Northern Superior Resources Inc.

Annual Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2013 and 2012

JAMES STAFFORD

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Independent Auditor's Report

To the Shareholders of Northern Superior Resources Inc.

We have audited the accompanying financial statements of Northern Superior Resources Inc., which comprise the statements of financial position as at 31 December 2013 and 2012, and the statements of loss and comprehensive loss, equity and cash flows for the years ended 31 December 2013 and 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Northern Superior Resources Inc. as at 31 December 2013 and 2012, and the results of its operations and its cash flows for the years ended 31 December 2013 and 2012 in accordance with International Financial Reporting Standards.

James Stafford

Chartered Accountants

Vancouver, Canada
13 March 2014

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

Statements of Financial Position

As at	December 31 2013	December 31 2012
Assets		
Current assets		
Cash and cash equivalents	**$ 5,390,544**	$ 8,839,191
Prepaids and receivables *note 4*	**783,484**	570,332
	6,174,028	9,409,523
Non-current assets		
Receivables *note 4*	**89,807**	38,471
Equipment *note 5*	**32,534**	57,634
Exploration and evaluation properties *note 6*	**13,955,174**	27,288,108
	14,077,515	27,384,213
	$ 20,251,543	$ 36,793,736
Liabilities		
Current		
Trade payables and accrued liabilities *note 7*	**$ 119,428**	$ 370,732
	119,428	370,732
Equity		
Share capital *note 9*	**62,704,407**	62,664,407
Stock options reserve *notes 9(c) and 9(d)*	**4,462,802**	4,218,596
Deficit	**(47,035,094)**	(30,459,999)
	20,132,115	36,423,004
	$ 20,251,543	$ 36,793,736

Nature of operations *note 1*
Commitments *note 14*
Event subsequent to the end of the reporting period *note 16*

APPROVED AND AUTHORIZED FOR ISSUE BY THE BOARD ON MARCH 6, 2014

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

Director Director

See accompanying notes to annual financial statements

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

Statements of Loss and Comprehensive Loss

For the years ended December 31,	**2013**	2012
Expenses		
Consulting fees *note 9(d)*	**$ 231,071**	$ 313,935
Depreciation	**25,100**	47,486
Legal and accounting	**233,517**	206,604
Office expense *note 9(d)*	**801,315**	1,401,328
Shareholder information	**327,980**	383,432
Travel	**48,839**	79,929
Loss before the undernoted	**(1,667,822)**	(2,432,714)
Interest income	**87,656**	147,910
Flow-through share income	**-**	1,300,161
Flow-through share interest expense	**-**	(11,196)
Write-off of trade payable	**10,196**	-
Write-off of exploration properties *note 7*	**(15,005,125)**	(2,017,826)
Net loss and comprehensive loss for the year	**$ (16,575,095)**	$ (3,013,665)
Net loss per share - basic and diluted		
Basic	**$ (0.09)**	$ (0.02)
Diluted	**$ (0.09)**	$ (0.02)
Weighted-average number of shares outstanding		
Basic and diluted	**188,562,581**	187,030,189

See accompanying notes to annual financial statements

(Expressed in Canadian dollars)

Statements of Equity

	Share Capital		Reserves			
	Number of Shares	Amount	Stock options	Warrants	Deficit	Total Equity
Balance, December 31, 2011	**185,522,798**	**$ 62,099,111**	**$ 3,545,518**	**$ 1,608,678**	**$ (29,055,012)**	**$ 38,198,295**
Common shares issued for exploration and evaluation property *note 9(b)*	200,000	$ 38,000	-	-	-	38,000
Common shares issued on exercise of stock options *note 9(b)*	146,666	27,296	(10,896)	-	-	16,400
Common shares issued for cash *note 9(b)*	2,631,579	500,000	-	-	-	500,000
Share-based payments *note 9(d)*	-	-	683,974	-	-	683,974
Reclassification of fair value of expired warrants	-	-	-	(1,608,678)	1,608,678	-
Net loss for the year	-	-	-	-	(3,013,665)	(3,013,665)
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 9(b)*	153,846	40,000	-	-	-	40,000
Share-based payments *note 9(d)*	-	-	244,206	-	-	244,206
Net loss for the year	-	-	-	-	(16,575,095)	(16,575,095)
Balance, December 31, 2013	**188,654,889**	**$ 62,704,407**	**$ 4,462,802**	**$ -**	**$ (47,035,094)**	**$ 20,132,115**

See accompanying notes to annual financial statements

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

Statements of Cash Flows

For the years ended December 31,	**2013**	*2012*
Operating Activities		
Net loss for the year	**$ (16,575,095)**	$ (3,013,665)
Items not involving cash		
Flow-through share income *note 7*	**-**	(1,300,161)
Depreciation *note 5*	**25,100**	47,486
Share-based payments *note 9(d)*	**230,346**	363,853
Write-off of exploration properties *note 6*	**15,005,125**	2,017,826
Write-off of trade payable *note 7*	**(10,196)**	-
Change in non-cash operating working capital items:		
Decrease in prepaids and receivables	**170,690**	232,397
Decrease in trade payables and accrued liabilities	**(123,235)**	(37,897)
Cash used in operating activities	**(1,277,265)**	(1,690,161)
Investing Activities		
Exploration and evaluation expenditures	**(2,430,382)**	(7,285,883)
Recovery of exploration and evaluation expenditures	**259,000**	303,913
Additions to (disposition of) equipment	**-**	(99,152)
Cash provided used in investing activities	**(2,171,382)**	(7,081,122)
Financing Activities		
Proceeds from exercise of stock options	**-**	16,400
Proceeds from private placements, net of share issue costs	**-**	500,000
Cash provided by financing activities	**-**	516,400
Decrease in cash during the year	**(3,448,647)**	(8,254,883)
Cash, beginning of year	**8,839,191**	17,094,074
Cash, end of year	**$ 5,390,544**	$ 8,839,191

Supplemental cash flow information *note 11*

See accompanying notes to annual 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 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 year ended December 31, 2013.

b) Approval of Financial Statements

The audited financial statements of the Company for the year ended December 31, 2013 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on March 6, 2014.

c) Adoption of New and Revised Standards and Interpretations

At the date of authorization of these 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.

The following standards have been published by the IASB, but have not yet been adopted by the Company:

IFRS 9 *Financial Instruments* (2009)

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Debt instruments meeting both a "business model" test and a "cash flow characteristics" test are measured at amortized cost (the use of fair value is optional in some limited circumstances)
- Investments in equity instruments can be designated as "fair value through other comprehensive income" with only dividends being recognized in profit or loss
- All other instruments (including all derivatives) are measured at fair value with changes recognized in profit or loss

- The concept of "embedded derivatives" does not apply to financial assets within the scope of the standard and the entire instrument must be classified and measured in accordance with the above guidelines.

The IASB has indefinitely deferred the mandatory adoption date of this standard.

IFRS 9 *Financial Instruments* (2010)

This is a revised version 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 – 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.

The IASB has indefinitely deferred the mandatory adoption date of this standard.

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

Amends IAS 32 *Financial Instruments: Presentation* to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of "currently has a legally enforceable right of set-off"
- the application of simultaneous realization and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements.

Applicable to annual periods beginning on or after January 1, 2014.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

Amends IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 27 *Separate Financial Statements* to:

- provide "investment entities" (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments* or IAS 39 *Financial Instruments: Recognition and Measurement*
- require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries
- require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).

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

3. SIGNIFICANT ACCOUNTING POLICIES

a) Cash and Cash Equivalents

The Company considers deposits that are highly liquid, readily convertible to known amounts of cash, redeemable on demand and have original maturities of less than three months from the date of purchase to be cash equivalents. Interest income is recorded as earned on the accrual basis at the stated rate of interest over the term of the investment.

b) Financial Assets

Financial assets are classified as loans and receivables, held-to-maturity, available-for-sale financial assets, financial assets at fair value through profit or loss ("FVTPL"), or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognized initially at fair value. The subsequent measurement of financial assets depends on their classification as follows:

Held-to-maturity and Loans and receivables

Held-to-maturity and loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. Transaction costs are included in the initial carrying amount of the asset. Interest receivable is classified as loans and receivables.

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are not classified as loans and receivables. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognized within other comprehensive income. Accumulated changes in fair value are recorded as a separate component of equity until the investment is derecognized or impaired. Available-for-sale assets include investment in equities of other entities. Transaction costs are included in the initial carrying amount of the asset.

The fair value is determined by reference to bid prices at the close of business on the reporting date. Where there is no active market, fair value is determined using valuation techniques. Where fair value cannot be reliably measured, assets are carried at cos.

Financial assets at FVTPL

Financial assets are classified as held for trading and are included in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives, other than those designated as effective hedging instruments, are also categorized as held for trading. These assets are carried at fair value with gains or losses recognized in profit or loss. Cash and cash equivalents are included in this category of financial assets. Transaction costs associated with financial assets at FVTPL are expensed as incurred.

Derivatives designated as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

c) Impairment of Financial Assets

Financial assets, other than financial assets at FVTPL, are assessed for indicators of impairment at each period end.

Held-to-maturity and Loans and receivables

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost have been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

Available-for-sale

If an available-for-sale financial asset is impaired, the cumulative loss previously recognized in equity is transferred to profit or loss. Any subsequent recovery in the fair value of the asset is recognized within other comprehensive income.

d) Financial Liabilities

Financial liabilities are classified as financial liabilities at FVTPL, derivatives designated as hedging instruments in an effective hedge, or as financial liabilities measured at amortized cost, as appropriate.

The Company determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification, as follows:

Financial liabilities at FVTPL

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated by management on initial recognition. These liabilities are carried at fair value with gains or losses recognized in profit or loss.

Derivatives designated as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

Financial liabilities measured at amortized cost

All other financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest, other revenues and finance costs. Trade payables are included in this category of financial liabilities.

e) Share-based Payments

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of the options, as determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions, are expensed or capitalized to exploration and evaluation properties as appropriate. The corresponding amount is recorded to the stock options reserve. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

f) Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the assets to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Equipment is depreciated, using the straight-line method over their estimated useful lives. The significant classes of equipment and their estimated useful lives are as follows:

Office and other equipment	4 - 5 years
Computer equipment	2 - 3 years
Leasehold improvements	5 years

Where an item of equipment consists of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

g) Exploration and Evaluation Expenditures

Exploration and evaluation properties and related costs are recorded at cost on a property-by-property basis. The Company defers all exploration and evaluation costs, including acquisition costs, field exploration and field supervisory costs relating to specific properties, until those properties are brought into production, at which time, they will be amortized on a unit-of-production basis, or until the properties are abandoned, sold or considered to be impaired in value, at which time, an appropriate charge will be made. Costs incurred for general exploration, including expenditures of a general reconnaissance nature, that are not project specific or do not result in the acquisition of exploration and evaluation properties are charged to operations.

All capitalized exploration and evaluation costs are reviewed for indications of impairment regularly to determine whether a write down of their carrying amount is required. Factors such as metal prices, the ability of the Company to finance the projects, and exploration results to date are considered in determining whether indicators of impairment exists.

h) Impairment

The Company's tangible and intangible assets are reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

i) Income Taxes

Deferred tax is provided, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the statement of financial position date.

Tax relating to items recognized directly in equity is recognized in equity and not in the statement of loss and comprehensive loss.

j) Asset Retirement Obligations

Asset retirement obligations consist of legal obligations associated with the retirement of tangible, long-lived assets that result from the acquisition, construction, development or operation of the assets. The retirement of a long-lived asset is its permanent removal from service, sale, abandonment or disposal.

Asset retirement obligations are recognized as they are incurred and recorded as liabilities at fair value.

The liability is accreted over time through periodic charges to income. Actual expenditures incurred are charged against the accumulated obligation. The asset retirement cost is capitalized as part of the related asset's carrying value and depreciated over the asset's useful life.

Management has determined that it has no asset retirement obligations at this time.

k) Flow-through Shares

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability and included in trade payables and accrued liabilities. Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through liability will be reversed. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

l) Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the reporting period.

Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that (i) net earnings (loss) attributable to common shareholders are adjusted for fair value gains or losses of warrants (if dilutive) and (ii) the weighted average number of common shares outstanding is adjusted for the number of shares that are potentially issuable in connection with stock options and warrants (if dilutive) using the treasury stock method. Under this method, the Company assumes that outstanding dilutive stock options and warrants were exercised and that the proceeds from such exercises (after adjustment of any unvested portion of stock options) were used to acquire common stock at the average market price during the reporting periods.

m) Use of Estimates and Judgements

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, share-based payments and ability to continue as a going concern. Actual results may differ from those estimates and judgements.

n) Comparative Figures

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

o) Changes in Accounting Policies

The Company adopted IFRS 11, Joint Arrangements - effective January 1, 2013, which replaces IAS 31. The adoption of IFRS 11 did not result in a significant impact on the Company's financial statements.

The Company adopted IFRS 12, Disclosure of Interests in Other Entities - effective January 1, 2013, replaces disclosure requirements in IAS 27 (as amended in 2008), IAS 28 (as revised in 2003) and IAS 31. The adoption of IFRS 12 did not result in a significant impact on the Company's financial statements.

The Company adopted IFRS 13, Fair Value Measurement - effective January 1, 2013 that replaces fair value measurement guidance in other IFRSs. The adoption of IFRS 13 did not result in a significant impact on the Company's financial statements.

The Company adopted IAS 1 (Amendment), Presentation of Financial Statements - effective January 1, 2013, which includes amendments regarding presentation of items of other comprehensive income. The adoption of IAS 1 did not result in a significant impact on the Company's financial statements.

The Company adopted IAS 19, (Amendment) Employee Benefits – effective January 1, 2013, which revises recognition and measurement of post-employment benefits. The adoption of IAS 19 did not result in a significant impact on the Company's financial statements.

The Company adopted IAS 27, (Amendment) Separate Financial Statements – effective January 1, 2013, which prescribes the accounting for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The adoption of IAS 27 did not result in a significant impact on the Company's financial statements.

The Company adopted IAS 28 (Amendment), Investments in Associates and Joint Ventures - effective January 1, 2013, which prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The adoption of IAS 28 did not result in a significant impact on the Company's financial statements.

(Expressed in Canadian dollars)

The Company adopted IAS 32 (Amendment), Financial Instruments: Presentation - is effective January 1, 2013, which revises certain aspects of the requirements on offsetting. The adoption of IAS 32 did not result in a significant impact on the Company's financial statements.

The Company adopted IFRIC 20, Stripping Costs in the Production Phase of a Producing Mine – effective January 1, 2013, which prescribes the accounting for stripping costs in the production of a surface mine. The adoption of IFRIC 20 did not result in a significant impact on the Company's financial statements.

4. PREPAIDS AND RECEIVABLES

Prepaids and receivables consist of the following:

As at December 31,		**2013**		2012
Quebec government refundable tax credits	**$**	**642,940**	$	259,098
Sales tax receivable - net		**30,528**		166,431
Prepaid expenses		**42,033**		54,412
Interest receivable		**58,431**		90,391
Other receivables		**9,552**		-
Total Current Receivables	**$**	**783,484**	$	570,332
Receivables (non-current):				
Quebec government refundable tax credits		**89,807**		38,471
Total	**$**	**873,291**	$	608,803

(Expressed in Canadian dollars)

5. EQUIPMENT

A summary of the changes in the Company's equipment for the year ended December 31, 2013 is as follows:

		Office and other equipment		Leasehold Improvements		Computer equipment		Total
Cost								
At December 31, 2012 - carried forward	$	41,618	$	27,817	$	96,479	$	165,914
Additions		-		-		-		-
Disposals		-		-		-		-
At Dec 31, 2013	**$**	**41,618**	**$**	**27,817**	**$**	**96,479**	**$**	**165,914**
Depreciation								
At December 31, 2012	$	37,680	$	1,391	$	69,209	$	108,280
Change for the year		1,050		5,563		18,487		25,100
At Dec 31, 2013	**$**	**38,730**	**$**	**6,954**	**$**	**87,696**	**$**	**133,380**
Net book value								
At December 31, 2012	$	3,938	$	26,426	$	27,270	$	57,634
At December 31, 2013	**$**	**2,888**	**$**	**20,863**	**$**	**8,783**	**$**	**32,534**

A summary of the changes in the Company's equipment for the year ended December 31, 2012 is as follows:

		Office and other equipment		Leasehold Improvements		Computer equipment		Total
Cost								
At December 31, 2011	$	37,418	$	-	$	29,344	$	66,762
Additions		4,200		27,817		67,135		99,152
Disposals		-		-		-		-
At December 31, 2012	**$**	**41,618**	**$**	**27,817**	**$**	**96,479**	**$**	**165,914**
Depreciation								
At December 31, 2011	$	31,450	$	-	$	29,344	$	60,794
Change for the year		6,230		1,391		39,865		47,486
At December 31, 2012	**$**	**37,680**	**$**	**1,391**	**$**	**69,209**	**$**	**108,280**
Net book value								
At December 31, 2011	$	5,968	$	-	$	-	$	5,968
At December 31, 2012	**$**	**3,938**	**$**	**26,426**	**$**	**27,270**	**$**	**57,634**

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION PROPERTIES

For year ended December 31, 2013

	Ti-pa-haa-kaa-ning[1]	Meston Lake	Rapson Bay	Croteau Est	Waconichi	Grizzly	Thorne Lake	Lac Surprise	Total
Balance, January 1, 2013	$ 14,883,150	$ 1,642,394	$ 3,299,608	$ 5,019,694	$ 236,884	$ -	$ 1,058,794	$ 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	192,851	3,437	535	488,661	221,588	62,805	357	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 properties	(9,000,000)	(1,645,831)	(3,300,143)	-	-	-	(1,059,151)	-	(15,005,125)
Balance, end of year	$ 6,178,434	$ -	$ -	$ 5,832,840	$ 754,087	$ 41,897	$ -	$ 1,147,916	$ 13,955,174

(1) The Ti-pa-haa-kaa-ning project costs in this table are comprised of what was called the Ti-pa-haa-kaa-ning and New Growth properties in the previous year.

(Expressed in Canadian dollars)

For year ended December 31, 2012

	Ti-pa-haa-kaa-ning	New Growth	Meston Lake	Rapson Bay	Croteau Est	Waconichi	Wachigabau	Other[1]	Total
Balance, beginning of year	$ 11,500,660	$ 1,065,471	$ 1,616,137	$ 3,190,097	$ 977,188	$ -	$ 998,389	$ 3,067,681	$ 22,415,623
Acquisition, assessment and maintenance	2,298	1,097	385	487	36,150	68,263	10,110	64,514	183,304
Analytical	-	97,763	522	11,549	588,075	25,815	108	12,254	736,086
Geophysics	-	566,724	24	-	276,764	-	-	(4,330)	839,182
Geology	5,950	54,306	15,717	36,804	1,124,495	152,875	2,737	38,808	1,431,692
Drilling	-	1,467,041	-	20,400	2,020,044	-	10,556	25,445	3,543,486
Research	11,158	28,216	198	21,771	14,505	-	-	3,286	79,134
Project administration	38,204	44,262	9,411	18,500	258,051	6,173	12,943	29,314	416,858
Cost recoveries[2]	-	-	-	-	-	-	7,671	(49,533)	(41,862)
Write-off of exploration and evaluation properties	-	-	-	-	-	-	(1,039,722)	(978,104)	(2,017,826)
Tax credit adjustments	-	-	-	-	(275,578)	(16,242)	(2,792)	(2,957)	(297,569)
Balance, end of year	$ 11,558,270	$ 3,324,880	$ 1,642,394	$ 3,299,608	$ 5,019,694	$ 236,884	$ -	$ 2,206,378	$ 27,288,108

(1) Consists of Lac Surprise ($1,147,584) and Thorne Lake ($1,058,794) as at December 31, 2012.

(2) The Company recorded cost recoveries of $49,533 from Paget Minerals Corp. and a net adjustment amount of $7,671 due to Matamec Explorations at December 31, 2012.

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 $295,284 on the combined property during the year ended December 31, 2013.

The Company had an option/joint venture agreement with Rainy River Resources Ltd. ("Rainy River") which was terminated on December 14, 2012, when Rainy River formally relinquished its option on the TPK project. In July 2012, Rainy River completed a private placement of $500,000 in the Company, at a price of $0.19 per share (note 9(b)).

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 14): $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 $813,146 (2012 - $4,042,506) on the property during the year ended December 31, 2013.

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.

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 $517,203 (2012 - $236,884) on the property during the year ended December 31, 2013.

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 Quebec. 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 $41,897 (2012 – $Nil) on the property during the year ended December 31, 2013.

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.

(Expressed in Canadian dollars)

7. TRADE PAYABLES AND ACCRUED LIABILITIES

As at December 31,		2013		2012
Trade payables	$	**19,485**	$	149,904
Amounts due to joint venture partners		**-**		10,196
Amounts due to related parties *note 10*		**12,708**		46,311
Accrued liabilities		**87,235**		164,321
	$	**119,428**	$	370,732

During the year ended December 31, 2013, the Company wrote-of $10,196 (2012 – $Nil) in amounts due to joint venture partner (note 11).

Flow-Through Share Liability

On January 27, 2011, the Company completed a $8,637,820 brokered flow-through private placement consisting of 2,617,521 common shares at a price of $1.10 per share and 4,113,248 common shares at a price of $1.40 per share. This issuance of flow-through shares resulted in a flow-through share liability of $3,185,897 at the date of issue, of which $1,885,736 was recorded as income in 2011, leaving a balance of $1,300,161 as at December 31, 2011.

During the year ended December 31, 2012, the Company incurred in excess of $3,525,085 in qualifying Canadian exploration expenditures in the province of Quebec, resulting in a flow-through share income and a corresponding decrease in flow-through share liability of $1,300,161 on the basis that the Company has the intention of renouncing these qualifying Canadian exploration expenditures to the respective investors.

8. INCOME TAXES

The provision for income taxes in the statement of loss and deficit represents an effective rate different than would be computed by applying the combined Canadian statutory federal and provincial income tax rates to the loss before income taxes due to the following:

For the years ended December 31,		2013		2012
Loss before income taxes	$	**(16,575,095)**	$	(3,013,665)
Canadian statutory income tax rates		**26.50%**		26.25%
Recovery of income taxes at Canadian statutory rates		**4,392,400**		791,087
Permanent differences		**(64,715)**		(179,543)
Changes in tax rates		**37,983**		(29,121)
Change in prior year provision to actual		**163,319**		155,426
Change in valuation allowance		**(4,528,987)**		(737,849)
Deferred tax recovery	**$**	**-**	**$**	**-**

(Expressed in Canadian dollars)

The tax effect of temporary differences that gives rise to the Company's net future income tax assets is as follows:

As at December 31,		**2013**		2013
Deferred tax assets (liabilities)				
Operating losses carried forward	**$**	**3,360,830**	$	2,755,021
Capital loss carried forward		**1,260,056**		1,188,732
Resource properties		**3,531,578**		(391,955)
Share issue costs		**148,878**		230,117
Other		**52,518**		42,958
	$	**8,353,860**	$	3,824,873
Less: Valuation allowance		**(8,353,860)**		(3,824,873)
Total deferred tax assets	**$**	**-**	$	-

At December 31, 2013, the Company had capital losses for tax purposes in Canada totaling $9,509,856 that may be carried forward indefinitely, and operating loss carry forwards of $12,682,378 available for tax purposes in Canada which expire as follows:

Tax Operating Losses	Year of Expiry
$ 379,827	2014
314,918	2015
479,151	2026
872,751	2027
1,263,477	2028
1,518,538	2029
1,512,554	2030
2,435,542	2031
2,233,682	2032
1,671,938	2033
$12,682,378	

9. SHARE CAPITAL

a) Authorized: Unlimited common shares without par value.

b) Issued Capital

During the years ended December 31, 2013 and 2012, 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 (notes 6 and 11).

On July 10, 2012, the Company issued 200,000 shares of the Company at a deemed aggregate share cost of $38,000 in connection with an option agreement to acquire a 70% interest in the Waconichi property in Québec (notes 6 and 11).

(Expressed in Canadian dollars)

On July 10, 2012, Rainy River completed its third and final private placement of $500,000 with the Company which was required for Rainy River to maintain its option to earn a 51% interest in the Company's TPK property, north-western, Ontario. The private placement consisted of 2,631,579 shares of the Company issued at a price of $0.19 per share (note 6).

In January 2012, the Company issued 146,666 shares in connection with the exercise of 146,666 stock options, for proceeds of $16,400.

c) Stock Options

As at December 31, 2013, the Company had 12,194,567 stock options outstanding of which 6,964,565 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 years ended December 31, 2013 and 2012 is as follows:

	Year ended December 31, 2013		Year ended December 31, 2012	
	Number of options	**Weighted-average exercise price**	Number of options	Weighted-average exercise price
Outstanding, beginning of year	**11,411,234**	**$0.25**	9,824,568	$0.33
Granted	**2,475,000**	**0.10**	3,375,000	0.11
Expired	**(50,000)**	**0.17**	(1,315,000)	0.47
Exercised	**-**	**-**	(146,666)	0.11
Forfeited	**(1,641,667)**	**0.26**	(326,668)	0.43
Outstanding, end of year	**12,194,567**	**$0.21**	11,411,234	$0.25
Exercisable, end of year	**6,964,565**	**$0.28**	4,906,231	$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).

The following table summarizes information regarding stock options outstanding and exercisable at December 31, 2013:

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
$0.01 - $0.19	7,479,567	3.35	$0.11	3,104,567	1.73	$0.11
$0.20 - $0.39	2,515,000	2.84	0.24	1,676,666	2.84	0.24
$0.40 - $0.59	2,150,000	1.85	0.55	2,150,000	1.85	0.55
$0.60 - $0.79	50,000	2.33	0.70	33,332	2.33	0.70
	12,194,567	**2.98**	**$0.21**	**6,964,565**	**1.47**	**$0.28**

(Expressed in Canadian dollars)

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 years ended December 31, 2013 and 2012:

For the years ended December 31,		**2013**		2012
Consulting fees	**$**	**126,071**	$	195,375
Office expense		**104,275**		168,478
		230,346		363,853
Exploration and evaluation properties		**13,860**		320,121
Total share-based payments	**$**	**244,206**	$	683,974

Share-based payments of $13,860 (2012 - $320,121) related to exploration and evaluation properties are capitalized to exploration and evaluation properties and share-based payments of $230,346 (2012 - $363,853) related to consulting fees and office expense were expensed for the year ended December 31, 2013.

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 years ended December 31, 2013 were 12,194,567 (2012 - 11,411,234) stock options that were anti-dilutive.

10. RELATED PARTY TRANSACTIONS

For the years ended December 31,		**2013**		2012
Management and other fees	**$**	**111,395**	$	118,892
Salaries and wages		**563,700**		920,676
Share-based payments		**227,661**		433,005
	$	**902,756**	$	1,472,573

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 December 31, 2013 is $12,708 due to related parties (2012-$46,311) (note 7).

(Expressed in Canadian dollars)

11. SUPPLEMENTAL CASH FLOW INFORMATION

For the years ended December 31,		**2013**		2012
Non-cash investing and financing activities				
Transfer of amounts from reserves	**$**	**-**	$	10,896
Common shares issued pursuant to property agreements *notes 6 and 9b*		**40,000**		38,000
Changes in working capital related to exploration properties		**553,051**		(449,780)
Interest received	**$**	**119,596**	$	147,910
Interest paid		**-**		-
Taxes paid		**-**		-

During the year ended December 31, 2013, the Company wrote-off $10,196 (2012 – $Nil) in amounts due to joint venture partner (note 7).

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial Instruments

The carrying value of financial assets and liabilities at December 31, 2013 and 2012 are as follows:

As at December 31,		**2013**		2012
Financial Assets				
Fair value through profit or loss, measured at fair value				
Cash and cash equivalents	**$**	**5,390,544**	$	8,839,191
Loans and receivables, measured at amortized cost				
Receivables		**58,431**		90,391
Financial Liabilities				
Other liabilities, measured at amortized cost				
Trade payables and due to related parties	**$**	**32,193**	$	206,411

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

`		**2013**		2012
		Level 1		Level 1
Cash and cash equivalents	**$**	**5,390,544**	$	8,839,191

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 December 31, 2013, the Company had cash and cash equivalents of $5,390,544 (2012 - $8,839,191) to settle trade payables and accrued liabilities totaling $119,428 (2012 - $370,732). 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 $54,000 for the year ended December 31, 2013.

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

13. 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 year ended December 31, 2013. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products.

(Expressed in Canadian dollars)

14. COMMITMENTS

	1 - 5 years	5 or more years	Total
Operating lease - office lease	$ 160,325	$ -	**$ 160,325**

The Company has future commitments under exploration and evaluation property option agreements to issue shares and incur exploration expenditures (note 6).

15. 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.

16. EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On February 27, 2014 the Company announced the signing of a letter of intent with Bold Ventures Inc. (“Bold”) whereby Bold will have the option to earn up to a 60% interest in the Company’s Lac Surprise property.

Bold can earn a 50% working interest in the property by spending an aggregate of $2,000,000 of exploration work on the property and paying the Company a total of 350,000 common shares of Bold over a three year period. Under the terms proposed in the letter of intent, 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 a formal option agreement. If Bold takes up all parts of the option it will have earned a 60% interest in the property. The option agreement is subject to regulatory approval and a thirty day due diligence period. Upon execution of a formal option agreement a finder’s fee will be paid to an arm’s length, third party.