Northern Superior Resources Inc.

Condensed Interim Financial Statements

(Expressed in Canadian dollars)

For the three and nine months ended September 30, 2014 and 2013

Northern Superior Resources Inc.

Notice to Reader:

These condensed interim financial statements of Northern Superior Resources Inc. (the "Company") have been prepared by management and reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed interim financial statements, notes to financial statements and the related quarterly Management Discussion and Analysis.

Northern Superior Resources Inc.

Condensed Interim Financial Statements
(Expressed in Canadian dollars)

Statements of Financial Position

As at		**September 30 2014**		December 31 2013
Assets				
Current assets				
Cash and cash equivalents	**$**	**3,345,576**	$	5,390,544
Prepaids and receivables *note 4*		**787,102**		783,484
Available-for-sale investments *note 5*		**3,250**		-
		4,135,928		6,174,028
Non-current assets				
Receivables *note 4*		**441,320**		89,807
Equipment		**24,124**		32,534
Exploration and evaluation properties *note 6*		**14,854,311**		13,955,174
		15,319,755		14,077,515
Total Assets	**$**	**19,455,683**	**$**	**20,251,543**
Liabilities				
Current				
Trade payables and accrued liabilities *note 7*		**114,622**		119,428
Total Liabilities	**$**	**114,622**	$	119,428
Equity				
Share capital *note 8*		**62,784,407**		62,704,407
Reserve - Stock options *notes 8(c) and 8(d)*		**4,588,021**		4,462,802
Deficit		**(48,031,367)**		(47,035,094)
Total Equity		**19,341,061**		20,132,115
Total Liabilities and Equity	**$**	**19,455,683**	**$**	**20,251,543**

Nature of operations *note 1*
Commitments *note 13*

APPROVED AND AUTHORIZED FOR ISSUE BY THE BOARD ON NOVEMBER 7, 2014

"Alan C. Moon" *"Arnold Klassen"*

Director Director

See accompanying notes to condensed interim financial statements

Northern Superior Resources Inc.
Condensed Interim Financial Statements
(Expressed in Canadian dollars)

Statements of Loss and Comprehensive Loss

	Three months ended September 30		Nine months ended September 30	
	2014	*2013*	**2014**	2013
Expenses				
Consulting fees *note 8(d)*	**$ 26,374**	$ 47,009	**$ 83,402**	$ 136,845
Depreciation	**2,803**	2,803	**8,410**	19,077
Legal and accounting	**23,362**	18,893	**69,125**	79,589
Office expense *note 8(d)*	**142,329**	214,332	**474,598**	692,531
Shareholder information	**21,030**	56,925	**130,893**	186,370
Travel	**9,646**	8,712	**27,955**	34,912
Loss before the undernoted	**(225,544)**	**(348,674)**	**(794,383)**	(1,149,324)
Interest income	**11,097**	19,868	**39,259**	69,792
Ontario litigation costs	**(93,309)**	(77,524)	**(241,149)**	(146,823)
Writedown of exploration properties	**-**	(6,010,161)	**-**	(6,010,161)
Net loss and comprehensive loss for the period	**$ (307,756)**	$ (6,416,491)	**$ (996,273)**	$ (7,236,516)
Net loss per share - basic and diluted				
Basic	**$ (0.00)**	$ (0.03)	**$ (0.01)**	$ (0.04)
Diluted	**$ (0.00)**	$ (0.03)	**$ (0.01)**	$ (0.04)
Weighted-average number of shares outstanding				
Basic	**188,714,624**	188,528,093	**188,714,624**	188,528,093
Diluted	**188,714,624**	188,528,093	**188,714,624**	188,528,093

See accompanying notes to condensed interim financial statements

Northern Superior Resources Inc.
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Statements of Equity

	Share Capital		Reserves			
	Number of Shares	Amount	Stock options	Accumulated other comprehensive income	Deficit	Total Equity
Balance, December 31, 2012	**188,501,043**	**$ 62,664,407**	**$ 4,218,596**	**$ -**	**$ (30,459,999)**	**$ 36,423,004**
Common shares issued for exploration and evaluation property *note 8(b)*	153,846	40,000	-	-	-	40,000
Share-based payments	-	-	225,267	-	-	225,267
Net loss for the period	-	-	-	-	(7,236,516)	(7,236,516)
Balance, September 30, 2013	188,654,889	$ 62,704,407	$ 4,443,863	$ -	$ (37,696,515)	**$ 29,451,755**
Share-based payments *note 8(d)*	-	-	18,939	-	-	18,939
Net loss for the period	-	-	-	-	(9,338,579)	(9,338,579)
Balance, December 31, 2013	**188,654,889**	**$ 62,704,407**	**$ 4,462,802**	**$ -**	**$ (47,035,094)**	**$ 20,132,115**
Common shares issued for exploration and evaluation property *note 8(b)*	307,694	80,000	-	-	-	80,000
Share-based payments *note 8(d)*			125,219	-	-	125,219
Net loss for the period	-	-	-	-	(996,273)	(996,273)
Balance, September 30, 2014	**188,962,583**	**$ 62,784,407**	**$ 4,588,021**	**$ -**	**$ (48,031,367)**	**$ 19,341,061**

See accompanying notes to condensed interim financial statements

Northern Superior Resources Inc.
Condensed Interim Financial Statements
(Expressed in Canadian dollars)

Statements of Cash Flows

	Three months ended September 30		Nine months ended September 30	
	2014	*2013*	**2014**	*2013*
Operating Activities				
Net loss for the period	**$ (307,756)**	$ (6,416,491)	**$ (996,273)**	$ (7,236,516)
Items not involving cash				
Depreciation	**2,803**	2,803	**8,410**	19,077
Write-off of exploration properties	**-**	6,010,161	**-**	6,010,161
Share-based payments *note 8(d)*	**22,691**	68,204	**74,169**	204,820
Change in non-cash operating working capital items:				
Decrease in prepaids and receivables	**(89,724)**	22,962	**(45,492)**	128,541
(Increase) Decrease in trade payables and accrued liabiliti	**2,413**	18,467	**(22,591)**	(134,701)
Cash used in operating activities	**(369,573)**	**(293,894)**	**(981,777)**	(1,008,618)
Investing Activities				
Exploration and evaluation expenditures	**(432,250)**	(501,051)	**(1,121,042)**	(2,173,628)
Recovery of exploration and evaluation expenditures	**57,851**	259,000	**57,851**	259,000
Cash used in investing activities	**(374,399)**	(242,051)	**(1,063,191)**	(1,914,628)
Decrease in cash during the period	**(743,972)**	(535,945)	**(2,044,968)**	(2,923,246)
Cash, beginning of period	**4,089,548**	6,451,890	**5,390,544**	8,839,191
Cash, end of period	**$ 3,345,576**	$ 5,915,945	**$ 3,345,576**	$ 5,915,945

See accompanying notes to condensed interim financial statements

1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

Northern Superior Resources Inc. ("Northern Superior" or the "Company") is an exploration stage junior mining company engaged in the identification, acquisition, evaluation and exploration of gold properties in Ontario and Québec. The Company has not determined whether its properties contain mineral reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and attaining future profitable production from the properties or proceeds from disposition.

The Company is dependent on raising funds through the issuance of shares and/or attracting joint venture partners in order to undertake further exploration and development of its mineral properties. Management believes that financing is available and may be sourced in time to allow the Company to continue its current planned activities in the normal course.

The head office, principal address and registered and records office of the Company is 1351C Kelly Lake Road, Unit 7, Sudbury, Ontario, Canada, P3E 5P5.

2. BASIS OF PREPARATION

a) Statement of Compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the December 31, 2013 annual financial report.

b) Approval of Financial Statements

The condensed interim financial statements of the Company for the nine months ended September 30, 2014 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 7, 2014.

c) Adoption of New and Revised Standards and Interpretations

At the date of authorization of these condensed financial statements, the IASB and IFRIC have issued the following new and revised standards and interpretations, which are not yet effective for the relevant reporting periods:

IFRS 9 *Financial Instruments* (2010)

A revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing de-recognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement*.

The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss ("FVTPL"). In these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

(Expressed in Canadian dollars)

IFRS 9 (2010) applies to annual periods beginning on or after January 1, 2015. This standard supersedes IFRS 9 (2009). However, for annual reporting periods beginning before January 1, 2015, an entity may early-adopt IFRS 9 (2009) instead of applying this standard.

The Company has not early-adopted these standards, amendments and interpretations; however, the Company is currently assessing what impact the application of these standards or amendments will have on the condensed financial statements of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's annual financial statements for the year ended December 31, 2013.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed interim financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates where management's judgment is applied include asset valuation, asset retirement obligations, income taxes, contingent liabilities, share-based payments and ability to continue as a going concern. Actual results may differ from those estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and further periods if the review affects both current and future periods.

4. PREPAIDS AND RECEIVABLES

	September 30, 2014	December 31, 2013
Quebec government refundable tax credits	**$ 601,066**	$ 642,940
Sales tax receivable - net	**61,052**	30,528
Prepaid expenses	**35,909**	42,033
Interest receivable	**28,523**	58,431
Other receivables	**60,552**	9,552
Total Current Prepaids and Receivables	**$ 787,102**	$ 783,484
Receivables (non-current):		
Quebec Government refundable tax credits	**441,320**	89,807
Total	**$ 1,228,422**	$ 873,291

5. AVAILABLE-FOR-SALE ("AFS") INVESTMENTS

At September 30, 2014, the Company held the following AFS investments:

As at	**September 30, 2014**			December 31, 2013		
	Number of Shares	Cost	Fair Value	Number of Shares	Cost	Fair Value
Bold Ventures Inc.	50,000	$ 3,250	$3,250	-	$ -	$ -

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION PROPERTIES

For the nine months ended September 30, 2014	Ti-pa-haa-kaa-ning	Croteau Est	Waconichi	Grizzly	Lac Surprise	Total
Balance, January 1, 2014	**$ 6,178,434**	**$ 5,832,840**	**$ 754,087**	**$ 41,897**	**$ 1,147,916**	**$ 13,955,174**
Acquisition, assessment and maintenance	**875**	**169,385**	**980**	**41,090**	**3,420**	**215,750**
Analytical	**-**	**49,595**	**8,023**	**-**	**-**	**57,618**
Geology	**55,185**	**381,091**	**31,383**	**28,524**	**(2,865)**	**493,318**
Drilling	**-**	**347,354**	**32,510**	**-**	**-**	**379,864**
Research	**30,704**	**21**	**-**	**-**	**-**	**30,725**
Project administration	**2,415**	**50,500**	**1,257**	**5,650**	**14,045**	**73,867**
Refundable tax credits and adjustments	**-**	**(305,324)**	**(26,262)**	**(14,039)**	**(6,380)**	**(352,006)**
Net increase (decrease) for the period	**89,179**	**692,622**	**47,891**	**61,225**	**8,220**	**899,137**
Balance, September 30, 2014	**$ 6,267,613**	**$ 6,525,462**	**$ 801,978**	**$ 103,122**	**$ 1,156,136**	**$ 14,854,311**

For year ended December 31, 2013	Meston Lake	Rapson Bay	Thorne Lake	Ti-pa-haa-kaa-ning	Croteau Est	Waconichi	Grizzly	Lac Surprise	Total
Balance, beginning of year	$ 1,642,394	$ 3,299,608	$ 1,058,794	$ 14,883,150	$ 5,019,694	$ 236,884	$ -	$ 1,147,584	$ 27,288,108
Acquisition, assessment and maintenance	-	-	-	4,013	99,069	236,782	-	-	339,864
Analytical	-	-	-	-	102,136	55,384	3,517	-	161,037
Geophysics	-			-	3,306	6,395	-	-	9,701
Geology	3,437	535	357	192,851	488,661	221,588	62,805	555	970,789
Drilling	-	-	-	1,788	580,250	183,713	-	-	765,751
Research	-	-	-	89,392	9,258	-	-	-	98,650
Project administration	-	-	-	7,240	9,116	1,984	2,236	-	20,576
Refundable tax credits and adjustments	-	-	-	-	(478,650)	(188,643)	(26,661)	(223)	(694,177)
Write-off exploration and evaluation properties	(1,645,831)	(3,300,143)	(1,059,151)	(9,000,000)	-	-	-	-	(15,005,125)
Net increase (decrease) for the period	(1,642,394)	(3,299,608)	(1,058,794)	(8,704,716)	813,146	517,203	41,897	332	(13,332,934)
Balance, December 31, 2013	**$ -**	**$ -**	**$ -**	**$ 6,178,434**	**$ 5,832,840**	**$ 754,087**	**$ 41,897**	**$ 1,147,916**	**$ 13,955,174**

Ti-pa-haa-kaa-ning ("TPK") property

The Company owns a 100% interest in the TPK project, which now also includes what was formerly called the "New Growth" property in previous financial statements. The Company incurred expenditures of $89,179 (December 31, 2013-$295,284) on the combined property during the nine months ended September 30, 2014.

On December 31, 2013, the Company recorded a write-down of $9,000,000 (2012- $Nil) with respect to the TPK property. The write-down was based on a number of impairment review factors, including, but not limited to, current and future estimates of precious metal commodity prices and the Company's market capitalization.

Croteau Est property

On August 24, 2011, the Company entered into an option agreement with the owners (the "Optionors") of the Croteau Est gold property in Québec who granted the Company an option to acquire 100% of the property. To exercise the option the Company is required to spend $1.7 million on exploration on the property over four years from the date of the agreement (note 12): $200,000 in year 1, $300,000 in year 2, $400,000 in year 3 and $800,000 in year 4, all of which has already been incurred. The Company must also make cash payments to the Optionors totaling $350,000: $35,000 upon signing the letter of intent (paid), $35,000 by the end of year 1 (paid), $40,000 by the end of year 2 (paid), $80,000 by the end of year 3 (paid) and $160,000 by the end of year 4. In addition, the Company must issue to the Optionors, $280,000 worth of common shares of the Company: $40,000 at the end of year 2 (issued), $80,000 by the end of year 3 (issued) and $160,000 by the end of year 4. The number of common shares issuable shall be based on the greater of the market price of the Company's shares at the time of issuance and $0.26 per share. Upon exercise of the option, the Optionors shall retain a 1.0% net smelter royalty ("NSR") on any commercial production with the Company having the right to buyback 0.5% of the NSR for $1.5 million, at any time.

The Company incurred net expenditures of $692,622 (December 31, 2013-$1,691,796) on the property during the nine months ended September 30, 2014.

Waconichi property

In May 2013, the Company acquired a 100% interest in the Waconichi property, located in the province of Québec. The Company had entered into an option agreement in September 2012, by which it could earn a 70% interest in the property. Under that option, in order to earn a 70% interest the Company would have been required to pay Murgor Resources Inc. ("Murgor") a further $110,000 in cash, issue 800,000 additional shares of the Company and expend approximately $950,000 more on exploration on the Waconichi claims over the next two years. Under the renegotiated May 2013 agreement, the Company acquired a full 100% interest in the property by making a one-time cash payment of $225,000 (paid) and by granting Murgor a 1% NSR royalty on a majority of the Waconichi claims. The Company will no longer be required to issue further shares to Murgor or incur further expenditures on the property.

The 1% NSR royalty granted to Murgor will cover all of the claims purchased from Murgor except for 7 claims (comprising approximately 287 hectares) which were already subject to a prior 2% NSR royalty in favor of Reme Charbonneau, the prospector who originally staked those 7 claims. The Company will have the right to repurchase half of the Murgor 1% NSR royalty (reducing it to a 0.5% NSR royalty) at any time for $1,000,000. Similarly, the Company will have the right to repurchase half of the Charbonneau 2% NSR royalty (reducing it to a 1% NSR royalty) at any time, for $1,000,000. In either case, should the Company exercise its buy-back right, it will then have a right of first refusal with respect to the remaining NSR royalty.

The Waconichi property consists of 306 claims covering an area of approximately 17,588 hectares and the largest cluster of claims are adjacent to the Company's Croteau Est gold property located to the south.

The Company incurred net expenditures of $47,891 (December 31, 2013-$705,846) on the property during the nine months ended September 30, 2014.

Grizzly Property

In July 2013, the Company entered into an option agreement to acquire the Grizzly property in Québec. For the Company to earn a 100% in the property, the Company must:

a) Spend an aggregate of $1.7 million on exploration on the property over five years, as follows:
   (i) $75,000 in year 1 (incurred);
   (ii) $100,000 in year 2 (incurred);
   (iii) $300,000 in year 3;
   (iv) $400,000 in year 4; and
   (v) $825,000 in year 5;
b) Make cash payments to the Optionors totaling $315,000 over five years, as follows:
   (i) $35,000 in year 1 (paid);
   (ii) $40,000 in year 2 (paid);
   (iii) $80,000 in year 3;
   (iv) $80,000 in year 4 and
   (v) $80,000 in year 5;
c) Issue 1,000,000 shares of the Company to the Optionors during the last 4 years of the option, as follows:
   (i) 200,000 shares in year 2;
   (ii) 200,000 shares in year 3;
   (iii) 300,000 shares in year 4; and
   (iv) 300,000 shares in year 5.

The Company has the right to accelerate its exercise of the option.

Upon exercise of the option, the optionors shall retain a 1.0% NSR on any commercial production with the Company having the right to buyback 0.5% of the NSR for $1.5 million, at any time. The parties have agreed that any further claims staked within 1.5 km of the property, shall form part of the option and any production therefrom shall be subject to the NSR.

The Company incurred net expenditures of $61,225 (December 31, 2013–$68,558) on the property during the nine months ended September 30, 2014.

Write-off of Meston Lake, Rapson Bay and Thorne Lake Properties and Related Litigation

In the year ended December 31, 2013, the Company recorded a write-off of $6,005,125, representing the unamortized balance of its deferred exploration costs incurred in connection with its exploration of the Meston Lake, Rapson Bay and Thorne Lake properties (the “Properties”). The decision to write-off the Properties was based on the Company’s determination that it lost the ability to access to the Properties, as well as its ability to realize the benefits of any value created from its exploration expenditures to date, due to the actions of third parties. On October 24, 2013, the Company filed a civil lawsuit against the Government of Ontario seeking among other things, damages of $110 million and consisting mainly of amounts expended to date as well as for lost value of the Properties, as a result of lost access to the Properties. A trial date of June 1, 2015 has been set by the Ontario Superior Court.

Option Earn-in Agreement on Lac Surprise Property

In June 2014, the Company signed an option agreement with Bold Ventures Inc. (“Bold”) whereby Bold can earn a 50% working interest in the Lac Surprise property by spending an aggregate of $2,000,000 on exploration of the property and issuing to the Company a total of 350,000 common shares of Bold, all over a three year period, 50,000 shares of which were issued upon signing the agreement. Bold is obligated to spend a minimum of $500,000 on exploration of the property in the first year, at the end of which a further 50,000 common shares of Bold are issuable. The second year optional commitment is 100,000 common shares of Bold and $500,000 in exploration work. The third year optional commitment calls for $1,000,000 in exploration work on the property and the issuance of 150,000 common shares of Bold. Bold will also hold the option to earn an additional 10% in the project by delivering a positive feasibility study within five years from the date of execution of the formal option agreement. If Bold takes up all parts of the option it will have earned a 60% interest in the property.

(Expressed in Canadian dollars)

7. TRADE PAYABLES AND ACCRUED LIABILITIES

As at	**September 30, 2014**	December 31, 2013
Trade payables	**$ 74,116**	$ 19,485
Amounts due to related parties	**13,403**	12,708
Accrued liabilities	**27,103**	87,235
	$ 114,622	$ 119,428

8. SHARE CAPITAL

a) Authorized: Unlimited common shares without par value.

b) Issued Capital

In August 2014, the Company issued 307,694 shares of the Company at a deemed aggregate share cost of $80,000 in connection with an option agreement to acquire a 100% interest in the Croteau Est property in Québec (note 6).

In August 2013, the Company issued 153,846 shares of the Company at a deemed aggregate share cost of $40,000 in connection with an option agreement to acquire a 100% interest in the Croteau Est property in Québec (note 6).

c) Stock Options

As at September 30, 2014, the Company had 11,536,667 stock options outstanding of which 6,456,652 were exercisable under the Company's stock option plan. The terms of all options cannot exceed ten years and the minimum exercise price cannot be less than the closing price of the Company's common shares on the TSX Venture Exchange on the last trading day preceding the grant of the option. All of the outstanding options of the Company were issued with an expiry date of 5 years from the date of issue. The Board of Directors determines the vesting terms of the options, with a typical vesting schedule of 1/3 of the options under the grant vesting on each anniversary over a three year period after the date of grant.

(Expressed in Canadian dollars)

A summary of the changes in the Company's stock option plan for the nine months ended September 30, 2014 and for the year ended December 31, 2013 is as follows:

	Nine Months ended September 30, 2014		Year ended December 31, 2013	
	Number of options	**Weighted-average exercise price**	Number of options	Weighted-average exercise price
Outstanding, beginning of year	**12,194,567**	**$0.21**	11,411,234	$0.25
Granted	**-**	**-**	2,475,000	0.10
Expired	**(657,900)**	**0.11**	(50,000)	0.17
Forfeited	**-**	**-**	(1,641,667)	0.26
Outstanding, end of period	**11,536,667**	**$0.30**	12,194,567	$0.21
Exercisable, end of period	**6,456,652**	**$0.30**	6,964,565	$0.28

There were no options granted during the period ended September 30, 2014. The weighted average grant-date fair value for options granted during the year ended December 31, 2013 was $0.02, which was determined using the Black-Scholes Option Pricing Model and the following assumptions: no dividends to be paid; volatility of 143.1%; risk-free interest rate 1.51%; and expected life of 5 years.

The following table summarizes information regarding stock options outstanding and exercisable at September 30, 2014:

Exercise Price Range	Number of Options Outstanding	Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number of Options Exercisable	Remaining Vested Contractual Life (in years)	Weighted Average Vested Excercise Price
$0.10 - $0.19	6,821,667	2.89	$0.11	2,579,996	1.45	$0.11
$0.20 - $0.39	2,515,000	2.09	0.24	1,676,656	2.09	0.24
$0.40 - $0.59	2,150,000	1.11	0.55	2,150,000	1.11	0.55
$0.60 - $0.79	50,000	1.59	$0.70	50,000	1.59	0.70
	11,536,667	2.38	$0.22	6,456,652	1.51	$0.30

d) Share-Based Payments

Share-based payments recognized in the year are capitalized to exploration and evaluation properties or expensed as consulting fees and office expense.

The following table summarizes the share-based payment expense for stock option grants that the Company recorded for the three and nine months ended September 30, 2014 and 2013:

	Three Months ended September 30		**Nine Months ended September 30**	
	2014	2013	**2014**	2013
Consulting fees	**$ 2,374**	20,009	**$ 7,410**	$ 59,653
Office expense	**20,317**	48,195	**66,759**	145,167
	22,691	68,204	**74,169**	204,820
Exploration and evaluation properties	**18,723**	40,605	**51,050**	20,447
Total share-based payments	**$ 41,414**	$ 108,809	**$ 125,219**	$ 225,267

Share-based payments of $51,050 (2013-$20,447) related to exploration and evaluation properties are capitalized to exploration and evaluation properties and share-based payments of $74,169 (2013-

(Expressed in Canadian dollars)

$136,616) related to consulting fees and office expense were expensed for the nine months ended September 30, 2014.

e) Basic and Diluted Loss per Share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive.

Potentially dilutive items not included in the calculation of diluted loss per share for the nine months ended September 30, 2014 were 11,536,667 (December 31, 2013 - 12,194,567) stock options that were anti-dilutive.

9. RELATED PARTY TRANSACTIONS

For the nine months ended September 30,		**2014**		2013
Management and other fees	**$**	**135,424**	$	249,223
Salaries and wages		**398,327**		466,660
Share-based payments		**78,215**		157,616
	$	**611,966**	$	873,499

The Company paid Morfopoulos Consulting Associates Ltd., a company controlled by the CFO, $54,000 for accounting and management and administration services during the nine months ended September 30, 2014 (2013-$54,000), which amounts are included in Management and other fees above. The Company paid or incurred an aggregate amount of $11,425 to Basman Smith LLP, a law firm of which the Secretary is a partner, for legal and corporate secretarial services during the nine months ended September 30, 2014 (2013-$60,758 to Blaney McMurtry LLP), which amounts are also included in Management and Other fees above.

All related party transactions are in the normal course of operations and measured at the exchange amount agreed to between the related parties. For the purposes of disclosure, related parties are defined as the officers and directors of the Company and companies controlled by the officers and directors.

Included in accounts payables at September 30, 2014 is $13,403 due to related parties (December 31, 2013-$12,708) (Note 7).

10. SUPPLEMENTAL CASH FLOW INFORMATION

For the nine months ended September 30		**2014**		2013
Non-cash investing and financing activities				
Common shares issued pursuant to property agreements	**$**	**80,000**	$	40,000
Changes in working capital related to exploration properties		**60,797**		193,752
Interest received	**$**	**28,523**	$	112,932
Interest paid		**-**		-
Taxes paid		**-**		-

(Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial Instruments

The carrying value of financial assets and liabilities are as follows as of the dates shown:

As at		**September 30, 2014**		December 31, 2013
Financial Assets				
Fair value through profit or loss, measured at fair value				
Cash and cash equivalents	**$**	**3,345,576**	$	5,390,544
Loans and receivables, measured at amortized cost				
Receivables - BOLD billings		**44,182**		
Receivables - interest		**28,523**		58,431
Financial Liabilities				
Other liabilities, measured at amortized cost				
Trade payables and due to related parties	**$**	**87,519**	$	32,193

The fair value hierarchy of financial instruments measured at fair value on the statement of financial position is as follows:

		September 30, 2014		December 31, 2013
		Level 1		Level 1
Cash and cash equivalents	**$**	**3,345,576**	$	5,390,544

Management of Financial Risks

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, market risk and other price risks. Where material, these risks are reviewed and monitored by the Board of Directors.

i. Credit Risk

Credit risk is the risk of an unexpected loss if a party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote. The Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior year.

ii. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meets its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2014, the Company had cash and cash equivalents of $3,345,576 (December 31, 2013-$5,390,544) to settle trade payables and accrued liabilities totaling $114,622 (December 31, 2013-$119,428). All of the Company's financial liabilities have contractual maturities of 30 days and are subject to normal trade terms.

(Expressed in Canadian dollars)

iii. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short term interest rates through the interest earned on cash balances. For the period ended September30, 2014, a 1% change in short term rates, and assuming that all other variables remained constant, would not have a significant effect on the Company's financial statements.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant currency or commodity risk arising from financial instruments.

12. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it to effectively support the acquisition, exploration and development of mineral properties. In the definition of capital, the Company includes, as disclosed on its statement of financial position: share capital, deficit, equity reserves and cash and cash equivalents.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administrative costs, the Company will be using its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so (Note 6).

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the nine months ended September 30, 2014. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products.

13. COMMITMENTS

	1 - 5 years	Total
Operating lease - office lease	$ 127,531	**$ 127,531**

14. SEGMENTED INFORMATION

The Company conducts its business as a single operating segment being the mining business in Canada. All resource properties and equipment are situated in Canada.

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified in accordance with the current year's presentation.