



Northern Superior Resources Inc.

Condensed Interim Financial Statements

(Expressed in Canadian dollars)

For the three months ended March 31, 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	March 31 2014	December 31 2013
Assets		
Current assets		
Cash and cash equivalents	\$ 4,555,329	\$ 5,390,544
Prepays and receivables <i>note 4</i>	759,761	783,484
	<u>5,315,090</u>	<u>6,174,028</u>
Non-current assets		
Receivables <i>note 4</i>	274,201	89,807
Equipment	29,731	32,534
Exploration and evaluation properties <i>note 5</i>	14,278,401	13,955,174
	<u>14,582,333</u>	<u>14,077,515</u>
	<u>\$ 19,897,423</u>	<u>\$ 20,251,543</u>
Liabilities		
Current		
Trade payables and accrued liabilities <i>note 6</i>	\$ 97,065	\$ 119,428
	<u>97,065</u>	<u>119,428</u>
Equity		
Share capital <i>note 7</i>	62,704,407	62,704,407
Stock options reserve <i>notes 7(c) and 7(d)</i>	4,504,948	4,462,802
Deficit	(47,408,997)	(47,035,094)
	<u>19,800,358</u>	<u>20,132,115</u>
	<u>\$ 19,897,423</u>	<u>\$ 20,251,543</u>
Nature of operations <i>note 1</i>		
Commitments <i>note 12</i>		
Event subsequent to the end of the reporting period <i>note 14</i>		

APPROVED AND AUTHORIZED FOR ISSUE BY THE BOARD ON MAY 9, 2014

"Alan C. Moon"

"Arnold Klassen"

Director

Director

See accompanying notes to condensed interim financial statements

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Statements of Loss and Comprehensive Loss

<i>For the three months ended March 31,</i>	2014	2013
Expenses		
Consulting fees <i>note 7(d)</i>	\$ 29,533	\$ 46,821
Depreciation	2,803	13,470
Legal and accounting	66,312	56,356
Office expense <i>note 7(d)</i>	159,183	226,982
Shareholder information	122,935	95,045
Travel	9,285	13,212
	<hr/>	<hr/>
Loss before the undernoted	(390,051)	(451,886)
Interest income	16,148	26,639
Net loss and comprehensive loss for the period	<u>\$ (373,903)</u>	<u>\$ (425,247)</u>
Net loss per share - basic and diluted		
Basic	\$ (0.00)	\$ (0.00)
Diluted	\$ (0.00)	\$ (0.00)
Weighted-average number of shares outstanding		
Basic	188,562,581	188,501,043
Diluted	188,562,581	188,501,043

See accompanying notes to condensed interim financial statements

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Statements of Equity

	Share Capital		Reserves		Total Equity
	Number of Shares	Amount	Stock options	Deficit	
Balance, December 31, 2012	188,501,043	\$ 62,664,407	\$ 4,218,596	\$ (30,459,999)	\$ 36,423,004
Share-based payments	-	-	125,634	-	125,634
Net loss for the period	-	-	-	(425,247)	(425,247)
Balance, March 31, 2013	188,501,043	\$ 62,664,407	\$ 4,344,230	\$ (30,885,246)	\$ 36,123,391
Common shares issued for exploration and evaluation property <i>note 7(b)</i>	153,846	40,000	-	-	40,000
Share-based payments <i>note 7(d)</i>	-	-	118,572	-	118,572
Net loss for the period	-	-	-	(16,149,848)	(16,149,848)
Balance, December 31, 2013	188,654,889	\$ 62,704,407	\$ 4,462,802	\$ (47,035,094)	\$ 20,132,115
Share-based payments <i>note 7(d)</i>	-	-	42,146	-	42,146
Net loss for the period	-	-	-	(373,903)	(373,903)
Balance, March 31, 2014	188,654,889	\$ 62,704,407	\$ 4,504,948	\$ (47,408,997)	\$ 19,800,358

See accompanying notes to condensed interim financial statements

Northern Superior Resources Inc.
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Statements of Cash Flows

<i>For the three months ended March 31,</i>	2014	2013
Operating Activities		
Net loss for the period	\$ (373,903)	\$ (425,247)
Items not involving cash		
Depreciation	2,803	13,470
Share-based payments <i>note 7(d)</i>	26,790	71,187
Change in non-cash operating working capital items:		
Decrease in prepaids and receivables	23,822	(270,466)
Decrease in trade payables and accrued liabilities	(19,196)	38,239
Cash used in operating activities	(339,684)	(572,817)
Investing Activities		
Exploration and evaluation expenditures	(495,529)	(403,489)
Cash provided used in investing activities	(495,529)	(403,489)
Decrease in cash during the period	(835,213)	(976,306)
Cash, beginning of period	5,390,544	8,839,191
Cash, end of period	\$ 4,555,331	\$ 7,862,885

See accompanying notes to condensed interim financial statements

Northern Superior Resources Inc.
Notes to Condensed Interim Financial Statements
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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 International Accounting Standards (“IAS”) 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”) and effective for the period ended March 31, 2014.

b) Approval of Financial Statements

The condensed interim financial statements of the Company for the three months ended March 31, 2014 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 9, 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.

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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 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

	March 31, 2014	December 31, 2013
Quebec government refundable tax credits	\$ 642,940	\$ 642,940
Sales tax receivable - net	77,957	30,528
Prepaid expenses	12,706	42,033
Interest receivable	8,658	58,431
Other receivables	17,500	9,552
	Total Current Receivables \$ 759,761	\$ 783,484
Receivables (non-current):		
Quebec Government refundable tax credits	274,201	89,807
Total	\$ 1,033,962	\$ 873,291

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5. EXPLORATION AND EVALUATION PROPERTIES

For the three months ended March 31, 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	438	657	350	2,966	700	5,111
Analytical	-	15,643	1,074	-	-	16,717
Geology	21,772	47,551	150	14,179	7,454	91,106
Drilling	-	340,886	31,978	-	-	372,864
Research	6,546	21	-	-	-	6,567
Project administration	1,146	10,087	-	2,413	1,708	15,354
Refundable tax credits and adjustments	-	(160,178)	(12,955)	(7,551)	(3,808)	(184,492)
Balance, March 31, 2014	\$ 6,208,336	\$ 6,087,507	\$ 774,684	\$ 53,904	\$ 1,153,970	\$ 14,278,401

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 of exploration and evaluation properties	(1,645,831)	(3,300,143)	(1,059,151)	(9,000,000)	-	-	-	-	(15,005,125)
Balance, December 31, 2013	\$ -	\$ -	\$ -	\$ 6,178,434	\$ 5,832,840	\$ 754,087	\$ 41,897	\$ 1,147,916	\$ 13,955,174

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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 \$29,902 on the combined property during the three months ended March 31, 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 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 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 \$254,667 (2013 - \$487,066) on the property during the three months ended March 31, 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 June 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.

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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 \$20,597 (2013 - \$58,636) on the property during the three months ended March 31, 2014.

Grizzly Property

In July 2013, the Company entered into an option agreement with Mr. Marc Bouchard and G.L. Geoservices Inc. (the "Optionors") to acquire the Grizzly property in Québec. For the Company to earn a 100% in the property, the Company must (note 14):

- a) Spend an aggregate of \$1.7 million on exploration on the property over five years, as follows:
 - (i) \$75,000 in year 1;
 - (ii) \$100,000 in year 2;
 - (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;
 - (ii) \$40,000 in year 2;
 - (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 in year 2;
 - (ii) 200,000 in year 3;
 - (iii) 300,000 in year 4; and
 - (iv) 300,000 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 \$12,007 (2013 – \$Nil) on the property during the three ended March 31, 2014.

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

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.

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6. TRADE PAYABLES AND ACCRUED LIABILITIES

<i>As at</i>	March 31, 2014	December 31, 2013
Trade payables	\$ 56,740	\$ 19,485
Amounts due to related parties	10,016	12,708
Accrued liabilities	30,309	87,235
	\$ 97,065	\$ 119,428

7. SHARE CAPITAL

a) **Authorized:** Unlimited common shares without par value.

b) Issued Capital

There were no changes to Share Capital during the three months ended March 31, 2014. During the year ended December 31, 2013, changes in issued share capital were as follows:

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 5).

c) Stock Options

As at March 31, 2014, the Company had 12,194,567 stock options outstanding of which 7,097,884 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.

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

	Three Months ended March 31, 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	-	-	(50,000)	0.17
Forfeited	-	-	(1,641,667)	0.26
Outstanding, end of period	12,194,567	\$0.21	12,194,567	\$0.21
Exercisable, end of period	7,097,884	\$0.28	6,964,565	\$0.28

The weighted average grant-date fair value for options granted during the year ended December 31, 2013 was \$0.02 (2012 - \$0.09), which was determined using the Black-Scholes Option Pricing Model and the following assumptions: no dividends to be paid; volatility of 143.1% (2012 - 150.1%); risk-free interest rate 1.51% (2012 - 1.3%); and expected life of 5 years (2012 - 5 years).

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The following table summarizes information regarding stock options outstanding and exercisable at March 31, 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 Exercise Price
\$0.10 - \$0.19	7,479,567	3.11	\$0.11	3,237,896	1.58	\$0.11
\$0.20 - \$0.39	2,515,000	2.59	0.24	1,676,656	2.59	0.24
\$0.40 - \$0.59	2,150,000	1.61	0.55	2,150,000	1.61	0.55
\$0.60 - \$0.79	50,000	2.09	\$0.70	33,332	2.09	0.70
	12,194,567	2.73	\$0.21	7,097,884	1.83	\$0.28

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 months ended March 31, 2014 and 2013:

<i>For the three months ended March 31,</i>	2014	2013
Consulting fees	\$ 2,533	21,321
Office expense	24,257	49,866
	26,790	71,187
Exploration and evaluation properties	15,356	54,447
Total share-based payments	\$ 42,146	\$ 125,634

Share-based payments of \$15,356 (2013 - \$54,447) related to exploration and evaluation properties are capitalized to exploration and evaluation properties and share-based payments of \$26,790 (2013 - \$71,187) related to consulting fees and office expense were expensed for the three months ended March 31, 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 three months ended March 31, 2014 were 12,194,567 (December 31, 2013 - 12,194,567) stock options that were anti-dilutive.

8. RELATED PARTY TRANSACTIONS

<i>For the three months ended March 31,</i>	2014	2013
Management and other fees	\$ 36,064	\$ 87,824
Salaries and wages	139,327	158,006
Share-based payments	26,323	46,050
	\$ 201,714	\$ 291,880

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The Company paid Morfopoulos Consulting Associates Ltd., a company controlled by the CFO, \$18,000 for accounting and management and administration services during the three months ended March 31, 2014 (2013-\$18,000), which amounts are included in Management and Other Fee above. The Company paid Basman Smith LLP., a law firm of which the Secretary is a partner, \$18,064 for legal and corporate secretarial services during the three months ended March 31, 2014 (2013-\$69,824), which amounts are also included in Management and Other Fee 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 trade payables at March 31, 2014 is \$10,016 due to related parties (2013-\$14,278).

9. SUPPLEMENTAL CASH FLOW INFORMATION

<i>For the three months ended March 31</i>	2014	2013
<i>Non-cash investing and financing activities</i>		
Changes in working capital related to exploration properties	691,110	205,379
Interest received	16,148	26,639
Interest paid	-	-
Taxes paid	-	-

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial Instruments

The carrying value of financial assets and liabilities at March 31, 2014 and December 31, 2013 are as follows:

<i>As at</i>	March 31, 2014	December 31, 2013
Financial Assets		
<i>Fair value through profit or loss, measured at fair value</i>		
Cash and cash equivalents	\$ 4,555,329	\$ 5,390,544
<i>Loans and receivables, measured at amortized cost</i>		
Receivables	8,658	58,431
Financial Liabilities		
<i>Other liabilities, measured at amortized cost</i>		
Trade payables and due to related parties	\$ 66,756	\$ 32,193

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

	2014	2013
	Level 1	Level 1
Cash and cash equivalents	\$ 4,555,329	\$ 5,390,544

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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 meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2014, the Company had cash and cash equivalents of \$4,555,329 (December 31, 2013 - \$5,390,544) to settle trade payables and accrued liabilities totaling \$97,065 (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.

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. A 1% change in short term rates would change the interest income and net loss of the Company, assuming that all other variables remained constant, by approximately \$11,000 for the three months ended March 31, 2014.

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

11. 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.

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 three months ended March 31, 2014. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products.

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12. COMMITMENTS

	1 - 5 years	5 or more years	Total
Operating lease - office lease	\$ 149,394	\$ -	\$ 149,394

The Company has future commitments under exploration and evaluation property option agreements to issue shares and incur exploration expenditures (note 5).

13. 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.

14. EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On April 10, 2014 the Company announced the signing of intent with Bold Ventures Inc. (“Bold”) whereby Bold has the option to earn up to a 60% interest in the Company’s Lac Surprise property. A definitive agreement has not been completed as of the date of this report.