



# ODYSSEY

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## RESOURCES LIMITED

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### FINANCIAL STATEMENTS

Years ended December 31, 2014 and 2013

In United States dollars



## Independent Auditor's Report

To the Shareholders of  
Odyssey Resources Limited

**Raymond Chabot Grant Thornton LLP**

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We have audited the accompanying financial statements of Odyssey Resources Limited, which comprise the statements of financial position as at December 31, 2014 and 2013 and the statements of comprehensive income, changes in shareholders' 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 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 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 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of Odyssey Resources Limited as at December 31, 2014 and 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

*Raymond Chabot Grant Thornton LLP<sup>1</sup>*

Montréal  
April 23, 2015

# Odyssey Resources Limited

## Statements of Financial Position

<i>(audited, in US dollars)</i>	December 31, 2014	December 31, 2013
	\$	\$
<b>ASSETS</b>		
Current		
Cash	857,340	1,121,842
Accounts receivable	8,319	6,092
Prepaid expenses	9,876	12,056
	<b>875,535</b>	<b>1,139,990</b>
Non-current		
Marketable securities (Note 3)	35,049	59,662
<b>TOTAL ASSETS</b>	<b>910,584</b>	<b>1,199,652</b>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	11,531	494
<b>TOTAL LIABILITIES</b>	<b>11,531</b>	<b>494</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	15,022,596	15,022,596
Contributed surplus	2,257,387	2,257,387
Deficit	(16,402,219)	(16,193,007)
Cumulative translation adjustment	21,289	112,182
<b>TOTAL EQUITY</b>	<b>899,053</b>	<b>1,199,158</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>910,584</b>	<b>1,199,652</b>

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

On behalf of the Board,

/s/ James Crombie

James Crombie, Director

/s/ Carmelo Marrelli

Carmelo Marrelli, Director

# Odyssey Resources Limited

## Statements of Comprehensive Income

<i>(audited, in US dollars)</i>	Year ended December 31,	
	2014	2013
	\$	\$
<b>Expenses and other items</b>		
Management and administration (Note 6)	199,587	233,772
Business development	-	33,517
Fair value adjustment of marketable securities	20,643	(6,480)
Finance income	(11,018)	(14,444)
<b>Net loss for the year</b>	<b>(209,212)</b>	<b>(246,365)</b>
Other comprehensive income		
Item that will not be subsequently reclassified to income		
Foreign currency translation adjustment	(90,893)	(91,397)
<b>Comprehensive loss for the year</b>	<b>(300,105)</b>	<b>(337,762)</b>
Basic and diluted loss per share (Note 8)	(0.01)	(0.01)
Weighted average number of shares - basic and diluted	36,231,486	36,231,486

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

# Odyssey Resources Limited

## Statements of Shareholders' Equity

<i>(audited, in US dollars)</i>	Number of issued and outstanding common shares	Share capital	Contributed surplus	Deficit	Cumulative translation adjustment	Shareholders' equity
		\$	\$	\$	\$	\$
<b>Balance at December 31, 2013</b>	<b>36,231,486</b>	<b>15,022,596</b>	<b>2,257,387</b>	<b>(16,193,007)</b>	<b>112,182</b>	<b>1,199,158</b>
Net loss for the year	-	-	-	(209,212)	-	(209,212)
Other comprehensive income						
Foreign currency translation adjustment	-	-	-	-	(90,893)	(90,893)
<b>Balance at December 31, 2014</b>	<b>36,231,486</b>	<b>15,022,596</b>	<b>2,257,387</b>	<b>(16,402,219)</b>	<b>21,289</b>	<b>899,053</b>
Balance at December 31, 2012	36,231,486	15,022,596	2,257,387	(15,946,642)	203,579	1,536,920
Net loss for the year	-	-	-	(246,365)	-	(246,365)
Other comprehensive income						
Foreign currency translation adjustment	-	-	-	-	(91,397)	(91,397)
Balance at December 31, 2013	36,231,486	15,022,596	2,257,387	(16,193,007)	112,182	1,199,158

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

# Odyssey Resources Limited

## Statements of Cash Flows

<i>(audited, in US dollars)</i>	Year ended December 31,	
	2014	2013
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	(209,212)	(246,365)
Adjustment		
Fair value adjustment of marketable securities	20,643	(6,480)
Changes in working capital items		
Accounts receivable	(2,871)	9,018
Prepaid expenses	1,236	(8,626)
Accounts payable and accrued liabilities	11,633	(13,850)
	(178,571)	(266,303)
Effect of exchange rate changes on cash held in foreign currencies	(85,931)	(86,758)
<b>Net change in cash</b>	<b>(264,502)</b>	<b>(353,061)</b>
Cash, beginning of year	1,121,842	1,474,903
<b>Cash, end of year</b>	<b>857,340</b>	<b>1,121,842</b>
Finance income received included in operating activities	11,120	14,829

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

# Odyssey Resources Limited

Notes to Financial Statements

**December 31, 2014** *(audited - in US dollars)*

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## 1. NATURE OF OPERATIONS

Odyssey Resources Limited ("Odyssey" or the "Company") was incorporated under the laws of Barbados in December 1994 and continued in April 2008 under the laws of the province of Ontario. The address of Odyssey's registered office is Brookfield Place, 181 Bay Street, Suite 4400, Toronto, Ontario, M5J 2T3. The Company is primarily engaged in the acquisition and exploration of mineral properties. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. At December 31, 2014, the Company does not hold an interest in any mineral properties and during the year ended December 31, 2014, the Company did not carry out any exploration programs. The Company continues to assess new properties and seeks to acquire an interest in mineral properties if the Company believes they have merit and if it has adequate financial resources to do so. All amounts in these financial statements are expressed in United States dollars unless otherwise indicated.

Odyssey's common shares are listed on the NEX board of the TSX Venture Exchange ("TSXV") and trade under the symbol 'ODX.H'. Dundee Corporation holds approximately 31.4% of the issued common shares of Odyssey.

The Board of Directors approved and authorized for issuance these financial statements on April 23, 2015.

# Odyssey Resources Limited

Notes to Financial Statements

December 31, 2014 (audited - in US dollars)

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## 2. SIGNIFICANT ACCOUNTING POLICIES

### *Statement of compliance*

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The significant accounting policies that have been applied in the preparation of these financial statements are summarized below.

### *Basis of measurement*

These financial statements have been prepared on a historical cost basis, except for the financial instruments presented at fair value through income.

### *Foreign currency translation*

These financial statements are presented in US dollars. The functional currency of Odyssey is the Canadian dollar which has remained unchanged during the reporting years.

Monetary assets and liabilities which are denominated in a foreign currency are translated at the exchange rate in effect at the reporting date, whereas non-monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the transaction date. Revenues and expenses denominated in a foreign currency are translated at the average rate in effect during the period. Gains and losses on exchange arising from the translation of foreign operations are recorded in profit or loss.

The Company's Canadian dollar financial statements are translated to US dollars as follows: assets and liabilities are translated at the closing rate in effect at the reporting date and income and expenses are translated at the average exchange rate for the period. The share capital and contributed surplus accounts are translated at rates in effect at the time of issuance. Exchange gains or losses resulting from the translation of the Company's accounts into the reporting currency are reported as other comprehensive income and presented as a separate component of shareholders' equity.

# Odyssey Resources Limited

Notes to Financial Statements

December 31, 2014 (audited - in US dollars)

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Financial assets and liabilities*

Financial assets are recognized when the Company becomes a party to the contractual provision of a financial instrument. Financial assets held by the Company consist of cash, accounts receivable (excluding sales taxes receivable) and marketable securities. Cash and accounts receivable are classified as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Marketable securities are measured initially and subsequently at fair value with fair value adjustments presented separately on the statements of comprehensive income. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. Income relating to financial assets that are recognized in profit or loss is presented as finance income.

All financial assets are assessed for indicators of impairment at the end of each reporting year. 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. The carrying amount of financial assets is reduced by any impairment loss. If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is reversed through profit or loss.

The Company's financial liabilities consist of accounts payable and accrued liabilities. They are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities are de-recognized when the obligations are extinguished, discharged, cancelled or expired.

### *Fair value of financial and non-financial items*

Financial and non-financial items, recorded at fair value on the statements of financial position, are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data.

# Odyssey Resources Limited

Notes to Financial Statements

December 31, 2014 *(audited - in US dollars)*

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Mineral properties and exploration and evaluation expenditures*

The cost of acquiring licenses related to mineral properties and other expenditures associated with the acquisition of exploration and evaluation assets are capitalized as intangible assets under mineral properties on a property-by-property basis. Other exploration and evaluation expenditures are expensed as incurred. Once a project has been established as commercially viable and technically feasible, mineral properties are reclassified as tangible assets and related development expenditures are capitalized. An impairment test is performed before reclassification and any impairment loss is then recognized in profit or loss.

At the end of each reporting period, the Company reviews the carrying amounts of its mineral properties to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. Value in use takes into account estimated future cash flows associated with the asset, such value being discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In the case of exploration and evaluation assets, impairment reviews are carried out on a property-by-property basis, with each property representing a potential cash generating unit. A previous impairment is reversed if the asset's recoverable amount exceeds its carrying amount.

# Odyssey Resources Limited

Notes to Financial Statements

December 31, 2014 (audited - in US dollars)

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Provisions and contingent liabilities*

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Timing or amount of the outflow may still be uncertain. If the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

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 arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the related asset, as soon as the obligation to incur such costs arises and to the extent that such cost can be reasonably estimated. The Company had no material provisions at December 31, 2014 and December 31, 2013.

# Odyssey Resources Limited

Notes to Financial Statements

December 31, 2014 (audited - in US dollars)

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Income taxes*

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

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination which affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries is not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date and which are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the underlying tax loss or deductible temporary difference can be utilized. Deferred tax assets and liabilities are offset only when the Company has a legally enforceable right and intention to set-off current tax assets and liabilities from the same taxation authority.

### *Equity*

Share capital represent the amount received on the issue of shares, less issuance costs. Contributed surplus includes charges related to stock options and warrants until such equity instruments are exercised. Deficit includes all current and prior year losses. Cumulative translation adjustment includes the impact of converting the accounts of the Company into the reporting currency. All transactions with owners are recorded separately within equity.

### *Finance income*

Finance income consists of interest on funds invested. Finance income is accounted for in the statements of comprehensive income as it accrues, using the effective interest rate method.

# Odyssey Resources Limited

Notes to Financial Statements

December 31, 2014 (audited - in US dollars)

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Share-based payment transactions*

Equity-settled share-based payments are made in exchange for services received and are measured at fair value. The fair value of the services rendered is determined indirectly by reference to the fair value of the equity instruments granted when the fair value of services rendered cannot be reliably estimated. The fair value of share-based payments to directors, officers, employees and consultants with employee-related functions is recognized as an expense over the vesting period with a corresponding increase to contributed surplus. The fair value of stock options granted is measured at the grant date and recognized over the period during which the options vest using the Black-Scholes option pricing model and taking into account an estimated forfeiture rate and the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Upon the exercise of share-based payments, the proceeds received, net of any direct expenses, as well as the related compensation expense previously recorded as contributed surplus are credited to share capital.

### *Loss per share*

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. Dilutive potential common shares shall be deemed to have been converted into common shares at the beginning of the period or, if later, at the date of issue of the potential common shares. For the purpose of calculating diluted loss per share, the Company assumes the exercise of its dilutive options and warrants. The assumed proceeds from these instruments are regarded as having been received from the issue of common shares at the average market price of its shares during the period.

# Odyssey Resources Limited

Notes to Financial Statements

December 31, 2014 (audited - in US dollars)

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Significant accounting judgments and estimates*

The preparation of these 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 periods. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain and may require accounting adjustments based on future occurrences. Revisions to accounting estimates, judgments and assumptions 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, judgments and assumptions 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.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from the assumptions made, relate to, but are not limited to: i) whether a past event has led to a liability that should be recognized in the statements of financial position or disclosed as a contingent liability; and ii) the assessment of the Company's ability to execute its strategy by funding future working capital requirements.

### *New accounting pronouncements*

Certain pronouncements issued by the International Accounting Standards Board (IASB) became mandatory for accounting periods beginning on January 1, 2014. The following new standards and amendments that are relevant to the Company have been adopted in preparing these financial statements.

#### *a) IFRIC 21, Levies*

The IFRS Interpretations Committee has provided guidance on the accounting for levies in the financial statements of the entity that is paying the levy. The question relates to when to recognize a liability to pay a levy that is accounted in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. IFRIC has been applied retrospectively in accordance with its transitional provisions and had no material effect on the financial statements for any period presented.

# Odyssey Resources Limited

Notes to Financial Statements

December 31, 2014 (audited - in US dollars)

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Accounting standards issued but not yet applied*

Standards, amendments and interpretations issued but not yet effective up to the date of the issuance of these financial statements that are expected to be relevant to the Company are listed below. Certain other standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

#### a) *IFRS 9, Financial Instruments*

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 Company's management has yet to assess the impact of IFRS 9 on its financial statements. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018.

## 3. MARKETABLE SECURITIES

At December 31, 2014 and December 31, 2013, the Company owned 3,000,000 shares of Ariana Resources plc, a London-based mineral exploration company. These shares are recorded at fair value using the last bid price and fair value adjustments are reported in profit or loss.

## 4. SHARE CAPITAL

### **Authorized and issued**

Unlimited number of common shares without par value. At December 31, 2014 and 2013, the Company had 36,231,486 issued and outstanding common shares.

# Odyssey Resources Limited

Notes to Financial Statements

December 31, 2014 (audited - in US dollars)

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## 5. STOCK OPTIONS

The shareholders of the Company have adopted and approved a stock option plan for certain employees, officers, directors and consultants to the Company. The Board of Directors has the responsibility to oversee the stock option plan. The Board of Directors may determine the time during which any options may vest. The Board of Directors determines the exercise price of each option granted at the time of grant, subject to the policies of the TSXV. The options are to be granted for such periods as the Board of Directors determines up to a maximum of five years. The maximum number of common shares issuable pursuant to the stock option plan must not exceed 10% of the total number of common shares outstanding from time to time.

At December 31, 2013, the Company had 1,975,000 outstanding stock options at an exercise price of Can \$0.20 per share. All of the outstanding stock options expired unexercised on June 25, 2014. At December 31, 2014, the Company had no outstanding stock options.

## 6. MANAGEMENT AND ADMINISTRATION EXPENSES

	Year ended December 31,	
	2014	2013
	\$	\$
Employee benefits	26,839	24,438
Administrative and general	71,351	90,753
Office	52,526	54,895
Investor relations and travel	1,808	2,758
Professional fees	36,241	43,087
Reporting issuer costs	11,927	18,007
Gain on foreign exchange	(1,105)	(166)
	<b>199,587</b>	<b>233,772</b>

# Odyssey Resources Limited

Notes to Financial Statements

December 31, 2014 (audited - in US dollars)

## 7. INCOME TAXES

The reconciliation of the effective tax rate is as follows:

	Year ended December 31, 2014		Year ended December 31, 2013	
	\$		\$	
Loss before income tax		(209,212)		(246,365)
Tax using the Company's domestic tax rate	26.90%	(56,278)	26.90%	(66,272)
Unrecognized tax assets	63.85%	(133,585)	(25.31%)	62,359
Expired non-capital losses	(88.15%)	184,423	-	-
Non-deductible expenses	(1.33%)	2,784	-	-
Others	(1.27%)	2,656	(1.59%)	3,913
Deferred income tax	-	-	-	-

Unrecognized deductible temporary differences for which no deferred tax assets have been recognized are as follows:

	December 31, 2014		December 31, 2013	
	\$		\$	
	Federal	Quebec	Federal	Quebec
Non-capital loss carry-forwards	5,445,162	5,445,162	6,491,511	6,491,511
Capital loss carry-forwards	3,361,623	3,361,623	3,666,587	3,666,587
Exploration expenses	180,249	1,861,150	196,601	2,029,992
Marketable securities	143,509	143,509	135,095	135,095
Plant and equipment	20,957	20,957	22,858	22,858
	9,151,500	10,832,401	10,512,652	12,346,043

# Odyssey Resources Limited

Notes to Financial Statements

December 31, 2014 (audited - in US dollars)

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## 7. INCOME TAXES (continued)

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise these benefits.

Non-capital losses expire as follows:

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	\$
2015	803,548
2026	1,271,248
2027	791,270
2028	722,979
2029	356,646
2030	294,893
2031	371,312
2032	402,600
2033	251,185
2034	179,481
	<hr/> 5,445,162

## 8. NET LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended December 31, 2014 was based on the loss attributable to common shareholders of \$209,212 (a loss of \$246,365 in 2013) and the weighted average number of common shares outstanding of 36,231,486 (36,231,486 in 2013).

Excluded from the calculation of the diluted loss per share for the year ended December 31, 2014 are nil stock options (1,975,000 stock options in 2013) because to include them would be anti-dilutive.

## 9. SEGMENTED INFORMATION

The Company has one reportable operating segment being the acquisition and exploration of mineral properties. At December 31, 2014 and 2013, the Company did not have an interest in any mineral property.

# Odyssey Resources Limited

## Notes to Financial Statements

December 31, 2014 (audited - in US dollars)

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### 10. CAPITAL MANAGEMENT

The Company defines capital that it manages as shareholders' equity. When managing capital, the Company's objectives are a) to ensure the entity continues as a going concern; b) to increase the value of the entity's assets; and c) to achieve optimal returns to shareholders. These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them to production or obtaining sufficient proceeds from their disposal.

At December 31, 2014, managed capital was \$899,053 (\$1,199,158 at December 31, 2013). The Company currently does not hold an interest in any mineral properties but continues to assess new mineral properties and seeks to acquire an interest in properties if the Company believes that they have merit and if it has adequate financial resources to do so. As such, the Company is dependent on external financing to fund its activities. Until such time as the Company enters into an agreement to acquire a mineral property, the Company will minimize discretionary disbursements and expenditures that are of limited strategic value. There were no changes in the Company's approach to capital management during the year ended December 31, 2014. The Company is not subject to any externally imposed capital requirements at December 31, 2014.

### 11. FINANCIAL RISK MANAGEMENT

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by the Board of Directors. There were no changes to the Company's financial objectives, policies and processes during the year ended December 31, 2014.

#### *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's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. At December 31, 2014, the Company's working capital totals \$864,004 (\$1,139,496 at December 31, 2013). Current liabilities of \$11,531 (\$494 at December 31, 2013) are due within the next 3 months. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

#### *Credit risk*

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets held. At December 31, 2014, the Company's financial assets exposed to credit risk are primarily composed of cash. To mitigate exposure to credit risk, the Company has established a policy to ensure counterparties demonstrate minimum acceptable worthiness, and to ensure liquidity of available funds. The Company's cash is held with a large Canadian-based financial institution.

# Odyssey Resources Limited

Notes to Financial Statements

December 31, 2014 (audited - in US dollars)

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## 11. FINANCIAL RISK MANAGEMENT (continued)

### *Currency risk*

In the normal course of its operations, the Company has limited exposure to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates since most of the Company's business transactions are denominated in Canadian dollars, which is the Company's functional currency. The marketable securities held by the Company are denominated in British pounds. The impact on profit or loss and on equity of a 10% increase or decrease in the British Pound to the US dollar exchange rate on the Company's marketable securities would be approximately \$3,500 at December 31, 2014 (approximately \$6,000 at December 31, 2013).

### *Interest rate risk*

The Company's interest rate risk relates to cash. The Company's current policy on its cash balances is to invest excess cash in guaranteed investment certificates or interest bearing accounts with a major Canadian-based chartered bank. The Company regularly monitors compliance to its cash management policy. Cash is subject to floating interest rates. Sensitivity to a plus or minus 1% change in rates would affect the reported loss in 2014 by approximately \$8,600 (\$11,200 in 2013).

## 12. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable (excluding sales taxes receivable), marketable securities and accounts payable and accrued liabilities. Other than marketable securities, the fair value of these financial instruments approximates their carrying value, given the short-term maturity of these instruments. A plus or minus 10% change in the value of the marketable securities would affect shareholders' equity by approximately \$3,500 (\$6,000 at December 31, 2013). The marketable securities presented at fair value on the statements of financial position are classified as Level 1 of the hierarchy of fair value as the shares held are publicly traded.

# Odyssey Resources Limited

Notes to Financial Statements

December 31, 2014 (audited - in US dollars)

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## 13. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2014, the Company paid or accrued administration expenses of \$88,402 to Reunion Gold Corporation, a related party by virtue of common directors and management (\$106,984 in 2013). Unless otherwise stated, none of the transactions provided for special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

### Remuneration of directors and key management of the Company

The remuneration awarded to directors and to senior key management, including the Executive Chairman, the Chief Executive Officer and the Chief Financial Officer, is as follows:

	Year ended December 31,	
	2014	2013
	\$	\$
Employee benefits	26,753	24,438
Consulting fees	7,954	13,098
	<b>34,707</b>	37,536