FALCO RESOURCES LTD.

(FORMERLY "FALCO PACIFIC RESOURCE GROUP INC.")

Financial Statements
(Expressed in Canadian Dollars)

For the Year Ended June 30, 2014

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Falco Resources Ltd.

We have audited the accompanying financial statements of Falco Resources Ltd., which comprise the statements of financial position as at June 30, 2014 and 2013 and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

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

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

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Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Falco Resources Ltd. as at June 30, 2014 and 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Accountants

October 20, 2014

FALCO RESOURCES LTD.
(formerly "Falco Pacific Resource Group Inc.")
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT JUNE 30

	2014	2013
ASSETS		
Current		
Cash and cash equivalents (Note 4)	$ 3,833,365	$ 2,802,127
Receivables (Note 5)	351,803	298,320
Prepaid expenses	165,870	41,155
Refundable tax credit (Note 5)	511,043	-
	4,862,081	3,141,602
Non-current		
Exploration deposits	75,000	-
Equipment (Note 6)	33,826	70,156
Refundable tax credit (Note 5)	-	378,526
Exploration and evaluation assets (Note 7)	10,330,484	8,164,571
	$ 15,301,391	$ 11,754,855
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 8)	$ 720,103	$ 350,720
Flow-through premium (Note 9)	217,877	237,967
	937,980	588,687
Shareholders' equity		
Capital stock (Note 10)	18,415,187	13,214,253
Warrant reserve (Note 10)	122,920	-
Share-based payments reserve (Note 10)	1,131,283	335,437
Deficit	(5,305,979)	(2,383,522)
	14,363,411	11,166,168
	$ 15,301,391	$ 11,754,855

Nature and continuance of operations (Note 1)
Subsequent events (Note 16)

Approved on behalf of the Board of Directors on October 20, 2014:

" Trent Mell" Director *"James G. Davidson"* Director

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

FALCO RESOURCES LTD.
(formerly "Falco Pacific Resource Group Inc.")
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
YEAR ENDED JUNE 30

	2014	2013
EXPENSES		
Office and miscellaneous	$ 323,864	$ 260,602
Depreciation (Note 6)	43,765	24,698
Filing fees	28,435	40,160
Foreign exchange gain	(1,400)	(2,839)
Professional fees	236,244	187,052
Consulting and compensation	1,060,667	732,899
Share-based compensation (Note 10)	799,569	335,807
Promotion and shareholder relations	339,767	-
Investor relations	67,840	74,665
Travel	292,362	108,061
	(3,191,113)	(1,761,105)
Other income – flow through premium (Note 9)	268,656	29,083
Loss and comprehensive loss for the year	(2,922,457)	(1,732,022)
Basic and diluted loss per common share	$ (0.05)	$ (0.05)
Weighted average number of common shares outstanding – basic and diluted	64,120,160	35,620,259

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

FALCO RESOURCES LTD.
(formerly "Falco Pacific Resource Group Inc.")
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
YEAR ENDED JUNE 30

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (2,922,457)	$ (1,732,022)
Adjustments for non-cash items:		
Depreciation	43,765	24,698
Share-based compensation	799,569	335,807
Other income – flow-through premium	(268,656)	(29,083)
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	(74,660)	232,834
Receivables	(53,483)	(298,320)
Prepaid expenses	(124,715)	(6,034)
Cash used in operating activities	(2,600,637)	(1,472,120)
CASH FLOWS FROM INVESTING ACTIVITIES		
Equipment	(7,435)	(94,854)
Exploration deposits	(75,000)	-
Investment in exploration and evaluation assets	(1,776,012)	(6,715,946)
Cash used in investing activities	(1,858,447)	(6,810,800)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	5,595,297	9,412,201
Share issuance costs	(104,975)	(273,193)
Cash provided by financing activities	5,490,322	9,139,008
Increase in cash and cash equivalents during the year	1,031,238	856,088
Cash and cash equivalents, beginning of year	2,802,127	1,946,039
Cash and cash equivalents, end of year	$ 3,833,365	$ 2,802,127
Cash paid during the year for interest	$ -	$ -
Cash paid during the year for income taxes	-	-
Cash and cash equivalents is composed of:		
Cash	$ 3,803,175	$ 2,787,127
Guaranteed investment certificates	30,190	15,000
	$ 3,833,365	$ 2,802,127

Supplemental disclosure with respect to cash flows (Note 15)

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

FALCO RESOURCES LTD.
(formerly “Falco Pacific Resource Group Inc.”)
STATEMENTS OF CHANGES IN SHAREHOLDERS’ EQUITY
(Expressed in Canadian Dollars)
YEAR ENDED JUNE 30

	Capital Stock					
	Shares	Amount	Warrant Reserve	Share based Payments Reserve	Deficit	Total Shareholders’ Equity
Balance June 30, 2012	9,843,551	$ 2,552,438	$ -	$ 39,487	$ (651,500)	$ 1,940,425
Private placement, net of cash share issue costs and flow-through share premium	35,752,500	8,688,458	-	-	-	8,688,458
Shares issued for exploration and evaluation assets	7,000,000	1,750,000	-	-	-	1,750,000
Share issue costs – non cash	440,000	110,000	-	-	-	110,000
Stock options exercised	245,000	113,357	-	(39,857)	-	73,500
Share-based compensation	-	-	-	335,807	-	335,807
Loss for the year	-	-	-	-	(1,732,022)	(1,732,022)
Balance June 30, 2013	53,281,051	$ 13,214,253	$ -	$ 335,437	$ (2,383,522)	$11,166,168
Private placement, net of cash share issue costs and flow-through share premium	16,188,769	4,751,656	-	-	-	4,751,656
Shares issued for exploration and evaluation assets	175,000	78,375	-	-	-	78,375
Share issue costs – non cash	507,638	(124,389)	124,389	-	-	-
Stock options exercised	50,000	8,723	-	(3,723)	-	5,000
Warrants exercised	1,078,000	486,569	(1,469)	-	-	485,100
Share-based compensation	-	-	-	799,569	-	799,569
Loss for the year	-	-	-	-	(2,922,457)	(2,922,457)
Balance June 30, 2014	71,280,458	$ 18,415,187	$ 122,920	$ 1,131,283	$ (5,305,979)	$14,363,411

The accompanying notes are an integral part of these financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Falco Resources Ltd. (formerly "Falco Pacific Resource Group Inc.") (the "Company") was incorporated under the Business Corporations Act (British Columbia) on March 16, 2010 and was classified as a Capital Pool Company as defined in the TSX Venture Exchange Policy 2.4. The Company completed its qualifying transaction on September 24, 2012 and is now classified as a Tier 2 mining issuer and its common shares trade under the symbol "FPC" on the TSX Venture Exchange (the "TSX-V").

The Company is in the business of exploration and evaluation of its mineral properties in the Rouyn-Noranda district in Quebec for base/precious metals.

These financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's continuing operations are dependent upon its ability to either secure additional equity capital or generate cash flow from operations in the future, which is not assured. These financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary, should the Company be unable to secure additional equity capital or generate cash from operations in the future.

2. BASIS OF PRESENTATION

These financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS interpretations committee ("IFRIC"). The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. Management believes that the Company has sufficient working capital to maintain its operations for the next year. All amounts on the financial statements are presented in Canadian dollars which is the functional currency of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

Critical accounting estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Information on significant estimates in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are noted below:

i) Share-based payments

Charges for share-based payments are based on the fair value at the date of the award. Stock options are valued using the Black-Scholes option pricing model and inputs to the model include assumptions on share price volatility, discount rates and expected term, dividend yield, and expected forfeitures.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Critical accounting estimates and judgments (cont'd…)

ii) Income taxes

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings. There are many transactions undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable an adjustment will be made, the Company records its best estimate of the tax liability or asset including the related interest and penalties in the current tax provision. The Company believes is has adequately provided for the probable outcome of these matters, however, the final outcome may result in a materially different outcome than the amount recognized.

iii) Exploration and evaluation assets

Mineral property costs are initially capitalized as intangible exploration assets with the intent to establish commercially viable reserves. The Company is required to make judgments and estimates as to the future events and circumstances regarding whether the carrying amount of intangible exploration assets exceeds its recoverable amount.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on deposit and highly liquid short-term interest bearing variable rate investments with an original maturity of three months or less, which are readily convertible into a known amount of cash.

Exploration and evaluation assets

Costs related to the acquisition, exploration and evaluation of exploration and evaluation assets are capitalized by property until the commencement of commercial production. Should the company incur pre-exploration costs, these costs are expensed as incurred. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and depreciated using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provisions for environmental rehabilitation

The Company recognizes the liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of tangible long-lived assets in the period when the liability arises. The net present value of future rehabilitation costs is capitalized to the long-lived asset to which it relates with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs are reviewed at the end of each reporting period and could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

The Company has no known restoration, rehabilitation or environmental costs related to its exploration and evaluation assets.

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 asset 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. Depreciation is provided at rates calculated to write off the cost of equipment, less its estimated residual value, using the declining balance method at the following rates per annum:

Office furniture	20%
Computer hardware	55%
Leasehold improvements	50%

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Flow-through shares

The Company will, from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) capital stock. Upon expenses being incurred, the Company derecognizes the liability and the premium is recognized as other income.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a period of up to two-years.

Warrants

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore its exploration and evaluation assets. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the agreement. Warrants that are part of units are assigned a value based on the residual value of the unit after deducting the fair value of the common shares.

Share-based compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income taxes (cont'd…)

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities which affect neither accounting nor taxable loss as well as differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Financial instruments

<u>Financial assets</u>

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments – These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. Theses assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Available-for-sale – Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in accumulated other comprehensive loss. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of operations.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss. The Company does not have any financial liabilities that are classified through profit or loss.

Other financial liabilities: This category includes amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

The Company has classified its cash and cash equivalents as fair value through profit and loss. Receivables are classified as loans and receivables. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

New standards, interpretations and amendments adopted

As of July 1, 2013, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The Company has adopted these new and amended standards without any significant effect on its financial statements.

IFRS 7, Financial Instruments: Disclosures, was amended to enhance disclosure requirements related to offsetting of financial assets and financial liabilities.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 *Consolidated and Separate Financial Statements* that dealt with consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd…)

IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities — Non-monetary Contributions by Venturers*. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

IFRS 13 Fair Value Measurement

IFRS 13 is a comprehensive standard for all fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes additional disclosures regarding fair value measurements.

IAS 1, Presentation of Items of Other Comprehensive Income ("OCI") ("IAS 1"), was revised to change the disclosure of items presented in OCI, including a requirement to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss in the future.

IAS 27, Separate Financial Statements, was amended as a result of IFRS 10, IFRS 11, and IFRS 12. IAS27 deals solely with separate financial statements, and has had no impact on the consolidated statements of the Company.

IAS 28, Investments in Associates and Joint Ventures, has been amended and provides accounting and disclosure guidance for investments in associates and joint ventures. The Company does not have any investment in associates and as a result the adoption of the standard did not have any impact on these consolidated financial statements.

New standards not yet adopted

The following new standards, amendments to standards and interpretations have been issued and will be effective for the year ended June 30, 2015:

- IFRS 7, Financial Instruments: Disclosures, will be amended to require additional disclosures on transition from IAS 39 and IFRS 9, and is effective for annual periods beginning on or after January 1, 2015.

- IFRS 9 *Financial Instruments (Revised)*

- IFRS 9 was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing derecognition requirements from IAS 39 *Financial instruments: recognition and measurement*. The revised financial liability provisions maintain the existing amortised 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. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The impact of IFRS 9 on the Company's financial instruments has not yet been determined.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

- IAS 32 (Amendment) — New standard that clarifies requirements for offsetting financial assets and financial liabilities.
- IAS 36 (Amendment) — This amendment addresses the disclosure of information regarding the recoverable amount of impairment assets as the amount is based on fair value less costs of disposal.
- IFRIC 21 — This is an interpretation of IAS 37, *Provisions, contingent liabilities and contingent assets*. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event, known as an obligating event. The interpretation clarifies that the obligation event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

The Company anticipates that the application of these standards, amendments and interpretations will not have a material impact on the results and financial position of the Company.

4. CASH AND CASH EQUIVALENTS

	June 30, 2014	June 30, 2013
Guaranteed Investment Certificates	$ 30,190	$ 15,000
General cash held in bank or trust	3,803,175	2,787,127
	$ 3,833,365	$ 2,802,127

5. RECEIVABLES

Receivables are comprised of the following:

	June 30, 2014	June 30, 2013
GST receivable	$ 184,633	$ 171,297
QST receivable	167,170	127,023
	$ 351,803	$ 298,320
Refundable tax credit(1)	$ 511,043	$ 378,526

(1) The balance relates to a refundable tax credit amounting to 35% of eligible exploration expenditures incurred in Quebec. The amount has been reclassified from non-current to current during the fiscal year, due to the Company's collection of the balance subsequent to the year ended June 30, 2014.

(Expressed in Canadian Dollars)

6. EQUIPMENT

Cost	Leasehold Improvements	Office Furniture	Computer Equipment	Total
Balance as at June 30, 2012	$ -	$ -	$ -	$ -
Additions	10,161	25,144	59,549	94,854
Balance as at June 30, 2013	$ 10,161	$ 25,144	$ 59,549	$ 94,854
Additions	-	2,659	4,776	7,435
Balance as at June 30, 2014	$ 10,161	$ 27,803	$ 64,325	$ 102,289

Accumulated depreciation	Leasehold Improvements	Office Equipment	Computer Equipment	Total
Balance as at June 30, 2012	$ -	$ -	$ -	$ -
Depreciation for the year	-	2,515	22,183	24,698
Balance as at June 30, 2013	$ -	$ 2,515	$ 22,183	$ 24,698
Depreciation for the year	10,161 (1)	5,057	28,547	43,765
Balance as at June 30, 2014	$ 10,161	$ 7,572	$ 50,730	$ 68,463

(1) Entire amount depreciated during the current, as the Company moved office premises

Carrying amounts	Leasehold Improvements	Office Equipment	Computer Equipment	Total
At June 30, 2013	$ 10,161	$ 22,629	$ 37,366	$ 70,156
At June 30, 2014	$ -	$ 20,231	$ 13,595	$ 33,826

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

On September 12, 2012, the Company entered into a purchase agreement (the "Agreement") with QMX Gold Corporation ("QMX") to acquire 100% of QMX's right, title and interest in the Rouyn-Noranda Project (the "Project") located in Quebec, Canada. QMX is a company incorporated in Ontario and listed on the Toronto Stock Exchange.

Pursuant to the Agreement, the Company acquired the Project by paying QMX a $5,000,000 cash consideration and issuing QMX 7,000,000 common shares of the Company. An additional $131,761 in legal and other related acquisition costs were capitalized in securing the project.

Provided that QMX retains a 10% equity interest in the Company on an undiluted basis, the Company has also granted QMX a first right to purchase securities of the Company in any future financing completed by the Company in which QMX may be legally entitled to participate following the proposed transaction and the right to nominate one person to the Company's Board of Directors. Should QMX's equity interest in the Company at any time fall below 10% (on an undiluted basis), the foregoing rights shall immediately cease and be of no further force and effect. As at June 30, 2014 QMX's holdings in the Company were 9.82%.

On August 15, 2013, the Company finalized an option agreement to acquire a 100% interest in the Beauchastel Gold property, which was approved by the TSX-V on September 3, 2013. The Beauchastel property is located in the Flavrian portion of the Project area contiguous with claims held by the Company, and is included as part of the Company's exploration and evaluation assets in the Rouyn-Noranda district in Quebec. Under the terms of the option agreement, the Company has paid $25,000 and issued 50,000 common shares to Societe D'exploration Miniere Vior Inc. ("Vior").

To complete the exercise of the option, the Company is required to incur $50,000 in expenditures on the property, pay an additional $25,000, and issue to Vior 125,000 common shares within 18 months of TSX-V acceptances, being March 3, 2015.

On May 22, 2014 the Company completed the exercise of the option by making the final option payment of $25,000 and issuing 125,000 common shares to Vior, subject to a four month hold period. In addition, under the terms of the option agreement, Vior will retain a net smelter return ("NSR") royalty of 2% on the property. The Company has the right to buy back up to 1% of the NSR for $1 million at any time and has been granted a right of first refusal on the sale of the remaining 1% NSR royalty.

The Company has included the following costs on its exploration and evaluation assets in the Rouyn-Noranda district in Quebec, Canada:

For the year ended		June 30, 2014		June 30, 2013
Acquisition costs	$	129,138	$	6,881,761
Consulting and salaries		758,415		575,265
Data compilation and other		88,348		256,973
Drilling		287,394		213,405
Geochemistry		18,238		46,429
Geology		645,418		51,114
Geophysics		371,479		518,150
Total expenditures for the year		2,298,430		8,543,097
Expenditures at the beginning of the year		8,164,571		-
Refundable tax credit		(132,517)		(378,526)
Total	**$**	**10,330,484**	**$**	**8,164,571**

(Expressed in Canadian Dollars)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		June 30, 2014		June 30, 2013
Trade payables	$	498,103	$	211,659
Accrued liabilities		222,000		139,061
	$	720,103	$	350,720

9. FLOW-THROUGH PREMIUM

		June 30, 2014		June 30, 2013
Balance at beginning of the year	$	237,967	$	-
Liability incurred on flow-through shares issued		248,566		267,050
Settlement of flow-through share liability on expenditures made		(268,656)		(29,083)
Ending balance	$	217,877	$	237,967

The Company periodically issues flow-through shares with any resulting flow-through premium recorded as a liability. The liability is subsequently reduced when the required exploration expenditures are made, and accordingly, a recovery of flow-through premium is recorded as other income.

During the year ended June 30, 2013, the Company issued 2,670,500 flow-through shares for gross proceeds at $1,068,200. During the year ended June 30, 2014 the Company issued 4,142,770 flow-through shares for gross proceeds at $1,491,397 (Note 10). The Company is committed to spending the proceeds on exploration and development activities and has incurred $1,252,333 as at June 30, 2014 on flow-through eligible expenditures.

(Expressed in Canadian Dollars)

10. CAPITAL STOCK AND RESERVES

Authorized:	Unlimited common shares without par value
Shares held in Escrow:	8,577,000

During the period ended June 30, 2014:

i) On November 14, 2013 the Company closed a non-brokered private placement (the "Offering") of an aggregate of 12,045,999 Units of the Company at a price of $0.30 per Unit and 4,142,770 flow-through common shares ("FT Share") at a price of $0.36 for total gross proceeds of $5,105,197. Each Unit consists of one non-flow-through common share in the capital of the Company and one-half of one transferable common share purchase warrant. Each warrant is exercisable into one additional common share of the Company at an exercise price of $0.60 per common share until November 14, 2015. The Warrants are callable on the Company's discretion such that should the daily volume weighted average trading price of the common shares of the Company on the TSX-V exceed $1.00 for a period of 20 consecutive trading days, during the period following 4 months from the closing date of the offering until the expiry date of the warrants, the Company may give notice in writing to the warrant holders that the warrants shall expire on that day which is 30 days following the notice date unless exercised by the holders prior to such date. Proceeds of $248,566 were allocated to the flow-through share premium (Note 9). In conjunction with the closing of the Offering, the Company agreed to pay certain Finders a fee equal to a cash commission or Units at 5% of the gross proceeds raised from subscriptions in the Offering from persons introduced to the Company by the Finders which is equal to $56,602 and 507,638 Units. The shares making up part of these Units have a value of $152,291, which was recorded as a share issuance cost. There were other share issuance costs of $48,373 composed of legal and TSX fees. In addition the Company has issued to the Finders common share warrants ("Finders Warrants") equal to 5% of the Units and FT Shares subscribed by persons introduced to the Company by the Finders totaling 677,688 Finders Warrants. Each Finders Warrant is exercisable to acquire one common share of the Company at an exercise price of $0.45 at any time until May 14, 2015. The following assumptions were used for the Black-Scholes valuation of the Finders Warrants issued during the year to calculate a fair value of $124,389. The weighted average fair value per warrant was $0.45; the risk-free interest rate was 1.10%; the expected life of the warrants was 1.5 years; and the annualized volatility was 100%. Annualized volatility was based on an average of comparable companies.

ii) On September 3, 2013 the Company issued 50,000 shares at a price of $0.33 for a property option agreement, and on May 21, 2014 the Company issued 125,000 shares at a price of $0.495 for the same property option agreement (Note 7).

iii) 1,078,000 purchase warrants were exercised at a price of $0.45 for cash proceeds of $485,100. These warrants had a fair value of $1,469.

iv) 50,000 stock options were exercised at a price of $0.10 for cash proceeds of $5,000. The options had a fair value of $3,723.

During the year ended June 30, 2013:

i) On June 14, 2013 the Company issued 6,800,000 shares at a price of $0.25 per share in a non-brokered private placement. There were 3,400,000 share purchase warrants connected to the shares issued and these warrants are exercisable at a price of $0.45 for a period of eighteen months from June 14, 2013 unless a volume-weighted average trading price of greater than $0.60 for 15 consecutive trading days shortening this expiry date of the warrants to 30 days from the date of notice. The gross proceeds total $1,700,000 with net proceeds of $1,624,720 after share issue costs made up of finders fees, legal costs, and filing fees of $75,280.

(Expressed in Canadian Dollars)

10. CAPITAL STOCK AND RESERVES (cont'd...)

ii) On May 15, 2013 the Company issued 2,670,500 flow-through shares at a price of $0.40 per share in a non-brokered private placement. The gross proceeds total $1,068,200 with net proceeds of $994,944 after share issue costs made up of finders fees, legal costs, and filing fees of $73,256. Proceeds of $267,050 were allocated to the flow-through share premium (Note 9).

iii) The Company issued 26,282,000 subscription receipts at a price at $0.25 each to raise gross proceeds of $6,570,500. The Company incurred cash share issue costs and finders' fees of $124,657 in connection with the subscription receipts. Upon the completion of the acquisition (Note 7), the subscription receipts were converted into common shares of the Company. The Company also issued 440,000 finders' shares at a value of $0.25 per share.

iv) On September 24, 2012, the Company entered into a purchase agreement (the "Agreement") with QMX Gold Corporation ("QMX") (Note 7). In relation to the Agreement the company issued 7,000,000 common shares ("QMX Interest") at a value of $0.25 per share. Under a pooling and sale agreement, QMX will not without the express written consent of the Company, transfer or sell the QMX Interest or other securities acquired of the Company after the date of the Agreement other than as follows: (a) in any given 30 day period an amount equal to 10% of the average trading volume of common shares of the Company for the preceding 30 day period; and (b) in any five day period an amount equal to 5% of the average trading volume of common shares of the Company for the preceding five day period.

v) 245,000 stock options were exercised at a price of $0.30 for cash proceeds of $73,500. The warrants had a fair value of $39,857.

Stock options

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance, June 30, 2012	250,000	$	0.10
Granted	2,390,000		0.34
Exercised	(245,000)		0.30
Forfeited	(190,000)		0.30
Balance, June 30, 2013	2,205,000	$	0.32
Granted	2,415,000	$	0.45
Exercised	(50,000)		0.10
Forfeited	(85,000)		0.30
Balance, June 30, 2014	4,485,000	$	0.40
Options exercisable, June 30, 2014	3,958,333	$	0.39

(Expressed in Canadian Dollars)

10. CAPITAL STOCK AND RESERVES (cont'd...)

Stock options outstanding and exercisable at June 30, 2014 are as follows:

Number of Options Outstanding	Number Of Options Exercisable	Exercise Price	Expiry Date	Weighted average remaining contractual life (years)
200,000	200,000	$ 0.10	August 30, 2015	1.17
300,000	187,500	$ 0.70	March 5, 2017	2.68
1,575,000	1,535,000	$ 0.30	September 24, 2017	3.24
95,000	87,500	$ 0.50	December 5, 2017	3.44
200,000	200,000	$ 0.73	January 6, 2018	3.52
1,480,000	1,143,333	$ 0.40	November 19, 2018	4.39
635,000	605,000	$ 0.45	May 13, 2019	4.87
4,485,000	3,958,333			3.74

Share-based compensation

The Company adopted an incentive stock option plan (the "Option Plan"), which provides that the board of directors may from time to time, in its discretion, and in accordance with TSX-V Policies, grant to the directors, officers and technical consultants, non-transferable options to purchase shares, provided that the number of shares reserved for issuance will not exceed 10% of the shares issued and outstanding. The maximum term of stock options is 10 years and terms of vesting are at the discretion of the Board of Directors.

The following assumptions were used for the Black-Scholes valuation of stock options granted during the years:

	June 30, 2014	June 30, 2013
Weighted average fair value per option	$ 0.30	$ 0.20
Risk-free interest rate	1.51%	1.36%
Expected life of options	5 years	5 years
Annualized volatility	100%	100%
Dividend rate	-	-

The weighted average share price at the date of exercise for stock options exercised during the year was $0.44 (June 30, 2013 - $0.47).

Share-based compensation expense of $799,569 was recorded for options vesting during the year ended June 30, 2014 (June 30, 2013 - $335,807).

(Expressed in Canadian Dollars)

10. CAPITAL STOCK AND RESERVES (cont'd...)

Warrants

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2012	178,997	$ 0.30
Expired	(178,997)	0.30
Issued	3,400,000	0.45
Balance at June 30, 2013	3,400,000	$ 0.45
Issued	6,954,507	0.59
Exercised	(1,078,000)	0.45
Balance at June 30, 2014	9,276,507	$ 0.55

Warrants outstanding at June 30, 2014 are as follows:

Number of Warrants		Exercise Price	Expiry Date	Weighted average remaining contractual life (years)
2,330,000		$ 0.45	December 14, 2014	0.46
669,688	(1)	$ 0.45	May 14, 2015	1.38
6,276,819		$ 0.60	November 14, 2015	0.87
				1.11

(1) Finders Warrants

11. RELATED PARTY TRANSACTIONS

The Company transacts with key individuals including management and from time to time with its directors who have authority and responsibility to plan, direct and control the activities of the Company. The nature of these transactions are for management, financial, consulting and technical services rendered. Key management personnel are defined as officers and directors of the Company.

Management services and compensation during the year consist of consulting fees paid and stock options granted to directors and officers. Included in the compensation table below are consulting fees paid to consultants that became a director or officer during the year ended June 30, 2014, prior to them becoming a director or officer.

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS (cont'd…)

The following summarizes key management compensation:

	June 30, 2014	June 30, 2013
Consulting and Director fees	$ 857,235	$ 299,078
Share-based compensation	434,393	97,800
	$ 1,291,628	$ 396,878

Included in accounts payable and accrued liabilities was $100,834 (June 30, 2013 - $20,736) owing to related parties. There were no other transactions between the Company and related parties. Amounts due to related parties have no specific terms of repayment, are unsecured and have no interest rate.

12. FINANCIAL INSTRUMENTS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, exploration deposits, and accounts payable and accrued liabilities, approximate carrying value, which is the amount presented on the statements of financial position. The Company's other financial instrument, cash, and cash equivalents, under the fair value hierarchy, is based on level one quoted prices in active markets for identical assets or liabilities.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations or if the Company can not collect its receivables, all of which consist of tax refunds from the Federal Government of Canada and the province of Quebec.

The Company's cash is held at large Canadian financial institutions with a portion in interest bearing accounts. The Company has no investment in asset backed commercial paper. The Company is not exposed to any significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2014, the Company had a cash and cash equivalents balance of $3,833,365 to settle current liabilities of $937,980. Management believes that it has sufficient funds to meet its current liabilities as they become due.

12. FINANCIAL INSTRUMENTS (cont'd…)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash balances and interest-bearing investments. The interest earned on the investments approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at June 30, 2014 the Company had a total of $30,190 in investment-grade short-term deposit certificates. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash is minimal because of the short-term nature of these investments.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to financial instruments that are denominated in United States dollars ("U.S.$"). The impact on net loss for the year was not significant.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and evaluation of its mineral properties, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and investments. The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

(Expressed in Canadian Dollars)

13. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	June 30, 2014	June 30, 2013
Loss before income taxes	$ (2,922,457)	$ (1,732,022)
Expected income tax recovery	(760,000)	(430,000)
Change in statutory tax rates and other	1,000	(74,000)
Permanent difference	138,000	85,000
Impact of flow through share	499,000	29,000
Share issue costs	(67,000)	(69,000)
Change in unrecognized deductible temporary differences	189,000	459,000
Total	$ -	$ -

The Canadian income tax rate increased during the year due to changes in the law that increased corporate income tax rates in Canada.

The significant components of the Company's deferred tax assets and liabilities are as follows:

	June 30, 2014	June 30, 2013
Deferred tax assets (liabilities)		
Exploration and evaluation assets	$ (551,000)	$ (116,000)
Non-capital losses	551,000	116,000
Deferred tax liability	$ -	$ -

Significant components of deductible and taxable temporary differences, unused tax losses and unused tax credits that have not been included on the statements of financial position are as follows:

	June 30, 2014	Expiry date range	June 30, 2013	Expiry date range
Investment tax and credit	$ 71,000	2020 to 2034	$ 77,000	2020 to 2033
Equipment	$ 68,000	No expiry	$ 25,000	No expiry
Share issue costs	$ 390,000	2035 to 2038	$ 258,000	2034 to 2037
Non-capital losses	$ 2,391,000	2030 to 2034	$ 1,821,000	2030 to 2033

14. SEGMENTED INFORMATION

The Company has one reportable operating segment, being the acquisition and exploration of resource properties in Canada. All of the Company's assets are located in Canada.

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The following non-cash transactions were not included in the statement of cash flows for the year ended June 30, 2014:

a) The inclusion of $521,194 in exploration and evaluation assets in accounts payable and accrued liabilities.

b) The issuance of 175,000 common shares at an average price of $0.45 per share for the acquisition of exploration and evaluation assets having a value of $78,375.

c) The issuance of 507,638 units of the Company to finders at a price of $0.30 per unit having a value of $152,291 and 677,688 finders warrants having a value of $124,389 (Note 10).

d) The reallocation of fair value of finders warrants from warrant reserve to capital stock upon exercise of $1,469.

e) Reallocated $3,723 from reserves to capital stock upon the exercise of 50,000 stock options at a price of $0.10.

f) $511,043 of refundable tax credits is included as a recovery to exploration and evaluation assets as at June 30, 2014.

g) The allocation of the premium on flow-through shares issued from capital stock to flow-through premium in the amount of $248,556.

The following non-cash transactions were not included in the statement of cash flows for the year ended June 30, 2013:

a) The inclusion of $77,151 in exploration and evaluation assets in accounts payable.

b) Reallocated $39,857 from reserves to capital stock upon the exercise of 245,000 stock options at a price of $0.30.

c) The issuance of 7,000,000 common shares at a price of $0.25 per share for the acquisition of exploration and evaluation assets having a value of 1,750,000.

d) The issuance of 440,000 common shares to finders at a price of $0.25 per share having a value of $110,000.

e) $378,526 of refundable tax credits is included as a recovery to exploration and evaluation assets as at June 30, 2013.

f) The allocation of the premium on flow-through shares issued from capital stock to flow-through premium in the amount of $267,050.

16. SUBSEQUENT EVENTS

(i) Subsequent to year end, 100,000 share purchase options at a price of $0.10 and 10,000 share purchase options at a price of $0.40 have been exercised for proceeds of $14,000.

(ii) Subsequent to year end, 2,363,333 share purchase warrants at a price of $0.45 and 8,750 share purchase warrants at a price of $0.60 have been exercised for proceeds of $1,068,750.

(iii) Subsequent to year end, the Company granted 1,100,000 stock options to a Officer of the Company at an exercise price of $0.57 per share purchase option.

(iv) Subsequent to year end, on September 8, 2014 the Company announced that it had signed an option agreement with the City of Rouyn-Noranda to acquire surface rights to land above the Horne 5 deposit and immediately adjacent to the Horne smelter. The agreement provides the Company with a 5-year option to purchase additional land in the Horne Complex. The total purchase price is $2,900,000, of which a $1,000,000 non-refundable was paid upon transfer of the property. The remaining $1,900,000 is payable by August 1, 2019.

(v) Subsequent to year end, on October 2, 2014 the Company announced a marketed offering of flow-through shares and common shares, and has agreed with a syndicate of agents led by Scotia Capital Inc. to offer 5,555,600 common shares at a price of $0.45 per common share and 14,423,100 flow-through shares at a price of $0.52 per flow-through share for aggregate gross proceeds of approximately $10,000,000.