IRON CREEK

CAPITAL CORP.

# CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## APRIL 30, 2014 AND 2013

(Unaudited - Expressed in Canadian dollars)

## NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of Iron Creek Capital Corp. for the three months ended April 30, 2014 and 2013 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed consolidated interim financial statements have not been reviewed by the Company's external auditors.

# IRON CREEK CAPITAL CORP.

(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

| | April 30, 2014 | January 31, 2014 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash | $ 4,965,645 | $ 1,090 |
| Receivables | 13,035 | 3,765 |
| Prepaid expenses and deposits | 9,305 | 13,723 |
| **Total current assets** | 4,987,985 | 18,578 |
| **Non-current assets** | | |
| Exploration and evaluation assets (Note 3) | 876,446 | 876,446 |
| Property and equipment (Note 5) | 82,631 | 90,360 |
| **Total non-current assets** | 959,077 | 966,806 |
| **TOTAL ASSETS** | $ 5,947,062 | $ 985,384 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities | $ 157,607 | $ 227,738 |
| Due to related parties (Note 7) | 537,310 | 656,316 |
| **TOTAL LIABILITIES** | 694,917 | 884,054 |
| **EQUITY** | | |
| Share capital (Note 6) | 16,258,812 | 12,987,846 |
| Share-based payment reserve | 5,140,352 | 2,862,066 |
| Deficit | (16,147,019) | (15,748,582) |
| **TOTAL EQUITY** | 5,252,145 | 101,330 |
| **TOTAL LIABILITIES AND EQUITY** | $ 5,947,062 | $ 985,384 |

**Nature of Operations and Ability to Continue as a Going Concern** (Note 1)
**Events after Reporting Date** (Note 12)

These condensed consolidated interim financial statements were authorized for issuance by the Board of Directors on June 18, 2014.

**Approved by the Board of Directors**

*"Michael Winn"* , Director *"Timothy Beale"* , Director

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

## IRON CREEK CAPITAL CORP.

(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Comprehensive Loss
(Unaudited - Expressed in Canadian dollars)

| | Three months ended April 30, 2014 | Three months ended April 30, 2013 |
|---|---|---|
| **EXPLORATION EXPENDITURES** (Note 4) | $ 198,770 | $ 374,862 |
| **GENERAL AND ADMINISTRATIVE EXPENSES** | | |
| Administration | 14,547 | 11,770 |
| Amortization (Note 5) | 7,729 | 11,056 |
| Investor relations and shareholder information | 2,414 | 2,399 |
| Management fees | 130,492 | 133,325 |
| Professional fees | 8,891 | 1,429 |
| Transfer agent and regulatory fees | 26,108 | 6,780 |
| Travel | 11,745 | 15,727 |
| Total general and administrative expenses | 201,926 | 182,486 |
| | (400,696) | (557,348) |
| Foreign exchange gain | 955 | 4,094 |
| Gain on exchange of property interests (Note 3) | - | 33,619 |
| Interest income | 1,304 | - |
| **Loss and comprehensive loss for the period** | $ (398,437) | $ (519,635) |
| **Loss per common share** | | |
| Basic and diluted loss per common share | $ (0.03) | $ (0.10) |
| Weighted average number of common shares outstanding | 11,634,109 | 5,205,559 |

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

# IRON CREEK CAPITAL CORP.

(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

| | Three months ended | |
|---|---|---|
| | April 30, 2014 | April 30, 2013 |
| **OPERATING ACTIVITIES** | | |
| Loss for the period | $ (398,437) | $ (519,635) |
| Items not affecting cash: | | |
| Amortization | 7,729 | 11,056 |
| Gain on exchange of property interests | - | (33,619) |
| **Changes in non-cash working capital items:** | | |
| Receivables | (9,270) | 3,277 |
| Prepaid expenses and deposits | 4,418 | 51,950 |
| Accounts payable and accrued liabilities | (70,131) | (13,635) |
| Due to related parties | (119,006) | 356,070 |
| **Net cash used in operating activities** | (584,697) | (144,536) |
| **FINANCING ACTVITIES** | | |
| Proceeds from issuance of common shares, net | 5,549,252 | - |
| **Net cash provided by financing activities** | 5,549,252 | - |
| Net change in cash during the period | 4,964,555 | (144,536) |
| Cash, beginning of period | 1,090 | 146,442 |
| **Cash, end of period** | $ 4,965,645 | $ 1,906 |

**Supplementary Cash Flow Information** (Note 11)

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

# IRON CREEK CAPITAL CORP.

(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited - Expressed in Canadian dollars)

| | Number of shares | Share capital | Share-based payments reserve | Deficit | Total Equity |
|---|---|---|---|---|---|
| **Balance as at January 31, 2014** | 7,612,321 | $ 12,987,846 | $ 2,862,066 | $ (15,748,582) | $ 101,330 |
| Private placement at $0.21 per share | 26,606,762 | 3,512,811 | 2,074,609 | - | 5,587,420 |
| Finders' fees in units | 927,014 | 122,391 | 72,282 | - | 194,673 |
| Share issuance costs in units | - | (194,673) | - | - | (194,673) |
| Share issuance costs in finders' warrants | - | (131,395) | 131,395 | - | - |
| Share issuance costs in cash | - | (38,168) | - | - | (38,168) |
| Loss for the period | - | - | - | (398,437) | (398,437) |
| **Balance as at April 30, 2014** | 35,146,097 | $ 16,258,812 | $ 5,140,352 | $ (16,147,019) | $ 5,252,145 |

| | Number of shares | Share capital | Share-based payments reserve | Deficit | Total Equity |
|---|---|---|---|---|---|
| **Balance as at January 31, 2013** | 5,205,559 | $ 12,147,125 | $ 2,706,920 | $ (13,757,903) | $ 1,096,142 |
| Loss for the period | - | - | - | (519,635) | (519,635) |
| **Balance as at April 30, 2013** | 5,205,559 | $ 12,147,125 | $ 2,706,920 | $ (14,277,538) | $ 576,507 |

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

## 1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

Iron Creek Capital Corp. (the "Company" or "Iron Creek") was incorporated on September 14, 2006, under the Business Corporations Act (Alberta) and continued into British Columbia on June 25, 2008. Iron Creek is a publicly traded company, listed on the TSX Venture Exchange under the trading symbol IRN. The Company's principal business activities are the acquisition and exploration of mineral properties in Chile.

In an effort to facilitate greater flexibility in pursuing its plans to advance its projects and to conclude any additional financings required by the Company, effective April 14, 2014, the Company completed a share consolidation on a basis of seven pre-consolidation shares for one post-consolidation share (Note 6). On the share consolidation date, the number of pre-consolidation common shares was 53,286,239. The share consolidation resulted in 7,612,321 post-consolidation common shares. As required by IAS 33, *Earnings per Share*, all references to share capital, common shares outstanding and per share amounts in these consolidated financial statements and the accompanying notes for time periods prior to the share consolidation have been restated to reflect the seven for one share consolidation.

These condensed consolidated interim financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months. Realization values may be substantially different from the carrying values shown and these condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company's continuing operations and the ability of the Company to meet mineral property and other commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing and to find joint venture partners. At the date of these condensed consolidated interim financial statements, the Company has not identified a known body of commercial grade mineral on any of its properties. At April 30, 2014, the Company has not achieved profitable operations and has accumulated losses since inception. During the three months ended April 30, 2014, the Company completed a financing for gross proceeds of $5,587,420. Management believes that there is sufficient capital to fund its administrative and exploration expenditures for the next twelve months.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

### Basis of Measurement and Presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis using the accrual basis of accounting except for cash flow information. These condensed consolidated interim financial statements are presented in Canadian dollars ("CAD"), which is also the Company's functional currency.

(Unaudited - Expressed in Canadian dollars)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Basis of Consolidation

These consolidated financial statements comprise the accounts of the parent company, and its subsidiaries, after the elimination of all material intercompany balances and transactions.

*Subsidiaries*

Subsidiaries are all entities over which the Company has exposure to variable returns from its involvement and has the ability to use power over these investees to affect its returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases.

The accounts of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Inter-company transactions, balances and unrealized gains or losses on transactions are eliminated.

### Significant Accounting Policies

The accounting policies applied by the Company in these unaudited condensed consolidated interim financial statements are consistent with those applied in its consolidated annual financial statements and related note disclosures as at and for the year ended January 31, 2014.

## 3. EXPLORATION AND EVALUATION ASSETS

| | April 30, 2014 | January 31, 2014 |
|---|---|---|
| Las Pampas | $ 851,772 | $ 851,772 |
| Magallanes | 12,888 | 12,888 |
| T4 | 11,836 | 11,836 |
| | $ 876,446 | $ 876,446 |

**3. EXPLORATION AND EVALUATION ASSETS** (continued)

**Las Pampas**

As at April 30, 2014, the Company owns 100% of the Las Pampas Property, comprising the consolidated properties previously named Pampa Buenos Aires and Pampa Sur properties. Hochschild Mining PLC (“Hochschild”) retains a 2% net smelter return (“NSR”) royalty on any and all future production from the Pampa Buenos Aires portion of the property.

In April 2014, the Company signed a definitive agreement (the “Agreement”) with Kinross Chile Limitada, a wholly owned subsidiary of Kinross Gold Group (collectively, “Kinross”), whereby Kinross will have the sole and exclusive option and right to acquire up to a 75% undivided interest in the Las Pampas Property, by complying the terms and conditions set out below:

*Initial Option*

Kinross has the exclusive initial option (the “Initial Option”), exercisable at its sole discretion, to earn an undivided 60% interest in the Las Pampas Property by funding and incurring an aggregate of US$5 million in exploration expenditures over 4 years, including a minimum of US$500,000 in the first year.

*Additional Option*

After the exercise of the Initial Option, Kinross will have the exclusive additional option (the “Additional Option”), exercisable at its sole discretion, to acquire an additional undivided 15% interest in the Las Pampas Property by:

- funding and incurring an additional US$20 million in exploration expenditures over the 5 year period after the exercise of the Initial Option; or,
- completing a National Instrument 43-101 compliant bankable feasibility study with respect to the Las Pampas Property over the same time period.

Kinross is the operator of the Las Pampas Property under the Agreement during the option periods. Kinross may extend the Additional Option period by intervals of one year up to a maximum of 4 years by incurring a minimum of US$1 million in expenditures during each additional year. Kinross may also pay the Company cash in lieu of expenditures during the Initial and Additional Option periods. If Kinross exercises its Initial Option, a joint venture mining company (the “Joint Venture”) will be incorporated to hold the Las Pampas Property. If Kinross exercises the Additional Option, the share structure of the Joint Venture will be adjusted to reflect Kinross’ ownership of 75% and the Company’s ownership of 25%.

After the Initial Option, or after the Additional Option, has been exercised, the Company may either maintain its interest in the Joint Venture and proportionally fund all future expenditures, or the Company may opt to covert its interest in the Joint Venture to a NSR royalty, giving Kinross a 100% interest in the Las Pampas Property. A portion of the NSR royalty may be purchased by Kinross for cash.

**Magallanes**

The Company owns 100% of the Magallanes Project which consists of certain exploration and exploitation concessions located in the Antofagasta region of northern Chile.

(Unaudited - Expressed in Canadian dollars)

## 3. EXPLORATION AND EVALUATION ASSETS (continued)

### T4

The Company owns 100% of the T4 Property which consists of certain exploration concessions located in the Antofagasta region of northern Chile.

### Victoria

The Company retains an uncapped 2% NSR royalty on the exploration property in northern Chile known as Victoria, currently owned and operated by a subsidiary of Hochschild. Victoria is a large property that was previously subject to a Joint Venture agreement between the Company and Hochschild. During the three months ended April 30, 2013, the Company exchanged its ownership of 33.88% in SCM Victoria for Hochschild's 50% ownership in SCM Pampa Buenos Aires. As a result of this exchange of property interests, the Company recognized a gain on exchange of property interests in the amount of $33,619.

## 4. EXPLORATION EXPENDITURES

During the three months ended April 30, 2014 and 2013, the Company incurred the following exploration expenditures, which were expensed as incurred:

| 2014 | Magallanes | Las Pampas | T4 | Regional | Total |
|---|---|---|---|---|---|
| Geological fees | $ - | $ - | $ - | $ 19,482 | $ 19,482 |
| Legal and accounting | 884 | 2,029 | 5,011 | (19) | 7,905 |
| Office and administration | 1,033 | 2,371 | 5,856 | 20,617 | 29,877 |
| Property maintenance | 2,059 | 21,171 | 11,669 | (22,044) | 12,855 |
| Salaries and benefits | 2,248 | 7,511 | 12,737 | 104,702 | 127,198 |
| Travel | - | - | - | 1,453 | 1,453 |
| Total | $ 6,224 | $ 33,082 | $ 35,273 | $ 124,191 | $ 198,770 |

| 2013 | Exploradora | Magallanes | Las Pampas | T4 | Regional | Total |
|---|---|---|---|---|---|---|
| Assays | $ - | $ - | $ 32 | $ - | $ 2,813 | $ 2,845 |
| Geological fees | - | - | 11,008 | - | 15,065 | 26,073 |
| Legal and accounting | 651 | 194 | 9,671 | 1,406 | 8,095 | 20,017 |
| Office and administration | 1,012 | 302 | 15,029 | 2,185 | 12,582 | 31,110 |
| Property maintenance | 1,253 | 1,253 | 140,457 | 10,023 | 25,854 | 178,840 |
| Salaries and benefits | 5,578 | 786 | 60,603 | 4,729 | 40,887 | 112,583 |
| Travel | - | - | 3,084 | - | 310 | 3,394 |
| Total | $ 8,494 | $ 2,535 | $ 239,884 | $ 18,343 | $ 105,606 | $ 374,862 |

(Unaudited - Expressed in Canadian dollars)

## 5. PROPERTY AND EQUIPMENT

| | Field equipment | Furniture and equipment | Computer equipment | Vehicles | Leasehold improvements | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| As at January 31, 2014 | $ 102,905 | $ 24,514 | $ 21,838 | $ 25,958 | $ 29,617 | $ 204,832 |
| Additions | - | - | - | - | - | - |
| Reductions | - | - | - | - | - | - |
| As at April 30, 2014 | 102,905 | 24,514 | 21,838 | 25,958 | 29,617 | 204,832 |
| **Accumulated Amortization** | | | | | | |
| As at January 31, 2014 | 51,872 | 10,396 | 12,424 | 14,278 | 25,502 | 114,472 |
| Additions | 2,552 | 706 | 706 | 1,298 | 2,467 | 7,729 |
| Reductions | - | - | - | - | - | - |
| As at April 30, 2014 | 54,424 | 11,102 | 13,130 | 15,576 | 27,969 | 122,201 |
| **Net Book Value** | | | | | | |
| As at January 31, 2014 | $ 51,033 | $ 14,118 | $ 9,414 | $ 11,680 | $ 4,115 | $ 90,360 |
| As at April 30, 2014 | $ 48,481 | $ 13,412 | $ 8,708 | $ 10,382 | $ 1,648 | $ 82,631 |

## 6. EQUITY

### Authorized

As at April 30, 2014, the authorized share capital of the Company was an unlimited number of common shares and preferred shares without par value.

### Share Capital

Effective April 14, 2014, the Company completed the consolidation of its issued and outstanding common shares on the basis of seven pre-consolidation common shares for one post-consolidation common share. As required by IAS 33, *Earnings per Share*, all information with respect to the number of common shares and issuance prices is presented on a post-consolidation basis.

*For the three months ended April 30, 2014:*

The Company completed a non-brokered private placement with the issuance of 26,606,762 units at $0.21 per unit for gross proceeds of $5,587,420. Each unit was composed of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional share at $0.31 per share in the first three years and at $0.42 per share in the last two years.

The Company also issued 927,014 units and 927,014 non-transferable broker warrants as finders' fees. The finders' units have the same term as the private placement units and the broker warrants have the same term as the warrants in the private placement units. The Company also incurred $38,168 of share issuance costs paid in cash. The Company valued the finders' units at $0.21 per unit for total value of $194,673. The Company valued the finders' warrants at $131,395 using the Black-Scholes pricing model.

(Unaudited - Expressed in Canadian dollars)

**6. EQUITY** (continued)

The gross proceeds of the private placement was allocated using the relative fair value method resulting in \$3,512,811 recorded as share capital and \$2,074,609 recorded as share-based payments reserve. The finders' units also have been allocated using the relative fair value method resulting in \$122,391 recorded as share capital and \$72,282 recorded as share-based payments reserve. The fair values of each warrant issued in the private placement, the warrants issued as part of finders' units and the finders' warrants issued were estimated as of the date of the issuance using the Black-Scholes pricing model with the following assumptions: risk-free interest rate of 1.71%, dividend yield of 0%, volatility of 79% and an expected life of five years.

**Stock Options**

The changes in stock options outstanding are as follows:

| | Number of Options | Weighted Average Exercise Price |
|---|---|---|
| **Balance as at January 31, 2014** | 99,286 | $ 2.76 |
| **Balance as at April 30, 2014** | 99,286 | $ 2.76 |
| **Exercisable as at April 30, 2014** | 99,286 | $ 2.76 |

The following table summarizes the stock options outstanding and exercisable at April 30, 2014:

| Date Granted | Expiry Date | Exercise Price | Number Outstanding | Number Exercisable |
|---|---|---|---|---|
| July 5, 2010 | July 4, 2015 | $ 2.31 | 71,429 | 71,429 |
| September 24, 2010 | September 23, 2015 | 3.92 | 27,857 | 27,857 |
| Total | | | 99,286 | 99,286 |

The weighted average remaining life of the stock options exercisable is 1.24 years.

**Share Purchase Warrants**

The changes in share purchase warrants outstanding are as follows:

| | Number of Warrants | Weighted Average Exercise Price |
|---|---|---|
| **Balance as at January 31, 2014** | 1,228,238 | $ 0.70 |
| Issued | 28,460,790 | 0.31 |
| **Balance as at April 30, 2014** | 29,689,028 | $ 0.33 |

(Unaudited - Expressed in Canadian dollars)

## 6. EQUITY (continued)

The following table summarizes the share purchase warrants outstanding and exercisable at April 30, 2014:

| Date Issued | Expiry Date | | | Exercise Price | Number Outstanding |
|---|---|---|---|---|---|
| June 10, 2013 | June 10, 2015 | June 2013 private placement warrants | $ | 0.70 | 1,190,953 |
| June 10, 2013 | June 10, 2015 | June 2013 finders' warrants | | 0.70 | 12,428 |
| June 10, 2013 | June 10, 2015 | June 2013 brokers' warrants | | 0.70 | 24,857 |
| April 17, 2014 | April 17, 2019 | April 2014 private placement warrants | | (1) | 26,606,762 |
| April 17, 2014 | April 17, 2019 | April 2014 finders' warrants | | (1) | 927,014 |
| April 17, 2014 | April 17, 2019 | April 2014 brokers' warrants | | (1) | 927,014 |
| Total | | | | | 29,689,028 |

(1) Exercise price of $0.31 until April 17, 2017 and $0.42 until April 17, 2019

The weighted average remaining life of the share purchase warrants outstanding and exercisable is 4.81 years.

**Share-based Payments**

During the three months ended April 30, 2014 and 2013, the Company did not grant any stock options. All the options previously granted were already fully vested, resulting in no share-based payments being recognized in 2014 or 2013.

## 7. RELATED PARTY TRANSACTIONS

The Company entered into a number of transactions with key management personnel. The aggregate value of these transactions and outstanding balances are as follows:

| | Three months ended | | | |
|---|---|---|---|---|
| | | April 30, 2014 | | April 30, 2013 |
| Management | | | | |
| Management fees | $ | 64,298 | $ | 62,701 |
| Salaries and benefits | | 45,000 | | 30,000 |
| Directors | | | | |
| Consulting fees | | 19,944 | | 18,156 |
| | $ | 129,242 | $ | 110,857 |

(Unaudited - Expressed in Canadian dollars)

**7. RELATED PARTY TRANSACTIONS** (continued)

Amounts due to related parties as of April 30, 2014 and January 31, 2014 are as follows:

| Related party liabilities | Items or services | April 30, 2014 | January 31, 2014 |
|---|---|---|---|
| Seabord Services Corp. | Management fees and advances | $ 317,275 | $ 229,811 |
| Various directors | Consulting fees and advances | 220,035 | 336,505 |
| President | Salaries and benefits | - | 90,000 |
| | | $ 537,310 | $ 656,316 |

Included in amounts owing to Seabord Services Corp. ("Seabord") and various directors in the table above at April 30, 2014, were advances from Seabord and directors which amounted to $166,045 and $79,205 respectively. The advances were non-interest bearing and had no fixed terms of repayment.

Seabord is a management services company controlled by the Chief Executive Officer ("CEO") of the Company. Seabord provides a Chief Financial Officer ("CFO"), a Corporate Secretary, accounting and administration staff, and office space to the Company. The CFO and Corporate Secretary are employees of Seabord and are not paid directly by the Company. A company controlled by the CEO charges Iron Creek management fees for his services.

**8. SEGMENTED INFORMATION**

The Company operates in a single reportable operating segment, being the acquisition and exploration of mineral properties. Exploration and evaluation assets, exploration expenditures and property and equipment are located in Chile and substantially all of the Company's other assets and expenditures are located and incurred in Canada.

**9. FINANCIAL AND CAPITAL RISK MANAGEMENT**

**Financial Risk Management**

The Company's financial instruments are exposed to certain financial risks, which include currency risk, credit risk, liquidity risk and interest rate risk.

**Credit Risk**

Credit risk arises from cash as well as credit exposures to counterparties of outstanding receivables and committed transactions. There is no significant concentration of credit risk other than cash deposits. The Company's cash deposits are primarily held with a Canadian chartered bank.

**9. FINANCIAL AND CAPITAL RISK MANAGEMENT** (continued)

**Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to pay obligations as they fall due. Financial liabilities, at April 30, 2014, included $157,607 of accounts payable and accrued liabilities, and $537,310 of amounts due to related parties. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

**Currency Risk**

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and Chile and a portion of the Company's expenses are incurred in U.S. dollars and Chilean pesos. A significant change in the currency exchange rates between the Canadian dollar relative to the U.S. dollar and Chilean peso could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. The Company is exposed to currency risk through the following assets and liabilities denominated in U.S. dollars and Chilean pesos:

| **As at April 30, 2014** | U.S. dollars | Chilean pesos | **Total** |
|---|---|---|---|
| Cash | $ 91,176 | $ 5,482,065 | |
| Accounts payable and accrued liabilities | - | (35,674,260) | |
| Due to related parties | (132,274) | - | |
| **Net exposure** | (41,098) | (30,192,195) | |
| **Canadian dollar equivalent** | $ (45,176) | $ (59,192) | $ (104,368) |

Based on the above net exposures and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the U.S. dollar and Chilean peso would result in an increase/decrease of approximately $10,000 in the Company's pre-tax earnings (loss).

**Interest Rate Risk**

When the Company has sufficient cash it is put in interest bearing accounts or invested in term deposits which can be reinvested without penalty after thirty days should interest rates rise. As at April 30, 2014 and January 31, 2014, the Company did not have any interest-bearing loans. Accordingly, the Company does not have significant interest rate risk.

(Unaudited - Expressed in Canadian dollars)

## 9. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

### Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties. Iron Creek relies mainly on equity issuances to raise new capital and on finding partners to fund exploration on certain properties which enables it to conserve capital and to reduce risk. In the management of capital, the Company includes the components of shareholders' equity as well as cash. The Company prepares annual estimates of exploration and administrative expenditures and monitors actual expenditures compared to the estimates to ensure that there is sufficient capital on hand to meet ongoing obligations. The Company's investment policy is to invest its cash in savings accounts or highly liquid short-term deposits with terms of one year or less and which can be liquidated after thirty days without interest penalty.

## 10. FINANCIAL INSTRUMENTS BY CATEGORY

### Fair Values

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities and due to related parties. The Company recognizes cash at fair value with subsequent measurement depending on classification as described below. Classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Company's designation of such instruments. As at April 30, 2014 and January 31, 2014, the Company has made the following classifications for its financial instruments:

| **As at April 30, 2014** | Loans and receivables | Other financial liabilities | **Total** |
|---|---|---|---|
| Cash | $ 4,965,645 | $ - | $ 4,965,645 |
| Receivables | 13,035 | - | 13,035 |
| Accounts payable and accrued liabilities | - | (157,607) | (157,607) |
| Due to related parties | - | (537,310) | (537,310) |
| | $ 4,978,680 | $ (694,917) | $ 4,283,763 |

| **As at January 31, 2014** | Loans and Receivables | Other financial liabilities | **Total** |
|---|---|---|---|
| Cash | $ 1,090 | $ - | $ 1,090 |
| Receivables | 3,765 | - | 3,765 |
| Accounts payable and accrued liabilities | - | (227,738) | (227,738) |
| Due to related parties | - | (656,316) | (656,316) |
| | $ 4,855 | $ (884,054) | $ (879,199) |

(Unaudited - Expressed in Canadian dollars)

## 10. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Financial instruments measured at fair value on the statement of financial position are summarized into the following fair value hierarchy levels:

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

Financial instruments which are measured using the fair value hierarchy are as follows:

| Financial assets | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Cash | $ 4,965,645 | $ - | $ - | $ 4,965,645 |

The carrying values of receivables, accounts payable and accrued liabilities, and due to related parties approximate their fair value because of the short-term nature of these instruments.

## 11. SUPPLEMENTAL CASH FLOW INFORMATION

During the three months ended April 30, 2014, the Company issued 927,014 units as finders' fees (Note 6) valued at $194,673, of which $72,282 was allocated to share-based payments reserve, and 927,014 share purchase brokers' warrants valued at $131,395 as part of private placement finders' fees.

During the three months ended April 30, 2013, there were no material non-cash transactions.

## 12. EVENTS AFTER THE REPORTING DATE

*Purchase of exploration properties*

In May 2014 the Company signed a binding Letter of Intent (the "LOI") with Minera Fuego Limitada, ("Fuego"), a privately owned Chilean exploration company, whereby Iron Creek will acquire a 100% interest in five properties (the "Concessions") prospective for gold, silver and copper, located in northern Chile. The purchase is subject to the completion of a satisfactory due diligence review by the Company, and is intended to be completed within 60 days from the signing of the LOI.

In consideration for the Concessions, the Company will grant to Fuego a 2% NSR royalty on precious metals and a 1% NSR royalty on base metals mined from the Concessions (the "NSR Royalties") and, subject to regulatory approval, issue to Fuego and its nominees or assigns, 3,479,464 common shares, which shall represent 9.9% of the issued and outstanding share capital of the Company. The Company shall issue, subject to regulatory approval, a further one million common shares to Fuego upon completion by the Company of its first feasibility study regarding a project to be developed on any of the Concessions. The Company shall have the right to acquire 50% of each of the NSR Royalties on each property in consideration of a cash payment to Fuego of US$5.0 million, on a property by property basis.