continued)

Overview (continued)

Under the terms of the Amendment Agreement, the Company also remitted $1.0 million to Safin on October 9¸ 2014 and, at the same time, Safin novated to a wholly-owned subsidiary of the Company an outstanding loan of approximately $1.3 million owed by LLLP to Safin. As well, under the terms of the Amendment Agreement, the obligation on the part of Safin to pay certain agricultural losses pursuant the SPA was removed.

As a condition to the effectiveness of the Amendment Agreement, the Company obtained a release in respect of the remaining finder's fee of $0.97 million that was payable to an arm's length party in connection with the Acquisition.

A further condition to the effectiveness of the Amendment Agreement, was the execution by Tobol of a purchase and sale agreement pursuant to which Tobol would agree to sell its 25% interest in LLLP (the "Tobol Interest") on certain terms and conditions outlined in the Amendment Agreement and on terms otherwise acceptable to the Company (the "Tobol Condition").

Finally, under the terms of the Amendment Agreement, the parties also agreed to co-operate with each other in respect of certain matters, including satisfaction of the Tobol Condition, the further development of the LLLP business and certain matters pertaining to the Company.

The Tobol SPA

In satisfaction of the Tobol Condition, on September 17, 2014, the Group executed a share purchase agreement with Tobol (the "Tobol SPA") pursuant to which it acquired the Tobol Interest for a purchase price of $5.03 million, payable pursuant to the terms of the Tobol SPA. On October 31, 2014, the Group received consent from the Ministry of Investments and Development of Kazakhstan ("MID") for the acquisition of the Tobol Interest and the re-registration by the Kazakh authorities of the transfer of the Tobol Interest to the Group was completed on November 24, 2014. In respect of the purchase price for the acquisition of the Tobol Interest, USD 3 million has been paid in November 2014 and the final payment of USD 2 million is due for payment by May, 2015. As announced on November 28, 2014, the interest in the Project is now held 99.99% by the Group and 0.01% by Safin.

(expressed in thousands of U.S. dollars, except where indicated; common shares balances are expressed in thousands)

3. Acquisition of LLLP (continued)

Acquisition accounting

The Company's acquisition of the controlling shareholding in LLLP on February 15, 2013 has been accounted for as an acquisition of a group of assets and liabilities.

The gross consideration agreed to in exchange for the acquisition of LLP, before factoring the time value of money is as follows:

Gross purchase consideration paid and accrued	Notes	Amount
Advance loan to Safin forgiven		1,235
Settlement of existing advances in lieu of initial cash payment		454
Cash payments		31,300
Capital gains taxes paid on behalf of Safin		7,678
Shares		11,510
Finder's fees	(i)	2,636
Total		**54,813**

i) The Third Finder's Fee installment of $966,000 was subsequently forgiven.

The following summarizes the purchase consideration transferred / payable based on the above payment terms, and the recognized amounts of assets acquired and the liabilities assumed at the acquisition date.

Purchase consideration paid and accrued	Notes	Amount
Paid		
Advance loan to Safin forgiven		1,235
Settlement of existing advances in lieu of first initial cash payment		454
First Installment Cash payment		6,480
First Installment Shares (23,076 thousand common shares) issued	(i)	5,526
Initial payment of Finder's Fee		704
First payment of capital gains taxes on behalf of Safin		2,038
Second Instalment Shares (13,086 thousand common shares)	(i)	3,201
Second Finder's Fee installment		966
		20,604
Accrued		
Third Installment Shares		2,783
Second Installment Cash payment		10,897
Second payment of capital gains taxes on behalf of Safin		2,527
Third Installment of Cash payment		9,924
Third payment of capital gains taxes on behalf of Safin		2,284
Third Finder's Fee installment		608
		29,023
Total purchase consideration		**49,627**

i) The fair value of the First Instalment Shares of 23,076 thousand common shares was based on the discounted fair value of the market price at the Acquisition date of $0.24 per share. The fair value of the Second Instalment Shares of 13,086 thousand common shares was based on the discounted fair value of the market price on issuance date of $0.24 per share. Upon the settlement of the Second Instalment Shares, the Company recognized an accreted interest of $369.

ii) The outstanding third tranche of consideration shares ("Third Instalment Shares") with value of $3,570.0 was issued on February 10, 2014. A total of 39,270.0 million common shares with a fair value of CDN$0.10 per share were issued to Safin. Following this issue of common shares, Safin had direct ownership and direction or control over 75,652.9 common shares of the Company, representing.

(expressed in thousands of U.S. dollars, except where indicated; common shares balances are expressed in thousands)

3. Acquisition of LLLP (continued)

The purchase consideration, which is payable over the next 14 months, is recognized as current and non-current liabilities on the statement of financial position. Current financial liability is $12,500 as at December 31, 2014, and the non-current financial liability is $10,348 as at December 31, 2014.

Payable to Safin	**Amount**
Balance, December 31, 2012	-
Payable to Safin on acquisition of LLLP	29,024
Accreted interest	3,965
Settled balance	(2,000)
Balance, December 31, 2013	30,989
Accreted interest	1,859
Settled balance	(10,000)
Balance, December 31, 2014	**22,848**

Identifiable assets acquired and liabilities assumed:	**Amount**
Cash and cash equivalents	37
Property, plant and equipment and inventory	5
Exploration and evaluation assets	67,038
Safin loan	(1,539)
Accounts payable and accrued liabilities	(122)
NCI	(15,792)
	49,627

Details of Exploration and evaluation assets recognized as at December 31, 2014 are as follows:

Exploration and evaluation assets recognized comprised of:	**2014**	**2013**
Opening balance	76,264	—
Identifiable assets acquired in LLLP	—	67,038
Exploration and evaluation costs post acquisition	4,711	9,979
Acquisition costs (professional fees directly related to the acquisition)	—	482
Foreign exchange impact (cumulative translation adjustment)	—	(1,235)
	80,975	**76,264**

Details of exploration and evaluation costs post Acquisition to December 31, 2014 are as follows:

Exploration and evaluation assets incurred comprised of:	**2014**	**2013**
Exploratory drilling and engineering	3,918	6,480
Wages and benefits	649	2,694
Other direct overhead	144	805
	4,711	**9,979**

4. Basis of preparation

These financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements were authorized by the Board of Directors on April 30, 2015.

5. Significant accounting policies

Significant judgements, estimates and assumptions

Judgments, estimates and assumptions about the recognition and measurement of assets, including mineral properties, liabilities, income and expenses are made during the preparation of financial statements. Actual financial results may not equal estimated results due to differences between anticipated events and actual events.

Critical judgments made in the process of applying the Company's accounting policies, apart from those involving estimation, that have the most significant effects on the amounts recognized in the Company's consolidated financial statements are:

(i) Functional currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. The Company has determined the functional currency of each material entity is the US dollar, except for the parent company, of which its functional currency is the Canadian dollar. Determination of functional currency requires judgment to determine the primary economic environment. The Company reconsiders the functional currency of its entities in light of new events or change in circumstances.

(ii) Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, the timing of reversals of temporary differences and the likelihood that tax positions taken will be accepted by tax authorities. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws. Where applicable, tax laws and regulations are unclear or subject to varying interpretations. It is possible that such changes to recorded tax amounts may be material. At the end of each reporting period, the Company reassesses unrecognized income tax assets.

(iii) Economic recoverability and probability of future economic benefits of exploration, evaluation and development costs

Management has determined that exploratory drilling, evaluation, development and related costs incurred which have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

Key sources of estimation uncertainty

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. Differences may be material.

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

(i) Depreciation

Mobile and other equipment are depreciated, net of residual value, on a straight-line basis, over the useful life of the equipment to the extent that the useful life does not exceed the related estimated life of the mine based on proven and probable reserves.

5. Significant accounting policies (continued)

Key sources of estimation uncertainty (continued)

(ii) Share-based payments

Share-based payments are determined using the Black-Scholes option pricing model based on estimated fair values of all share based awards at the date of grant and is expensed to the statement of loss and comprehensive income (loss) over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

(iii) Convertible debenture

Management estimates the interest rate on a similar liability debenture that does not have an equity conversion option in the calculation of the fair value of the liability and equity portions of a compound instrument upon initial recognition.

(iv) Asset retirement obligation

The Company recognizes statutory, contractual and other legal obligations related to the retirement of tangible long-lived assets. These obligations are initially measured at fair value and subsequently adjusted for the accretion of any discount and changes in the underlying future cash flows and discount rate. The asset retirement cost is capitalized to the related asset and amortized to operations over time.

The Company recognizes the fair value of the liability for a decommissioning obligation in the period in which it is incurred and records a corresponding increase in the carrying value of the related long-lived asset. Fair value is estimated using the present value of the estimated future cash outflows to retire the obligation. The liability is subsequently adjusted for the passage of time, and is recognized as an accretion expense in the statement of operations. The increase in the carrying value of the asset is amortized on the same basis as the resource properties.

(v) *Fair value measurement*

The Company uses valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This involves developing estimates and assumptions consistent with how market participants would price the instrument. The Company bases its assumptions on observable data as far as possible but this is not always available. In that case, the Company uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned British Columbia incorporated subsidiary, Kazco Minerals Ltd. The accounts of Kazco Minerals Ltd includes its wholly-owned Austrian incorporated subsidiary, Kazco Beteiligungs GmbH. The accounts of Kazco Beteilgungs GmbH includes its wholly-owned Kazakhstan incorporated subsidiary Eurasian Minerals & Mining LLP and 99.99% owned LLLP. All significant inter-company balances and transactions have been eliminated upon consolidation.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit with banks and short-term interest-bearing investments with maturities of three months or less at the purchase date.

5. Significant accounting policies (continued)

Foreign Currency Translation

The functional currency of the reporting entity and each of its foreign operations must be assessed independently giving consideration to the primary economic environment in which each operates. Management has determined that the functional currencies of Kazax Minerals Inc, its parent company, is the Canadian dollar as this is the currency of the primary economic environment in which the Company operates. All other subsidiaries have the US dollar as their functional currency.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

Financial Instruments

The Company classifies its financial instruments into one of the following categories: fair value through profit or loss ("FVPL") (assets and liabilities), assets available-for-sale, loans and receivables, assets held-to-maturity and other financial liabilities. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument.

Financial assets and liabilities classified as FVPL are subsequently measured at fair value with changes in fair value recognized in profit or loss. Financial assets designated as "available-for-sale" are subsequently measured at fair value with changes in fair value recognized in available-for-sale reserve, net of tax. Investments in equity instruments that do not have an active quoted market price and whose fair value cannot be reliably measured are measured at cost. Financial assets designated as "held-to-maturity", "loans and receivables", and "other financial liabilities" are recorded at amortized cost using the effective interest rate method.

Transaction costs that are directly attributable to the acquisition or issue of financial assets or liabilities (other than those designated as FVPL, which are expensed) are included in the initial carrying value of the financial instruments.

Compound financial instrument (convertible debenture)

Compound financial instrument issued by the Company comprise convertible notes that can be converted to common shares at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity component in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

5. Significant accounting policies (continued)

Impairment

Financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. 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 asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:
- Significant financial difficulty of the issuer or counterparty
- Default or delinquency in interest or principal payments
- It has become probable that the borrower will enter bankruptcy or financial reorganization

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding accounts receivable, is directly reduced by the impairment loss. The carrying amount of accounts receivable 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 profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit," or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For certain E&E assets of the Company, there is insufficient information about the mineral resources to estimate future cash flows and these E&E assets are allocated to CGUs for the purpose of assessing such assets for impairment.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

5. Significant accounting policies (continued)

Exploration and Evaluation Expenditure

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

- Exploratory drilling and sampling
- Surveying transportation and infrastructure requirement
- Gathering exploration data through geophysical studies

The Company capitalizes significant direct costs of acquiring resource property interests. Option payments are considered acquisition costs if the Company has the intention of exercising the underlying option.

Once the legal right to explore has been acquired, exploration and evaluation expenditures is charged to profit or loss as incurred, unless management concludes that a future economic benefit is more likely than not to be realized. These costs include materials used, surveying costs, drilling costs, drilling costs and payments made to contractors.

Although the Company has taken steps to verify title to exploration and evaluation properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, non-compliance with regulatory requirements or title may be affected by undetected defects.

The business of resource exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead, and to acquire, explore and maintain its resource property interest. The recoverability of the carrying value of resource properties is dependent on several factors. These include the discovery of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the development of these properties and future profitable production or proceeds from disposition of properties.

Property and equipment

Recognition and Measurement

Property and equipment are measured using the cost model in which assets are carried at cost less accumulated depreciation and accumulated impairment losses.

Costs include expenditures that are directly attributable to the acquisition of the asset. The cost of the self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to working condition for their intended use. Borrowing cost related to the acquisition, construction, or production of qualifying assets is capitalized as part of the costs of the assets.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items, or major components, of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property and equipment.

Subsequent Expenditures

Subsequent expenditures related to a replacement item of property and equipment are recognized in the carrying amount of the original item, or recognized as a separate asset, as appropriate, if it is probable that the future economic benefits embodied within the item will flow to the Company as its costs can be measured reliably. The carrying amount of the replaced item of property and equipment is derecognized. The cost of the day-to-day servicing of property and equipment are recognized in the Company's statement of loss and comprehensive loss as incurred.

5. Significant accounting policies (continued)

Property and equipment (continued)

Amortization

Amortization is charged to the Company's statement of loss and comprehensive loss on declining balance basis over the estimated useful lives of each item of property and equipment to the residual values as follows:

Description	Annual depreciaton
Office furniture	20%
Computer equipment	43%

Provisions

Decommissioning and restoration provision: Future obligations to retire an asset, including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations are initially recognized and recorded as a liability based on estimated future cash flows discounted at a risk free rate. The decommissioning and restoration provision is adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the pre-tax rate risk specific to the liability. The liability is also accreted to full value over time through periodic charges to earnings. This unwinding of the discount is charged to financing expense in the statement of loss and comprehensive loss. The amount of the decommissioning and restoration provision initially recognized is capitalized as part of the related asset's carrying value and amortized to earnings. The method of amortization follows that of the underlying asset. The costs related to a decommissioning and restoration provision are only capitalized to the extent that the amount meets the definition of an asset and can bring about future economic benefit.

Other provisions: Provisions are recognized when a current legal or constructive obligation exists, as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted using an appropriate pre-tax rate risk specific to the liability.

Income Taxes

Income tax 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, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of 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 consolidated 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 date of the statement of financial position 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 the assets can be recovered.

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 items.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority and when the Company intends to settle its current tax assets and liabilities on a net basis.

5. Significant accounting policies (continued)

Share-based payment arrangements

The grant-date fair value of options awarded is recognized as expense over the vesting period, with a corresponding increase in equity. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest.

The fair value of the amount payable in respect of share appreciation rights, which are settled in cash, is recognized as an expense over the period the award holders become entitled to payment based on the most likely outcome, with a corresponding increase in liabilities. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights, with any changes in the liability recognized as expense in the period.

The Company's share purchase warrants issued as compensation for mineral property acquisitions or services are classified as equity and measured at the fair value at grant date with no subsequent remeasurement.

Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other operating segments. The operating results of all segments for which discrete financial information is available are reviewed regularly by the Company President and Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance. The Company has a single operating segment relating to its exploration activities with all non-current assets located in the Republic of Kazakhstan.

Loss per share

Basic loss per share is computed by dividing loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share.

New pronouncements effective January 1, 2014

The Company has adopted the following new and revised standards effective January 1, 2014. These changes were made in accordance with the applicable transitional provisions.

IFRIC 21 – Levies

In May 2013, the IASB issued IFRIC 21 – Levies ("IFRIC 21"), an interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. 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 ("obligating event").

IFRIC 21 clarifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the government's legislation. If this activity arises on a specific date within an accounting period then the entire obligation is recognized on that date.

The Company applied IFRIC 21 retrospectively in accordance with its transitional provisions, and it had no material effect on the consolidated financial statements for any period presented.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

These amendments clarify the application of certain offsetting criteria in IAS 32, including:
- the meaning of 'currently has a legally enforceable right of set-off'
- that some gross settlement mechanisms may be considered equivalent to net settlement.

The amendments have been applied retrospectively in accordance with their transitional provisions. As the Company does not currently present any of its financial assets and financial liabilities on a net basis using the provisions of IAS 32, these amendments had no material effect on the consolidated financial statements for any period presented.

5. Significant accounting policies (continued)

New pronouncements effective January 1, 2014 (continued)

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

These amendments clarify that an entity is required to disclose the recoverable amount of an asset (or cash generating unit) whenever an impairment loss has been recognized or reversed in the period. In addition, they introduce several new disclosures required to be made when the recoverable amount of impaired assets is based on fair value less costs of disposal, including:

– additional information about fair value measurement including the applicable level of the fair value hierarchy, and a description of any valuation techniques used and key assumptions made
– the discount rates used if fair value less costs of disposal is measured using a present value technique.

The amendments have been applied retrospectively in accordance with their transitional provisions, and had no material effect on the consolidated financial statements for any period presented.

Changes to standards that are not yet effective and have not been early adopted

The following accounting standards that are not yet effective have not been adopted early by the Company.

IFRS 9 – Financial Instruments (2014)

The IASB recently released IFRS 9 "Financial Instruments" (2014), representing the completion of its project to replace IAS 39 "Financial Instruments: Recognition and Measurement". The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new expected credit loss model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018.

The Company is evaluating the impact that IFRS 9 (2014) is expected to have on its consolidated financial statements.

Changes to standards that are not yet effective and have not been early adopted (continued)

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 "Revenue", IAS 11 "Construction Contracts", and several revenue-related Interpretations. The new standard establishes a controlbased revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 will be effective for reporting periods beginning on or after January 1, 2017.

The Company is evaluating the impact that IFRS 15 is expected to have on its consolidated financial statements.

Amendments to IFRS 11 – Joint Arrangements

These amendments provide guidance on the accounting for acquisitions of interests in joint operations constituting a business. The amendments require all such transactions to be accounted for using the principles on business combinations accounting in IFRS 3 "Business Combinations" and other IFRSs except where those principles conflict with IFRS 11. Acquisitions of interests in joint ventures are not impacted by this new guidance.

The amendments are effective for reporting periods beginning on or after January 1, 2016.

The Company is evaluating the impact that the Amendments to IFRS 11 is expected to have on its consolidated
financial statements.

(expressed in thousands of U.S. dollars, except where indicated; common shares balances are expressed in thousands)

6. Financial instruments

(i) Fair values of financial instruments

The fair values of financial instruments are summarized as follows:

	December 31, 2014		December 31, 2013	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Financial assets				
Loans and receivables				
Cash and cash equivalents	7,990	7,990	3,640	3,640
Other receivables	38	38	19	19
	8,028	**8,028**	**3,659**	**3,659**
Financial liabilities				
Fair value through profit and loss (“FVTPL”)				
Derivative liability	16	16	–	–
Other financial liabilities				
Accounts payable and accrued liabilities*	634	634	2,682	2,682
Convertible debentures	38,368	38,368	12,949	12,949
Loan to Safin	–	–	1,258	1,258
Payable to Safin – LLLP acquisition**	22,848	22,848	30,989	30,989
Payable to Tobol – LLLP acquisition	2,012	2,012	–	–
	63,878	**63,878**	**47,878**	**47,878**

* On April 29, 2014, the Company announced the amicable settlement with LogiCamms Limited (“LogiCamms”), with legal proceedings to be withdrawn, subject to payment of USD 645 thousand (AUD$700.) by the Company to LogiCamms in 4 instalments, which was completed by the Company during the reporting period.

** The loan obligation of LLLP to Safin in the amount of approximately $1.3 million was novated to the Group in October 2014 in consideration of the payment to Safin of USD$1.0 million (refer Note 3).

(ii) Fair value measurements

Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The fair values of the convertible debentures are estimated using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market interest rates of similar loans with similar risk.

The fair value of the conversion feature classified as a derivative financial liability is estimated using an option pricing model adjusted for the impact of the non-functional currency feature.

The following table sets forth the Company’s assets and liabilities measured or disclosed at fair value by level within the fair value hierarchy. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Level 1	**Level 2**	**Level 3**	**December 31, 2014**
Payable to Safin – LLLP acquisition	–	22,848	–	22,848
Payable to Tobol – LLLP acquisition	–	2,012	–	2,012
Convertible debentures	–	38,368	–	38,368
Derivative liability	–	–	16	16

	Level 1	**Level 2**	**Level 3**	**December 31, 2013**
Payable to Safin – LLLP acquisition	–	30,989	–	30,989
Convertible debentures	–	12,949	–	12,949
Loan to Safin	–	1,258	–	1,258

(expressed in thousands of U.S. dollars, except where indicated; common shares balances are expressed in thousands)

6. Financial instruments (continued)

(iii) 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 manages liquidity risk by forecasting its cash flows from operations and anticipating investing and financing activities. Senior management is actively involved in the review and approval of planned expenditures. Management believes that the ability to fund operations through cash generated from financing activities should be sufficient to meet the ongoing capital and operating requirements (see Note 2). As at December 31, 2014, the Company's working capital deficit of $26,548 (December 31, 2013: $30,978).

In the normal course of business the Company enters into contracts and conducts business activities that give rise to commitments for future minimum payments.

(iv) Currency risk

The Company operates in Canada, Austria and Kazakhstan, and is exposed to foreign exchange risk arising from transactions denominated in foreign currencies.

The operating results and the financial position of the Company are reported in United States dollars. Fluctuations of the operating currencies in relation to the United States dollar will have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities.

The Company's financial assets and liabilities as at December 31, 2014 are denominated in United States Dollars, Canadian Dollars, European Euro, and Kazakhstan Tenge set out in the following table:

December 31, 2014	Canadian Dollars	US Dollars	European Euro	Kazakhstan Tenge	Total
Financial assets					
Cash and cash equivalent	144	6,939	8	899	7,990
Accounts receivable	38	–	–	–	38
	182	**6,939**	**8**	**899**	**8,028**
Financial liabilities					
Accounts payables and accrued liabilities	–	(548)	–	(86)	(634)
Payable – Safin SPA - LLLP acquisition	–	(22,848)	–	–	(22,848)
Convertible debentures	(18,709)	(19,659)	–	–	(38,368)
Derivative liability	–	(16)	–	–	(16)
Payable to Tobol – LLLP acquisition	–	(2,012)	–	–	(2,012)
	–	**(45,083)**	**–**	**(86)**	**(63,878)**
Net financial assets (liabilities)	**(18,527)**	**(38,144)**	**8**	**813**	**(55,850)**

(expressed in thousands of U.S. dollars, except where indicated; common shares balances are expressed in thousands)

6. Financial instruments (continued)

(iv) Currency risk (continued)

December 31, 2013	Canadian Dollars	US Dollars	European Euro	Kazakhstan Tenge	Total
Financial assets					
Cash and cash equivalent	3,403	158	45	34	3,640
Accounts receivable	8	–	11	–	19
	3,411	**158**	**56**	**34**	**3,659**
Financial liabilities					
Accounts payables and accrued liabilities	(769)	–	(11)	(1,902)	(2,682)
Convertible debentures	–	(12,949)	–	–	(12,949)
Payable to Safin – LLLP acquisition	–	(32,247)	–	–	(32,247)
	(769)	**(45,196)**	**(11)**	**(1,902)**	**(47,878)**
Net financial assets (liabilities)	**2,642**	**(45,038)**	**45**	**(1,868)**	**(44,219)**

The Company's reported results will be affected by changes in the US dollar to Kazakstan Tenge exchange rate.

A 10% appreciation of the Kazakhstan Tenge relative to the US dollar would have increased net financial assets by approximately $99 and a 10% depreciation of the Kazakhstan Tenge would have had an equal but opposite effect.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risk.

(v) Credit risk

The Company's credit risk is primarily attributable to its liquid financial assets and would arise from the non-performance by counterparties of contractual financial obligations. The Company limits its exposure to credit risk on liquid assets by maintaining its cash with high-credit quality financial institutions. Management believes the risk of loss of the Company's liquid financial assets to be nominal.

(vi) Interest risk

The Company invests its cash in instruments that are redeemable at any time without penalty, thereby reducing its exposure to interest rate fluctuations. Interest rate risks arising from the Company's operations are not considered material.

7. Other receivables and prepaid expenses

	Notes	December 31, 2014	December 31, 2013
Current			
Prepaid expenses		177	340
Other receivables		38	19
		215	**359**
Non-current			
Long term deposits (see Note 11 (ii))		84	29
Other long term assets		87	-
		171	**29**

(expressed in thousands of U.S. dollars, except where indicated; common shares balances are expressed in thousands)

8. Property and Equipment

Cost	**January 1, 2013**	**Additions**	**December 31, 2013**	**Additions**	**Disposals**	**December 31, 2014**
Computer equipment	33	20	53	–	(33)	20
Office Furniture & other	55	31	86	3	(50)	39
	88	51	139	3	(83)	59

Accumulated Depreciation	**January 1, 2013**	**Depreciation & Amortization**	**December 31, 2013**	**Depreciation & Amortization**	**Disposals**	**December 31, 2014**
Computer equipment	**(6)**	(15)	**(21)**	(10)	15	**(16)**
Office Furniture & other	**(7)**	(13)	**(20)**	(10)	15	**(15)**
	(13)	(28)	**(41)**	(20)	30	**(31)**

Carrying amount	**December 31, 2014**	**December 31, 2013**
Computer equipment	4	12
Office Furniture & other	24	86
	28	**98**

9. Safin loan

The loan obligation of LLLP to Safin in the amount of approximately $1.3 million was novated to the Group in October 2014 in consideration of the payment to Safin of USD$1.0 million (refer Note 3). The loan tranches are drawn in USD and interest bearing at a fixed rate of 5% per annum calculated once per annum at the end of every year. Repayment is in Kazakhstan Tenge upon maturity of each loan using the exchange rate set by the National Bank of the Republic of Kazakhstan on maturity.

10. Convertible debentures

September 2013 Issuance

On September 26, 2013 the Company completed a private placement of convertible unsecured non-interest bearing debentures (the "First Debenture") for aggregate proceeds of $19.0 million (CAD$19.57 million).

The Debentures will mature and become payable on September 26, 2016 (the "First Maturity Date") and are direct, unsecured obligations of the Company, ranking equally with all other unsecured indebtedness of the Company. Upon receipt of all necessary approvals from the Kazakhstan Ministry of Industry and New Technologies of the Republic of Kazakhstan ("MINT"), the principal amount of the First Debentures will automatically be converted into units of the Company (the "First Units") on or before the First Maturity Date, at a conversion price of CAD$0.15 per Unit.

Each First Unit will be comprised of one common share of the Company (a "Share"), and one-half of one share purchase warrant with each whole warrant exercisable to purchase an additional Share until the First Maturity Date at an exercise price of CAD$0.35 ("First Warrant"). In the event that the closing price of the Share on the Exchange is equal to or exceeds $1.00 for a period of 10 consecutive trading days ("Acceleration Event"), the First Warrants will expire 90 calendar days after the Company provides notice that the Acceleration Event has occurred.

The Company used the residual value method to allocate the principal amount of the First Debenture between its liability and equity components. The Company valued the liability component of the First Debenture by calculating the present value of the principal and interest payments, discounted at a rate of 15%, being management's best estimate of the rate that a non-convertible debenture with similar terms would bear. The equity conversion feature of the First Debenture comprises the value of the conversion option, being the difference between the face value of the First Debenture and the liability component calculated above. Based on this calculation, the liability component was $12,499 and the residual amount of $6,501 was recorded as equity. An accretion charge attributable to the First Debenture for the year ended December 31, 2014 was $2,019 (December 31, 2013: $450). This amount is added to the liability component on the consolidated statement of financial position and is included in finance cost on the consolidated statement of loss and comprehensive loss.

10. Convertible debentures (continued)

April 2014 Issuance

On April 25, 2014 the Company completed a private placement of convertible unsecured non-interest bearing debentures ("Second Debenture") for aggregate proceeds of $2.26 million (CAD$2.50 million).

The Second Debenture will mature and become payable on April 25, 2017 ("Second Maturity Date") and are direct, unsecured obligations for the Company, ranking equally with all other unsecured indebtedness of the Company. Upon receipt of all necessary approvals from the MID on or before the Second Maturity Date for the Second Convertible Debenture, the principal amount of the Second Debenture will automatically be converted into units of the Company ("Second Units"); provided, however that the Second Debenture will only be converted into Second Units where such conversion would not result in a reduction in the existing percentage of Shares held by persons other than insiders or their associates and affiliates and not subject to resale restriction.

The conversion of the Second Debenture into Second Units shall be at a conversion price of:
(i) CAD$0.05 per Second Unit if conversion occurs by April 25, 2015; and
(ii) CAD$0.10 per Second Unit if conversion occurs within the following two years.

Each Second Unit will be comprised of one Share and one-half of one share purchase warrant, with each whole warrant exercisable to purchase one additional Share of the Company at an exercise price of CAD $0.10 until the Second Maturity Date ("Second Warrant"). In the event of an Acceleration Event, the Second Warrants will expire 90 calendar days after the Company provides notice that the Acceleration Event has occurred.

The Second Debenture and any Shares and Second Warrants issued upon conversion of the Second Debentures will be subjected to a hold period expiring August 26, 2014.

The Company used the residual value method to allocate the principal amount of the Second Debenture between its liability and equity components. The Company valued the liability component of the Second Debenture by calculating the present value of the principal and interest payments, discounted at a rate of 15%, being management's best estimate of the rate that a non-convertible debenture with similar terms would bear. The equity conversion feature of the Second Debenture comprises the value of the conversion option, being the difference between the face value of the Second Debenture and the liability component calculated above. Based on this calculation, the liability component was $1,489 and the residual amount of $775 was recorded as equity. An accretion charge attributable to the Second Debenture for the year ended December 31, 2014 was $153. This amount is added to the liability component on the consolidated statement of financial position and is included in finance cost on the consolidated statement of loss and comprehensive loss.

July 2014 Issuance

On July 14, 2014 the Company completed a private placement of convertible unsecured non-interest bearing debentures ("Third Debenture") for aggregate proceeds of $2.98 million (CAD$3.2 million) ("Third Private Placement").

The July Debenture will mature and become payable on July 14, 2017 ("Third Maturity Date") and are direct, unsecured obligations of the Company, ranking equally with all other unsecured indebtedness of the Company. Upon receipt of (i) all necessary approvals from the MID; and (ii) approval by the requisite majority of shareholders of the Company on or before the Third Maturity Date for the Third Debentures, the principal amount of the Third Debentures will automatically be converted into units of the Company (the "Third Units"); provided, however, (iii) that the Debentures will only be converted into Third Units where such conversion would not result in a reduction in the existing percentage of common shares of the Company held by persons other than insiders or their associates and affiliates and not subject to resale restrictions.

The conversion of the Third Debentures into Third Units shall be at a conversion price of: (i) CAD$0.05 per Third Unit if conversion occurs by July 14, 2015; and (ii) CAD$0.10 per Third Unit if conversion occurs within the following two years.

Each Third Unit will be comprised of one Share and one-half of one share purchase warrant, with each whole warrant exercisable to purchase one additional Share until July 14, 2017 at an exercise price of CAD$0.10 ("Third Warrant"). In the event of an Acceleration Event, the Third Warrants will expire 90 calendar days after the Company provides notice that the Acceleration Event has occurred.

10. Convertible debentures (continued)

July 2014 Issuance (continued)

The Third Debentures, and any Shares issued upon conversion of the Third Debentures or exercise of the Third Warrants, will be subject to a hold period expiring November 15, 2014.

The proceeds of the Third Private Placement were to be used for general working capital purposes.

The Company used the residual value method to allocate the principal amount of the Third Debenture between its liability and equity components. The Company valued the liability component of the Third Debenture by calculating the present value of the principal and interest payments, discounted at a rate of 15%, being management's best estimate of the rate that a non-convertible debenture with similar terms would bear. The equity conversion feature of the Third Debenture comprises the value of the conversion option, being the difference between the face value of the Third Debenture and the liability component calculated above. Based on this calculation, the liability component was $1,962 and the residual amount of $1,022 was recorded as equity. An accretion charge attributable to the Third Debenture for the year ended December 31, 2014 was $137. This amount is added to the liability component on the consolidated statement of financial position and is included in finance cost on the consolidated statement of loss and comprehensive loss.

September 2014 USD $20.0 million debt financing

On September 25, 2014, in conjunction with the foregoing, and in furtherance of the Company's work on its BFS for the Project, the Company and two of the its directors (the "Holders"), entered into agreements (the "Loan Agreements") to each advance USD 10 million to the Company for a total of USD 20 million in debt financing. These loans were set to mature on October 31, 2014 (the "Maturity Date"), are unsecured and bear interest at a rate of 12.5% per annum. Prior to the Maturity Date, the Company negotiated further loan terms with the Holders (as set out below).

October 2014 USD $20.0 million debt financing terms renegotiated

On October 27, 2014, the Company amended the terms of the Loan Agreements. The amendments were made by way of the issuance to the Holders, on a non-brokered private placement basis (the "October Private Placement"), of USD 20 million in an aggregate principal amount of convertible secured debentures (the "October Debentures") and an aggregate of 100,000,000 warrants ("October Warrants", and together with the October Debentures, the "Securities") to purchase Shares.

The October Debentures are direct obligations of the Company which will, following receipt of necessary approvals by MID, be secured (up to such amount as is approved by MID) by all of the shares of a wholly-owned subsidiary of the Company (the "Security"). The annual interest rate on the October Debentures will be 12.5 per cent. Interest will be payable at maturity in cash or, at the election of the Company and subject to certain conditions, in Shares, in accordance with applicable rules of the TSX-V.

The October Debentures will mature on and become payable on December 31, 2015, following an agreement with the debenture holders to extend the due date from the initial due date of April 14, 2015. The new due date is subject to an extension of such date to December 31, 2016 following receipt of MID approval of the Security and for the conversion features (the "October Maturity Date"). The Holders will have the option to require the Company to repay the October Debenture earlier than the October Maturity Date upon the occurrence of (i) a sale for consideration by the Company of at least 50% of its shareholdings in LLLP or (ii) a change of control of the Company.

The principal amount owing under the October Debentures will be convertible into Shares at the option of each Holder at a price of CAD$0.20 at any time following satisfaction of the following conditions: (i) receipt of all necessary approvals from MID; (ii) approval by the requisite majority of shareholders of the Company; and (iii) where such conversion would not result in a reduction in the existing percentage of common shares of the Company held by persons other than insiders or their associates and affiliates and not subject to resale restrictions (collectively, the "Conversion Conditions").

Subject to satisfaction of the Conversion Conditions, the October Warrants will be exercisable to purchase one common share of the Company at an exercise price of CAD$0.10 until December 31, 2016, provided however on an Acceleration Event, the October Warrants will expire on the date which is 90 calendar days after the Company provides notice that the Acceleration Event has occurred

(expressed in thousands of U.S. dollars, except where indicated; common shares balances are expressed in thousands)

10. Convertible debentures (continued)

October 2014 USD $20.0 million debt financing terms renegotiated (continued)

Where additional instruments are issued in conjunction with the convertible debenture or where the conversion component of the convertible debenture does not meet the definition of equity as a fixed amount of non-functional currency is not considered to represent a fixed amount of cash, the Company allocates the proceeds between liabilities including derivative liabilities and equity using valuation techniques. The valuation techniques selected are based on the characteristics of each instrument, with the overall objective of maximising the use of observable inputs including discount rates derived from interest rates of similar loans with similar risk.

The Company valued the liability component of the October Debentures by calculating the present value of the principal and interest payments, discounted at a rate of 29%, being management's best estimate of the rate that a non-convertible debenture with similar terms would bear for the April 14, 2015 maturity date. The conversion feature of the October Debentures (the derivative liability component) comprises the value of the conversion option based on an option pricing model that reflects the foreign exchange feature using inputs that are consistent with the terms of the instrument. The warrant feature (the equity component) was determined as the residual of the proceeds of issuance and liability components. Based on these calculations, the liability components were $18,797 debt and $16 derivative liability and the residual amount of $1,188 was recorded as equity. An accretion charge attributable to the October Debentures for the year ended December 31, 2014 was $862. This amount is added to the liability component on the consolidated statement of financial position and is included in finance cost on the consolidated statement of loss and comprehensive loss.

	Notes	December 31, 2014	December 31, 2013
Opening balance		12,949	–
Convertible debt issued		25,240	19,001
Allocation of equity portion		(2,986)	(6,501)
Accreted interest and foreign exchange impact		3,165	449
		38,368	**12,949**

11.Asset retirement obligation

	Notes	December 31, 2014	December 31, 2013
Social Sphere Provision	(i)	89	129
Liquidation Fund Provision	(ii)	57	41
		146	170
Current portion		–	48
Non-current portion		146	122
		146	170

(i) Social Sphere Provision

Pursuant to the Subsoil Use Contract between the Company and the Ministry of Industry and New Technologies of the Republic of Kazakhstan (the "Competent body") dated March, 20, 2009 and as amended on July 31, 2009 and December 28, 2010 (the "Contract"), the Company holds unrestricted exploration and production rights to the LLLP's iron ore deposit (the "Deposit"), located in Kostanay Oblast, the Republic of Kazakhstan. The term of the Contract is 21 years including 7 years of exploration period and 14 years of production period. In 2013 the exploration period was extended until March 19, 2016.

Pursuant to the Contract on exploration and production of iron ore the Company is obliged to make an annual allocation to the social infrastructure of the region in the amount of $48.0 during the exploration period. In 2013 the Company extended the exploration period until March 20, 2016. The provision is recognized at amortized cost using a discount rate of 5.5%, which is LLLP's borrowing rate.

(ii) Liquidation Fund Provision

Pursuant to the Contract the Company is obliged to make annual allocations to the liquidation fund. These funds are accumulated in a special bank account and are restricted for use until the Competent body provides permission for expenditure. The provision is recognized at amortized cost using a discount rate of 5.5%, which is LLLP's borrowing rate. As at December 31, 2014, the Company has deposited $84 in the Liquidation Fund.

(expressed in thousands of U.S. dollars, except where indicated; common shares balances are expressed in thousands)

12. Share capital

Authorized unlimited common shares without par value.

Warrants

	December 31, 2014		December 31, 2013	
	Number of warrants (000's)	**Weighted average exercise price (CDN$)**	**Number of warrants (000's)**	**Weighted average exercise price (CDN$)**
Outstanding - beginning of period	—	—	4,617	0.13
Granted	100,000	0.10	—	—
Exercised	—	—	(4,417)	0.12
Expired	—	—	(200)	0.40
Outstanding - end of period	100,000	0.10	—	0.65

Stock option

	December 31, 2014		December 31, 2013	
	Number of options (000's)	**Weighted average exercise price (CDN$)**	**Number of options (000's)**	**Weighted average exercise price (CDN$)**
Outstanding - beginning of period	4,000	0.17	—	—
Granted	—	—	4,000	0.17
Expired	(4,000)	(0.17)	—	—
Outstanding - end of period	—	—	4,000	0.17

On July 15, 2013, the Company granted 4,000 stock options with an exercise price of CDN$0.17 to management. The options are valuated through the Black-Scholes model with the following assumptions: 111.29% volatility, 0% annual rate of dividends, 1.82% annual risk free rate, and an expected life of option of 1 year.

On July 15, 2014, the incentive stock options granted to Mr. Campbell Smith to purchase up to 4,000.0 common shares in its capital stock at a price of CDN$0.17 per share (subject to receipt of approval from MINT) expired.

13. Related party transactions

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. Transactions with related parties for goods and services are made on normal commercial terms and are considered to be at arm's length.

The Company incurred the following expenses with related parties during:

	Year ended December 31, 2014	**Year ended December 31, 2013**
Management compensation	596	676
Stock based compensation (non-cash)	—	257
Directors fees	37	65
Accreted interest to directors on convertible debentures	3,165	449

In addition to the foregoing related party transactions the Company incurred the following:

In the year ended December 31, 2013 the Group incurred costs with Stonehouse Construction Pte Ltd ("SHCS") and companies controlled by it (collectively "Stonehouse") to manage the Project. Stonehouse has officers, directors and shareholders in common with the Company. Pursuant to the Alliance Agreement, a fee of 10% of expenditures incurred on the Project, (the "Fee") has been charged to the Company by Stonehouse. On July 14, 2013, the Group entered into a Termination Deed with SHCS, to terminate the Alliance Agreement and agreed to pay SHCS amounting to $349 in respect of all amounts due to SHCS to June 30, 2013. Stonehouse has charged $768 for the year ended December 31, 2013 for the Fee.

(expressed in thousands of U.S. dollars, except where indicated; common shares balances are expressed in thousands)

13.Related party transactions (continued)

On July 14, 2013, the Group entered into consulting agreement ("Consulting Agreement") with SHCS to provide financial, technical, administrative and other advice with respect to the ongoing development of the Lomonosovskoye Project for a monthly retainer fee of $120 for July and $70 per month thereafter ("Consulting Fees"). The Consulting Agreement was terminated on September 26, 2013. The Consulting Fees charged by SHCS for the year ended December 31, 2013 was $248.

The Company does not generate cash flow from operations and has therefore relied principally upon the issuance of securities to, and loans from, two of the Company's directors for financing. In April 2014, two of the Company's directors advanced $2,260 (equivalent to CDN$ 2,500) through completion of a private placement of convertible debentures, in July 2014 they advanced $2,980 (equivalent to CDN$ 3,200) through completion of a private placement of convertible debentures and in September 2014, they advanced $20,000 on terms that were subsequently renegotiated in October 2014 by way of issuance of convertible debentures (see note 10).

Amounts due to and from related parties are unsecured and non-interest bearing and no set terms of repayment.

14.Income tax

The Company is subject to Canadian federal and provincial tax, Austrian Tax, and Kazakhstan tax for the estimated assessable profit for the years ended December 31, 2014 and 2013. The Company has no assessable profit for the years ended December 31, 2014 and 2013.

The tax expense at statutory rates for the Company can be reconciled to the reported income taxes per the statement of loss and comprehensive loss as follows:

	Year ended December 31, 2014	**Year ended December 31, 2013**
Current income tax	—	—
Deferred income tax	(774)	(1,604)
Total income tax	**(774)**	**(1,604)**

	Year ended December 31, 2014	**Year ended December 31, 2013**
Net loss before income tax	(8,379)	(10,743)
Canadian income tax rate	26.50%	26.50%
Income tax	**(2,220)**	**(2,847)**
Non-deductible expenses	—	68
Tax effect on deferred tax assets for which no tax benefits has been recorded	1,446	1,175
Total income tax	**(774)**	**(1,604)**

	December 31, 2014	**December 31, 2013**
Deferred income tax assets		
Non-capital losses	2,625	2,491
Other	—	8
Unrecognized amount of deferred income tax assets	(1,076)	—
	1,549	**2,499**
Deferred income tax liability		
Convertible debentures	(1,549)	(1,604)
Payable – LLLP acquisition	—	(895)
	(1,549)	**(2,499)**
Deferred income tax – net asset	—	—

(expressed in thousands of U.S. dollars, except where indicated; common shares balances are expressed in thousands)

14.Income tax (continued)

Unrecognized deductible temporary differences, unused tax losses and unused tax credits are attributed to the following:

	December 31, 2014	December 31, 2013
Non-capital losses	2,625	1,581
Other	—	—
Total unrecognized deductible temporary differences	**2,625**	**1,581**

In assessing the recoverability of deferred tax assets other than deferred tax assets resulting from the initial recognition of assets and liabilities that do not affect accounting or taxable profit, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

At December 31, 2014, the Company has non-capital losses of $9,906 available for carry forward which may be applied to reduce future year's taxable income. These losses, if not utilized, will expire as follows:

Expiry date (year)	
2026	6
2027	47
2028	54
2029	137
2030	118
2031	4,290
2032	2,760
2033	2,494
Total	**9,906**

15.Capital management

The Company defines capital that it manages as its equity excluding non-controlling interest. The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders. The Company intends to pursue the acquisition, exploration and development of resource property interests and maintain a flexible capital structure which optimizes cost of capital at an acceptable risk.

The Company manages and reviews its capital structure based on the funds available for its operations and make adjustments for changes in economic conditions, capital markets and risk characteristics of the underlying assets. The Company expects it will be able to obtain equity financing and generate positive cash flow to maintain and grow operations. However, to maintain or adjust the capital structure, the Company may issue new shares, seek debt financing, acquire or dispose assets or change the timing of its planned exploration and development projects.

To assess liquidity and facilitate management of its capital requirements, management prepares annual budgets and updates them, as necessary, depending on various factors many of which are beyond Company's control and include successful capital deployment and general industry conditions. The Company also takes into account its expected cash flows from financing activities, including capital expenditures, and its cash and cash equivalent holdings. The Board of Directors approves the annual and updated budgets.

The Company places deposits only with major established banks in the currencies in which it operates. The Company's investment policy is to invest its excess cash in highly liquidly liquid, low risk, short-term interest-bearing investments. Investments are selected after taking into consideration the expected timing of operating and capital expenditures. The Company limits its exposure to credit risk on investments by primarily investing Guaranteed Investment Certificates ("GIC"). The GIC are redeemable in portion or in full at the Company's option without penalty and are recorded as cash and cash equivalents. Any excess cash is held in the currency which management believes poses the least amount of volatility and risk.

The Company does not pay dividends and has a short-term accounts payables. Neither the Company nor any of its subsidiaries are subjected to externally imposed capital requirements.

There have not been any changes to the Company's capital management policy during the periods ended December 31, 2014 and 2013.

(expressed in thousands of U.S. dollars, except where indicated; common shares balances are expressed in thousands)

16.Supplemental cash flow information

	December 31, 2014	December 31, 2013
Exploration and evaluation assets – accrual	2,696	681
ARO asset capitalized	–	151
Deferred acquisition cost reclassified to Exploration and evaluation assets	–	289

17.Subsequent events

On April 15, 2015 the Company announced that it is in discussions and negotiations with Safin to reschedule the cash payment of US$4 million due to Safin in connection with the terms of the SPA. Under the terms of the SPA, the Company was due to make a payment to Safin of US$4 million on January 15, 2015. Safin has agreed not to enforce this payment until such amount is overdue by 90 days, being April 15, 2015. While the extended deadline has expired, the Company is in negotiations to resolve the matter.