SENATOR MINERALS INC.

Consolidated Financial Statements

December 31, 2013

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Senator Minerals Inc.:

We have audited the accompanying consolidated financial statements of Senator Minerals Inc., which comprise the consolidated statements of financial position as at December 31, 2013 and 2012, and the consolidated statements of comprehensive loss, changes in 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 Consolidated Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Senator Minerals Inc. as at December 31, 2013 and 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, Canada
April 28, 2014

SENATOR MINERALS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31

	Note	2013	2012
ASSETS			
Current assets			
Cash		$ 141,001	$ 1,601
Amounts receivable		1,044	2,070
Prepaid expenses		375	-
		142,420	3,671
Non-current assets			
Other investment	6	-	25,000
		$ 142,420	$ 28,671
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	11	$ 30,033	$ 128,539
Loans payable	8	-	233,000
		30,033	361,539
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	9	7,423,151	6,826,151
Warrants reserve	10	76,727	76,727
Share-based payments reserve	10	250,442	250,442
Deficit		(7,637,933)	(7,486,188)
		112,387	(332,868)
		$ 142,420	$ 28,671

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

Nature and continuance of operations	1
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Approved on behalf of the Board

Director *"Richard W. Grayston"*
Richard W. Grayston

Director *"Keir Reynolds"*
Keir Reynolds

SENATOR MINERALS INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
YEARS ENDED DECEMBER 31

	Note	2013	2012
Exploration expenditures: acquisition, maintenance and exploration (Schedule A)		$ 325	$ 14,938
General and administrative expenses			
Communications	11	1,906	5,879
Filing and listing fees		15,314	8,615
Interest	11	23,855	18,666
Management fees	11	23,500	98,500
Occupancy	11	2,965	15,887
Office and general	11	866	2,574
Professional fees	11	47,863	14,940
Shareholder information		6,675	2,009
Termination settlement	6	85,000	-
Transfer agent		3,403	8,719
Travel		73	809
		211,420	176,598
Other income			
Sale of mineral property interests (Schedule A)	6	60,000	100,100
Other income		-	4,414
		60,000	104,514
Net and comprehensive loss		$ 151,745	$ 87,022
Basic and diluted loss per share		$ 0.05	$ 0.08
Weighted average number of common shares outstanding		2,801,489	1,152,179

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

SENATOR MINERALS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31

	Number of Shares	Share capital	Warrants Reserve	Share Based Payments Reserve	Deficit	Total Shareholder's Deficiency
Balance at December 31, 2011	1,152,179	$ 6,826,151	$ 76,727	$ 250,442	$ (7,399,166)	$ (245,846)
Comprehensive loss	-	-	-	-	(87,022)	(87,022)
Balance at December 31, 2012	1,152,179	6,826,151	76,727	250,442	(7,486,188)	(332,868)
Shares issued on private placement (note 9)	10,000,000	597,000	-	-	-	597,000
Comprehensive loss	-	-	-	-	(151,745)	(151,745)
Balance at December 31, 2013	11,152,179	$ 7,423,151	$ 76,727	$ 250,442	$ (7,637,933)	$ 112,387

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

SENATOR MINERALS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31

	Note	2013	2012
Cash provided by (used for):			
Operating activities			
Net loss		$ (151,745)	$ (87,022)
Change in non-cash working capital items:			
Amounts receivable		1,026	(24,647)
Prepaid expenses		(375)	-
Trade and other payables		(73,506)	8,203
		(224,600)	(103,466)
Financing activities			
Proceeds from issuance of shares, gross		600,000	-
Share issue costs		(3,000)	-
Loan (repayments) advances		(233,000)	103,000
		364,000	103,000
Change in cash during the year		139,400	(466)
Cash, beginning of the year		1,601	2,067
Cash, end of the year		$ 141,001	$ 1,601

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

Supplementary Cash Flow Information		
Interest paid	$ 80,167	$ -
Non cash transactions		
Assignment of rights relating to Special Warrants	$ 60,000	$ -

1. Nature and Continuance of Operations

Senator Minerals Inc (the "Company"), listed on the TSX-Venture Exchange ("TSX-V"), is an Ontario corporation with its principal, registered and records office located at 1600 – 609 Granville Street, Vancouver, BC V7Y 1C3.

The Company is a junior exploration company engaged in the business of identification, acquisition and exploration of mineral interests in North America. At the date of the consolidated financial statements, the Company has not identified a known body of commercial grade minerals on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

Management is targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In addition, management closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favourable or adverse market conditions occur.

These consolidated financial statements have been prepared on a going concern basis which presumes the realization of assets and settlement of liabilities in the normal course of operations in the foreseeable future. The Company has incurred operating losses and at December 31, 2013 had a cumulative deficit of $7,637,933 and working capital of $112,387. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Further discussion of liquidity risk is included in notes 4 and 5.

These consolidated financial statements were authorized for issue on April 28, 2014 by the directors of the Company.

2. Significant Accounting Policies and Basis of Preparation

(a) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements of the Company have been prepared on an accrual and historical costs basis, except for financial instruments that have been measured at fair value. The presentation and functional currency of the Company is the Canadian dollar.

2. Significant Accounting Policies and Basis of Preparation, continued

(b) Consolidation

The consolidated financial statements include the accounts of the Company and its controlled subsidiaries, after the elimination of all material intercompany balances and transactions. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

The Company's controlled subsidiaries included in these consolidated financial statements are:

Name	Country of Incorporation	Ownership
515427 BC Ltd.	Canada	100%
Senator Minerals US Inc.	USA	100%

Senator Minerals US Inc. was incorporated on May 12, 2004 in Nevada for the sole purpose of holding property. 515427 BC Ltd. had no commercial activities during the current or previous year.

(c) Use of Estimates and Assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make estimates and assumptions that affect events concerning the future. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability and measurement of deferred tax assets and provisions for restoration and environmental obligations.

(d) Significant Judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification/allocation of expenditures as exploration and evaluation expenditures or operating expenses; and
- the classification of financial instruments.

2. Significant Accounting Policies and Basis of Preparation, continued

(e) Financial instruments

Financial assets

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 involves financial instruments held for the purpose of selling them in the short term. All of the financial instruments in this category meet the definition of financial assets held for trading and include cash.

Derivatives are included in this category, unless they are designated as hedges. The instruments classified in this category are classified in current assets and include cash and cash equivalents. The financial instruments included in this category are initially recognized at fair value and the transaction costs are expensed to the statement of comprehensive loss.

Subsequently, financial assets at fair value through profit or loss are measured at fair value and all gains and losses, realized and unrealized, measured on the basis of market transactions, are recognized directly in the statement of 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. The Company's financial assets classified as loans and receivables consist of receivables and other investment.

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. These 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 comprehensive loss. The Company has no financial assets classified as held-to-maturity investments.

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 equity. 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 comprehensive loss. The Company's has no financial assets classified as available-for-sale assets.

2. Significant Accounting Policies and Basis of Preparation, continued

(e) Financial instruments, continued

Financial assets

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.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. The Company's non-derivative liabilities consist of trade and other payables and loan payable.

Derivative liabilities are classified as fair value through profit or loss. The Company has no derivative assets or liabilities.

(f) Mineral properties

Exploration and evaluation expenditures are expensed as incurred. If it is determined by management that probable future benefits, consisting of contributions to future cash inflows, had been identified and adequate financial resources were expected to be available to meet the terms of property acquisition and budgeted maintenance, exploration, and development expenditures, these costs would be capitalized. To date, these criteria have not been met on any of the Company's mineral properties.

From time to time, the Company may acquire or dispose of a property pursuant to the terms of an option agreement. Due to the fact that property options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments for acquired mineral properties are recorded as property costs and expensed. Proceeds greater than any capitalized costs of properties that are sold or optioned are recorded as revenues.

2. Significant Accounting Policies and Basis of Preparation, continued

(g) Asset retirement obligations

The fair value of a liability for an asset retirement or environmental obligation is recognized when a reasonable estimate of fair value can be made. The asset retirement or environmental obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement or environmental cost is charged to operations using a systematic and rational method and the resulting liability is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flow. As of December 31, 2013, the Company does not have any asset retirement or environmental obligations.

(h) Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred income tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill that is not deductible for tax purposes.

Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2. Significant Accounting Policies and Basis of Preparation, continued

(i) Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized 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 instrument 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 corresponding amount is credited to share based payments reserve.

The fair value of options is determined using the *Black-Scholes Option Pricing Model.* 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 eventually vest.

(j) Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company and its subsidiaries is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars.

On initial recognition, foreign currency transactions are translated into the functional currency at the exchange rate in effect at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction, whereas non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition, are recognized in the statement of comprehensive loss in the period in which they arise. When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss shall be recognized in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognized in the statement of comprehensive loss, any exchange component of that gain or loss is also recognized in the statement of comprehensive loss.

2. Significant Accounting Policies and Basis of Preparation, continued

(k) Adoption of new accounting standards

The following standards, amendments and interpretations have been adopted by the Company as of January 1, 2013. There was no impact on the consolidated financial statements as a result of the adoption of these standards, amendments and interpretations.

- IFRS 10, Consolidated Financial Statements
- IFRS 11, Joint Arrangements
- IFRS 12, Disclosure of Interests in Other Entities
- IFRS 13, Fair Value Measurement
- IAS 28, Investments in Associates and Joint Ventures

3. Recent Accounting Pronouncements

New standards, amendments and interpretations to existing standards not adopted by the Company

The following revised standards are effective for annual periods beginning on or after January 1, 2014 with earlier application permitted. The Company has assessed the impact of these standards and has determined that they would not have a material impact on the Company.

- IAS 32, Financial Instruments: Presentation (January 1, 2014)
- IFRS 9, Financial Instruments (January 1, 2018)
- IFRIC 21, Levies (January 1, 2014)

There are no other IFRS's or IFRIC interpretations that are not yet effective that are expected to have a material impact on the Company.

4. Capital Management

The Company's objectives for the management of capital are to safeguard the Company's ability to continue as a going concern, including the preservation of capital, and to achieve reasonable returns on invested cash after satisfying the objective of preserving capital.

The Company considers its cash to be its manageable capital. The Company's policy is to maintain sufficient cash and deposit balances to cover operating and exploration costs over a reasonable future period. The Company accesses capital markets as necessary and may also acquire additional funds where advantageous circumstances arise.

The Company currently has no externally-imposed capital requirements.

5. Financial Instruments and Risk Management

As at December 31, 2013, the Company's financial instruments consist of cash, amounts receivable, and trade payables.

In management's opinion, the Company's carrying values of cash, amounts receivable, and trade payables approximate their fair values due to the immediate or short term maturity of these instruments.

The Company classifies the fair value of these financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Cash is classified under Level 1.

Level 2 – Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices). The Company does not have any financial instruments classified under Level 2.

Level 3 – Valuations in the level are those with inputs for the asset or liability that are not based on observable market data. Amounts receivable and trade payables are classified under Level 3.

During the years ended December 31, 2013 and 2012, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

The Company's financial instruments are exposed to the following risks:

Credit Risk

The Company's primary exposure to credit risk is the risk of illiquidity of cash amounting to $141,001 at December 31, 2013 (2012 - $1,601). As the Company's policy is to limit cash holdings to instruments issued by major Canadian banks, or investments of equivalent or better quality, the credit risk is considered by management to be negligible.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company's only liquidity risk from financial instruments is its need to meet trade and other payables requirements. Liquidity risk is considered by management to be low as the Company maintained sufficient cash balances to meet its needs at December 31, 2013.

Price Risk

The Company is not exposed to price risk.

5. Financial Instruments and Risk Management, continued

Foreign Exchange Risk

The Company's functional and reporting currency is the Canadian dollar as most major expenditures and costs are made from Canada for the advancement of the Company's exploration projects located in the United States. As at December 31, 2013 and 2012, the Company had a negligible balance of cash on deposit for future expenditures in United States currency. The Company does not hedge foreign currency transactions. Management believes the foreign currency exchange risk derived from currency conversion to be negligible at this time.

Interest Rate Risk

The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

6. IDH Gold LLC Special Warrants

As at December 31, 2012, other investment was comprised of "Special Warrants" that give the Company the right to the equivalent number of shares of IDH Gold LLC ("IDH Gold") that are worth $US 25,000 ($CDN 25,000) pursuant to the option agreement entered into between the Company and IDH Gold on March 6, 2012 relating to the Rosebud property (note 7). The Special Warrants will be automatically converted into common shares of IDH Gold equivalent to $US 25,000 upon the third day following IDH Gold's common shares being listed on a recognized Canadian or United States stock exchange, or IDH Gold completing a sale, joint venture or similar transaction with regards to the Rosebud property and raising at least $US 2,000,000. In the event that the Special Warrants are not converted to common shares by March 13, 2014 (subsequently extended to September 6, 2014 (note 15)), then IDH Gold is required to pay the Company $US 25,000 cash. As the probability of the conversion of the Special Warrants was uncertain, the Company classified the amount as at December 31, 2012 as non-current.

During the year ended December 31, 2013, the Company received additional Special Warrants that are worth $US 35,000 (note 7) with the same terms as above. In the event that these Special Warrants are not converted to common shares by March 13, 2014 (subsequently extended to September 6, 2014 (note 15)), then IDH Gold is required to pay the Company $US 35,000 cash.

Pursuant to an agreement April 29, 2013, in consideration for the termination and cancellation of various services agreements with a former director, the former director is entitled to any cash received from IDH Gold or shares received pursuant to the IDH Gold "Special Warrants" received by the Company. Accordingly, as the risks and rewards of ownership of these warrants are now held by the former director, the Company has de-recognized this financial asset.

7. Mineral Properties

Ownership of mineral property interests may involve certain risks due to difficulties in determining the validity of certain claims as well as the potential for problems arising from the ambiguous conveyancing history characteristic of some mineral properties. The Company had investigated ownership of the mineral properties in which it has an interest and, to the best of its knowledge, all properties are in good standing.

It is the Company's policy to expense exploration and evaluation expenditures as incurred. See Schedule A – Exploration expenditures for a summary of the 2013 and 2012 acquisition, maintenance, and exploration expenditures and reimbursements for each property.

At December 31, 2013, the Company owns or has royalty interests or lease options on the following mineral property interests:

Taurus, southeastern Alaska

In September 2004, the Company acquired a 100% interest in the 33 claim Taurus property in southeastern Alaska by way of staking.

For the year ended December 31, 2013, the total expended is $Nil (2012 - $8,231) on maintenance and exploration. The claims are in good standing with the State of Alaska until November 30, 2014.

IC Bentonite, Nevada

In 2008, the Company arranged the staking of seven placer claims to cover a bentonite deposit of undetermined size. In April 2012, the Company completed a sale of its 50% interest in the IC Bentonite property for $100. The Company will retain a 3% Production Royalty in the property.

For the year ended December 31, 2013, the total expended is $Nil (2012 - $Nil) on maintenance and exploration.

Mustang property, Yukon

In November 2010, the Company entered into a staking arrangement with an arms-length party to acquire a 50% interest in a gold-copper target in the White Gold mineral belt, Yukon.

In December 2012, the Company sold its 50% interest in the Mustang property for $50,000 in an arms-length transaction. For the year ended December 31, 2013, the total expended on maintenance and exploration is $Nil (2012 - $3,528).

7. Mineral Properties, continued

Rosebud property, Arizona

In May 2011, the Company, through staking, acquired a 100% interest in the Rosebud property. On March 6, 2012, the Company entered into an option agreement in which it gave IDH Gold the right to earn a 100% interest in the Rosebud property, net of a 2% Net Smelter Returns ("NSR"). Payments in $US under the option agreement are as follows:

	Cash payments	Value of common shares (or equivalents) of IDH Gold
Initial payment on signing (received)	$ 15,000	$ 25,000 (note 6)
March 6, 2013 (received)	15,000	35,000 (note 6)
March 6, 2014 (received)	25,000	25,000 (1)
March 6, 2015	75,000	75,000
	$ 130,000	$ 160,000

(1) Subsequently amended to $50,000 worth of common shares of IDH Gold. In the event that IDH Gold has not achieved a listing on an acceptable stock exchange by September 6, 2014, the payment of $US 25,000 can be made in cash (note 15).

If IDH Gold exercises its rights under the option, the Company will retain a 3% NSR in the property. IDH Gold has the right to acquire one of the three NSR points by paying $US 110,000 over the course of the agreement: by an initial payment of $US 10,000 (received), and payments of $US 10,000 on the 1st anniversary (received), $US 20,000 on the 2nd anniversary, $US 30,000 on the 3rd anniversary, and $US 40,000 on the 4th anniversary. The fair value of the total consideration received during the year ended December 31, 2013 of $US 60,000 (2012: $US 50,000) has been recognized as income in the statement of comprehensive loss (see Schedule A). Subsequent to year end, the 2nd anniversary payment above was amended to payments of $US 20,000 in cash or by issuance of $US 40,000 worth of common shares, provided that IDH Gold has been listed on an acceptable stock exchange (note 15).

Effective April 29, 2013, in consideration for the termination and cancellation of various service agreements, the Company assigned rights to any future payments received from IDH Gold in connection with this agreement to a former director (note 6).

During the year ended December 31, 2013, the Company had net expenditures of $325 on maintenance and exploration (2012 - expended $3,180). The property is in good standing until August 31, 2014.

8. Loans Payable

In July 2003, the Company entered into a revolving arms-length arrangement with a private lender for an unsecured line of credit of up to $100,000 (amended in June 2010 to $500,000) repayable on demand or out of the equity financings undertaken by the Company. Interest was payable at 1% per month on any outstanding month-end balance. In December 2011, the balance and the line of credit were assigned to a director (as of May 24, 2013, a former director) of the Company and the interest rate was reduced to 0.75% per month and the line of credit was reduced to $250,000 (note 11). As of September 3, 2013 the balance outstanding on this loan of $266,600 (2012 - $233,000) plus accrued interest was assigned to a group of investors who were assisting in restructuring the Company. On October 30, 2013, these loans plus accrued interest were repaid.

9. Share Capital

(a) Authorized:

Unlimited number of common shares without par value
Unlimited number of special shares issuable in series without par value

(b) Common shares issued:

On June 14, 2013, the Company's shares were consolidated on the basis of one new share for forty old shares as authorized by its shareholders at the Company's annual general and special meeting held on May 24, 2013. As a result of the share consolidation the number of common shares issued and outstanding on that date was 1,152,179, taking into account rounding of fractional shares. All references to share and per share amounts have been retroactively restated to reflect the share consolidation.

On October 29, 2013 the Company closed the first tranche of a non-brokered private placement, which consisted of 8,000,000 units. On November 12, 2013 the Company closed the second tranche, which consisted of 2,000,000 units. The price of each unit was $0.06 for aggregate gross proceeds of $600,000. Each unit is comprised of one common share of the Company and one warrant exercisable into a common share at $0.08 per share for five years. No value was attributed to the warrants. During the year ended December 31, 2013, the Company incurred share issuance costs of $3,000 for professional fees directly related to the private placements.

(c) Warrants

Details of common share purchase warrants outstanding at December 31, 2013 are as follows:

	Number of Warrants	Exercise price	Expiry date
Share purchase warrants			
Issued on private placement	8,000,000	$ 0.08	October 29, 2018
Issued on private placement	2,000,000	0.08	November 12, 2018
	10,000,000		

9. Share Capital, continued

(c) Warrants, continued

Common share purchase warrant transactions for the years ended December 31, 2013 and 2012 are as follows:

	December 31, 2013		December 31, 2012	
	Number of Warrants	Weighted average exercise price	Number of Warrants	Weighted average exercise price
Outstanding - beginning of year	-	$ -	-	$ -
Issued	10,000,000	0.08	-	-
Outstanding - end of year	10,000,000	$ 0.08	-	$ -

The weighted average remaining contractual life of the issued and outstanding warrants as at December 31, 2013 was 58 months.

(d) Stock Options

The Company has a rolling incentive stock option plan that can reserve a maximum of 10% of the issued shares of the Company at the time of the stock option grant with no vesting provisions, but including the following terms:

- Each incentive share purchase option is personal to the grantee and may be neither assigned nor transferred to anyone else;
- Individual incentive share purchase options will have no more than a maximum term of five (5) years from the date of their grant;
- Incentive share purchase options granted to any one individual in any 12 month period can not exceed 5% of the issued and outstanding shares of the Company;
- Individual incentive share purchase options granted to any one consultant in any 12 month period shall not exceed 2% of the issued and outstanding shares of the Company; and
- Individual incentive share purchase option agreements granted to an employee or consultant conducting investor relations activities will not exceed an aggregate of 2% of the issued and outstanding shares of the Company in any twelve month period.

As at December 31, 2013 or 2012 the Company had no stock options outstanding.

10. Reserves

(a) Warrants reserve

This reserve records the incremental increase in the fair value of outstanding warrants resulting from a re-pricing.

(b) Share-based payments reserve

This reserve records items recognized as share-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amounts recorded could potentially be transferred to deficit however, the Company has elected to maintain them in the share-based payments reserve account.

11. Related Party Transactions and Balances

Related Party Transactions

During the year ended December 31, 2013, the aggregate amount of expenditures made to parties not at arm's length to the Company consists of the following:

(a) The Company paid rent, communications, office, and bookkeeping services in the amount of $3,760 (2012 - $11,280) to a company controlled by a former director of the Company;

(b) The Company incurred interest expense on a loan payable to a former director in the amount of $15,592 (2012 - $18,666). This debt was assigned to arms' length parties on September 3, 2013 and repaid on October 30, 2013 (note 8).

Key Management Compensation

Key management compensation for the year ended December 31, 2013 consisted of management fees in the amount of $15,500 (2012 - $98,500) paid to a company controlled by a former director of the Company.

During the year ended December 31, 2013, the Company incurred management fees in the amount of $8,000 (2012 - $Nil) to a director of the Company.

11. Related Party Transactions and Balances, continued

Related Party Balances

		2013		2012
Included in trade and other payables:				
Director and officer	$	1,050	$	-
Company controlled by a former director		-		578
Former director - loan interest		-		56,312
Included in loans payable (note 8)				
Former director		-		233,000
	$	1,050	$	289,890

12. Segmented Information

During the years ended December 31, 2013 and 2012, the Company had one reportable operating segment, being the acquisition, exploration, and disposition of interests in mineral properties. It is the Company's policy to expense exploration and evaluation expenditures as incurred.

As at December 31, 2013 and 2012, all of the Company's recorded assets were located in Canada.

13. Deferred taxes

The net income tax provision differs from that expected by applying the combined federal and provincial tax rate to loss before income taxes for the following reasons:

		2013		2012
Loss before income tax	$	151,745	$	87,022
Combined federal and provincial income tax rate		25.75%		25.00%
Expected tax recovery		(39,074)		(21,756)
Effect of change in tax rate		(37,400)		-
Share issue costs		(773)		-
Change in deferred tax benefits not recognized		77,247		21,756
	$	-	$	-

The following summarizes the expiry of deductible temporary differences for which no deferred tax asset has been recognized.

13. Deferred taxes, continued

	Non-capital losses	Exploration related tax pools	Share issue costs	Capital losses
2014	$ 291,843	$ -	$ 1,182	$ -
2015	179,302	-	600	-
2016	-	-	600	-
2017	-	-	600	-
2026	356,418	-	-	-
2027	170,604	-	-	-
2028	251,612	-	-	-
2029	137,363	-	-	-
2030	272,122	-	-	-
2032	73,296	-	-	-
2033	153,232	-	-	-
No expiry	-	1,898,144	-	132,554
	$ 1,885,792	$ 1,898,144	$ 2,982	$ 132,554

Due to the uncertainty of realization of these deductible temporary differences, the potential benefits have not been reflected in the financial statements. The Company has provided a full valuation allowance.

14. Commitments

Until March 31, 2013, the Company had an office and service agreement with a company controlled by a (now former) director and officer of the Company. The terms of the agreement required the Company to pay $1,315 per month, with a time limitation tied to the term of the officer's tenure. The monthly payment included $375 per month for administrative services which has been included in management fees.

Similarly, the Company had a management services agreement until March 31, 2013 with a company controlled by a (now former) director and officer of the Company. That agreement required the Company to pay $10,000 per month, continuing for the duration of the officer's tenure, but was voluntarily modified to $3,500 per month commencing September 2012.

Effective April 29, 2013, these two agreements for services were terminated when the director and officer resigned. In consideration for cancellation of these two agreements and the resignation, a company controlled by a director and officer of the Company and the officer ("the parties") are entitled to any cash received by the Company from IDH Gold pursuant to its option of the Rosebud property (notes 6 and 7). In addition, the parties are entitled to receive any IDH Gold common shares issued to the Company, pursuant to the IDH Gold "Special Warrants", in the event IDH Gold obtains a stock exchange listing, or $US50,000 cash payable to the Company if IDH Gold does not obtain such a listing by September 6, 2014 (note 14).

15. Events After the Reporting Period

a) On January 13, 2014, the Company acquired an option to earn an undivided 100% interest in the Harbey Gold Project, British Columbia. The option can be earned by paying $130,000 (paid) and completing $3,500,000 in exploration expenditures within three years of the date of signing the agreement. A 1% net smelter return interest can be purchased anytime by the Company for a payment of $1,500,000.

b) On March 3, 2014, the Company amended its option agreement with IDH Gold. The amendments included the following:

- The 2nd anniversary payment is now due on September 6, 2014 and the value of the shares to be delivered is $US50,000 worth of common shares of IDH Gold. In the event that IDH Gold has not achieved a listing on an acceptable stock exchange by September 6, 2014, the payment of $US25,000 can be made in cash.

- The 2nd anniversary payment to acquire one point of the three point NSR is now due on September 6, 2014. The amount of this cash payment of $US20,000 can either be in cash or by $US40,000 worth of common shares of IDH Gold, provided it has been listed on an acceptable stock exchange.

During the year ended December 31, 2013, the rights to future payments received under this agreement were assigned to a former director (note 15).

SCHEDULE "A" - EXPLORATION EXPENDITURES

Year	Property	Acquisition	Maintenance	Exploration	Total expended	Reimbursed
		$	$	$	$	$
2013						
	Taurus	-	-	-	-	-
	IC Bentonite	-	-	-	-	-
	Mustang	-	-	-	-	-
	Rosebud	-	-	325	325	(60,000)
		-	-	325	325	(60,000)
2012						
	Taurus	-	8,231	-	8,231	-
	IC Bentonite	-	-	-	-	(100)
	Mustang	-	3,528	-	3,528	(50,000)
	Rosebud	-	2,855	324	3,179	(50,000)
		-	14,614	324	14,938	(100,100)