EXPEDITION MINING INC.

CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013

and

September 30, 2012

(Expressed in Canadian Dollars)

Corporate Head Office
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DeVISSER GRAY LLP
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Expedition Mining Inc.,

We have audited the accompanying consolidated financial statements of Expedition Mining Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at September 30, 2013 and 2012 and the consolidated statements of loss and comprehensive loss, cash flows, and consolidated statements of changes in shareholders' equity for the years ended September 30, 2013 and 2012, 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 as issued by the International Accounting Standards Board, 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.

Auditors' 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 whether the consolidated financial statements are free of 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 we have obtained 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 Expedition Mining Inc. and its subsidiaries as at September 30, 2013 and 2012 and their financial performance and their cash flows for the years ended September 30, 2013 and 2012 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

De Visser Gray LLP

CHARTERED ACCOUNTANTS
Vancouver, Canada
January 27, 2014

EXPEDITION MINING INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30, 2013	September 30, 2012
	$	$
A S S E T S		
Current assets		
Cash (Note 3)	937,742	1,582,814
Receivables (Note 4)	73,125	20,177
Security deposits	5,750	5,750
Prepaid expense	-	6,595
	1,016,617	1,615,336
Equipment (Note 5)	13,800	16,024
Reclamation bond (Note 6)	4,760	-
Exploration and evaluation assets (Notes 6 and 9)	1,251,689	1,090,722
	2,286,866	2,722,082
L I A B I L I T I E S & S H A R E H O L D E R S' E Q U I T Y		
Current liabilities		
Accounts payable and accrued liabilities (Notes 7 & 8)	53,215	51,391
Shareholders' equity		
Share capital (Note 9)	25,526,873	25,522,873
Share-based payment reserve (Note 9e)	3,912,909	3,860,576
Deficit	(27,206,131)	(26,712,758)
	2,233,651	2,670,691
	2,286,866	2,722,082

Nature and continuance operations (Note 1)
Basis of presentation (Note 2)
Subsequent events (Note 13)

Approved on behalf of the Board of Directors:

"*Ronald Atlas*", Director   "*John Watt*", Director

See notes to consolidated financial statements

EXPEDITION MINING INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the Years Ended September 30

	2013	2012
	$	$
General and administrative expenses:		
Bank charges and interest	975	1,012
Consulting fees	16,000	14,000
Corporate and administration fees	36,548	36,515
Directors' fees	24,000	21,500
Filing and transfer agent fees	16,269	20,801
Legal & accounting fees (Note 8)	93,901	94,018
Management fees (Note 8)	202,655	200,820
Office, rent and insurance	66,947	74,872
Property investigation	800	-
Shareholders' communication, & promotion	27,559	32,843
Travel, meals & entertainment	17,286	28,803
	(502,940)	(525,184)
Other items:		
Amortization	(4,472)	(5,064)
Interest income	14,879	19,693
Other income (Recovery of Asset backed commercial paper)	122,494	-
Foreign exchange loss	-	(187)
Share-based payments (Note 9e)	(52,333)	(108,537)
Expenses recovered	6,236	67,459
Write-off exploration & evaluation assets	(77,237)	(1,341,120)
Loss before income tax	(493,373)	(1,892,940)
Net loss and comprehensive loss	(493,373)	(1,892,940)
Basic and diluted loss per share	(0.01)	(0.03)
Weighted average – number of shares outstanding	58,221,447	57,355,127

See notes to consolidated financial statements

EXPEDITION MINING INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended September 30

	2013	2012
	$	$
Cash provided by (used for):		
Operating activities		
Net loss for the year	(493,373)	(1,892,940)
Adjustments which do not affect cash:		
Amortization	4,472	5,064
Stock-based compensation	52,333	108,537
Write-off exploration & evaluation assets	77,237	1,341,120
	(359,331)	(438,219)
Net changes in non-cash working capital items:		
Amounts receivable	(52,948)	65,111
Prepaid expense	6,595	4,475
Accounts payable and accrued liabilities	1,824	4,252
	(403,860)	(364,381)
Investing activities		
Purchase of capital assets	(2,248)	(899)
Exploration and evaluation assets	(234,204)	(970,553)
Reclamation bond	(4,760)	-
	(241,212)	(971,452)
Decrease in cash	(645,072)	(1,335,833)
Cash - beginning of year	1,582,814	2,918,647
Cash - end of year	937,742	1,582,814

Supplementary disclosures:

	2013	2012
Interest income received	14,500	19,156

Note 10 – Non-cash transactions

See notes to consolidated financial statements

EXPEDITION MINING INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Issued Share Capital								
	Number of shares		**Amount**		**Share-Based Payment Reserve**		**Deficit**		**Total**
Balance, September 30, 2011	56,710,318	$	25,389,373	$	3,752,039	$	(24,819,818)	$	4,321,594
Issued pursuant to property agreement	1,476,471		133,500		-		-		133,500
Fair-value of options granted	-		-		108,537		-		108,537
Loss for the year	-		-		-		(1,892,940)		(1,892,940)
Balance, September 30, 2012	58,186,789		25,522,873		3,860,576		(26,712,758)		2,670,691
Issued pursuant to property agreement	100,000		4,000		-		-		4,000
Fair-value of options granted	-		-		52,333		-		52,333
Loss for the year	-		-		-		(493,373)		(493,373)
Balance, September 30, 2013	58,286,789	$	25,526,873	$	3,912,909	$	(27,206,131)	$	2,233,651

See notes to consolidated financial statements

EXPEDITION MINING INC.

CONSOLIDATED STATEMENTS OF EXPLORATION AND EVALUATION ASSETS

For the Years Ended September 30, 2013 and September 30, 2012

	Balance October 1, 2011 $	Additions $	Write-off $	Balance September 30, 2012 $	Additions $	Write-off $	Balance September 30, 2013 $
Joy Property (Yukon)							
Acquisition costs	325,000	200,000	(525,000)	-	-	-	-
Exploration costs:							
Camp	12,499	-	(12,499)	-	-	-	-
Consulting - geology	6,321	4,975	(11,296)	-	-	-	-
Data acquisition	70,380	-	(70,380)	-	-	-	-
Fieldwork & supplies	29,113	13,960	(43,073)	-	-	-	-
Geochem and geophysics	34,473	2,576	(37,049)	-	-	-	-
Helicopter	174,058	65,400	(239,458)	-	-	-	-
Legal	14,996	201	(15,197)	-	-	-	-
Mobilization	30,742	9,396	(40,138)	-	4,091	(4,091)	-
Soil sampling, trenching & assays	176,421	170,609	(347,030)	-	-	-	-
	874,003	**467,117**	**(1,341,120)**	**-**	**4,091**	**(4,091)**	**-**
Mt. Mervyn Property (Yukon)							
Acquisition costs	332,500	27,500	-	360,000	-	-	360,000
Exploration costs:							
Camp	18,748	-	-	18,748	-	-	18,748
Consulting - geology	6,371	3,925	-	10,296	-	-	10,296
Data acquisition	105,570	-	-	105,570	-	-	105,570
Fieldwork & supplies	55,750	1,671	-	57,421	-	-	57,421
Geochem and geophysics	110,577	35,665	-	146,242	-	-	146,242
Helicopter	100,191	-	-	100,191	-	-	100,191
Legal	10,818	201	-	11,019	342	-	11,361
Mobilization	46,113	(2,758)	-	43,355	-	-	43,355
Soil sampling, trenching & assays	96,666	42,193	-	138,859	6,214	-	145,073
	883,304	**108,397**	**-**	**991,701**	**6,556**	**-**	**998,257**

See notes to consolidated financial statements

EXPEDITION MINING INC.

CONSOLIDATED STATEMENTS OF EXPLORATION AND EVALUATION ASSETS

For the Years Ended September 30, 2013 and September 30, 2012

	Balance October 1, 2011 $	Additions $	Write-off $	Balance September 30, 2012 $	Additions $	Write-off $	Balance September 30, 2013 $
Jenny Hill Project (Nevada)							
Acquisition costs	-	25,923	-	25,923	22,598	-	48,521
Exploration costs:							
Advances	-	16,635	-	16,635	(16,635)	-	-
Assays	-	-	-	-	38,036		38,036
Claims maintenance	-	13,693	-	13,693	10,892	-	24,585
Consulting - geology	-	10,514	-	10,514	14,975	-	25,489
Maps & reports	-	300	-	300	506	-	806
Site visits	-	655	-	655	2,584	-	3,239
Soil sampling & trenching	-	-	-	-	34,041		34,041
	-	**67,720**	**-**	**67,720**	**106,997**	**-**	**174,717**
Slate Project (Nevada)							
Acquisition costs	-	9,962	-	9,962	-	(9,962)	-
Exploration costs:							
Advances	-	16,635	-	16,635	(16,635)	-	-
Assays	-	-	-	-	17,982	(17,982)	-
Consulting - geology	-	3,750	-	3,750	4,000	(7,750)	-
Maps & reports	-	300	-	300	244	(544)	-
Site visits	-	654	-	654	2,212	(2,866)	-
Soil sampling & trenching	-	-	-	-	34,042	(34,042)	-
	-	**31,301**	**-**	**31,301**	**41,845**	**(73,146)**	**-**
Long Canyon (Nevada)							
Acquisition costs	-	-	-	-	17,530	-	17,530
Exploration costs:							
Assays	-	-	-	-	14,317	-	14,317
Claims maintenance	-	-	-	-	6,017	-	6,017
Consulting - geology	-	-	-	-	28,104	-	28,104
Legal	-	-	-	-	441	-	441
Maps & reports	-	-	-	-	3,169	-	3,169
Site visits	-	-	-	-	9,137	-	9,137
	-	**-**	**-**	**-**	**78,715**	**-**	**78,715**
TOTALS	**1,757,307**	**674,535**	**(1,341,120)**	**1,090,722**	**238,204**	**(77,237)**	**1,251,689**

See notes to consolidated financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company is incorporated in the Province of British Columbia and its principal business activity is the acquisition and exploration of resource properties. The Company is currently in the exploration stage of developing its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable.

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and has an accumulated operating deficit of $27,206,131 at September 30, 2013 ($26,712,758 at September 30, 2012). The ability of the Company to continue as a going-concern depends upon its capacity in the near-term to raise additional equity financing and ultimately to develop profitable commercial operations.

There can be no assurance that the Company will be able to continue to raise funds in the future in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company's consolidated financial statements, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee.

The policies applied in these consolidated financial statements are presented in Note 2 and are based on IFRS issued and outstanding as of January 27, 2014, the date the Board of Directors approved the annual consolidated financial statements.

These consolidated financial statements are presented in the Company's reporting currency on a historical cost basis, modified by the revaluation of available-for-sale financial assets. Functional currencies are detailed in Note 2.

Financial instruments

(i) 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:

<u>Fair value through profit or loss</u> **-** 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 balance sheet at fair value with changes in fair value recognized through profit or loss.

<u>Loans and receivables</u> **-** 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.

<u>Held-to-maturity investments</u> - 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 income statement.

2. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

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 through profit or loss.

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.

The Company has classified its cash and cash equivalence and security deposits at fair value through profit and loss. The Company's accounts receivables are classified as loans and receivables.

(ii) Financial liabilities

The Company classifies its financial liabilities in the following categories:

Other financial liabilities - Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method.

Other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

Derivative financial liabilities - Derivative financial liabilities are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting period with changes in the fair value recognized in profit and loss. Derivative financial liabilities include warrants issued by the Company denominated in a currency other than the Company's functional currency.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Expedition Mining USA Inc. All significant inter-company transactions have been eliminated.

Property and equipment

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

Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use, along with the future cost of dismantling and removing the asset.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The cost of major overhauls of parts of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of plant and equipment are recognized in profit or loss as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property and equipment (continued)

Equipment is amortized using the declining-balance method at a rate of 20% per annum for furniture and fixtures and telephone equipment and 30% per annum for computer equipment.

Foreign currency translation

The reporting currency of the Company is the Canadian dollar.

The functional currency of each of the parent Company and its subsidiary entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentation currency. The functional currency of both subsidiaries is the Canadian dollar.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive income in the period in which they arise.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the nonmonetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Exploration and evaluation assets

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration and evaluation and classified as a component of property, plant and equipment.

Exploration expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Management reviews the carrying value of capitalized exploration costs at least annually. In the case of undeveloped projects, there may be only inferred resources to form a basis for the impairment review. The review is based on a status report regarding the Company's intentions for development of the undeveloped property. In some cases, the undeveloped properties are regarded as successors to ore bodies currently in production. Where this is the case, it is intended that these will be developed and go into production when the current source of minerals is exhausted or to replace the reduced output.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to construction in progress within property, plant and equipment.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If put into production, the costs of acquisition and exploration will be amortized over the life of the property, based on estimated economic reserves. If a project does not prove viable, all irrecoverable costs associated with the project net of any impairment provisions are written off.

2. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Decommissioning provision

The Company records a liability based on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate and the liability is recognized at the time environmental disturbance occurs. The resulting costs are capitalized to the corresponding asset. The provision for closure and reclamation liabilities is estimated using expected cash flows, based on engineering and environmental reports prepared by third party industry specialists, discounted at a pre-tax rate specific to the liability. The capitalized amount is amortized on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgements and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows.

Changes in closure and reclamation estimates are accounted for as a change in the corresponding capitalized cost.

Costs of rehabilitation projects for which a provision has been recorded are recorded directly against the provision as incurred, most of which are incurred at the end of the life of mine.

Loss per share

The Company uses the treasury stock method of calculating diluted per share amounts whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. The assumed conversion of outstanding common share options and warrants has an anti-dilutive impact in 2013 and 2012. Basic loss per share is calculated using the weighted-average number of shares outstanding during the period.

Share capital

i) The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company.

ii) Commissions paid to underwriters, and other related share issue costs, such as legal, auditing, and printing, on the issue of the Company's shares are charged directly to share capital.

Income taxes

The Company uses the balance sheet method of accounting for income taxes. Under the balance sheet method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they 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.

Share-based payments

The Company accounts for stock options granted to directors, officers, employees and nonemployees at fair value. Accordingly, the fair value of the options at the date of the grant is determined using the Black-Scholes option pricing model and stock-based compensation is accrued and charged to operations, with an offsetting credit to share-based payment reserve, over the vesting periods. The fair value of stock options granted to non-employees is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is charged or credited to operations upon re-measurement. 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.

2. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Share-based payments (continued)

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Estimates and judgment

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the consolidated statement of financial position.

ii) The valuation of share-based payments.

Critical judgment is applied for the determination of the functional currency for each entity of the Company. Management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction as well as the currency in which funds from financing activities are denominated.

Measurement uncertainty

The future recovery of the recorded cost of the exploration and evaluation assets, and the provision for a future asset retirement obligations are based on estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as warrants.

Impairment of long-lived assets

Management evaluates non-current assets at least annually for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the level of a cash generating unit (CGU), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in income to the extent that the carrying amount exceeds the recoverable amount.

2. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Exploration tax credits

The Company recognizes exploration tax credit amounts when the Company's application is approved by the taxation authorities or when the amount to be received can be reasonably estimated and collection is reasonably assured. The amount of the exploration tax credits would reduce the Company's deferred exploration costs through a credit to recoveries.

Flow-through shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included in profit or loss at the same time the qualifying expenditures are made.

Cash and cash equivalents

Cash and cash equivalents include cash in accounts and securities that on acquisition are convertible to cash within three months. These investments are highly liquid marketable securities.

New standards not yet adopted

The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended September 30, 2013:

- IFRS 9 — New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets[iii]
- IFRS 10 — New standard to establish principles for the presentation and preparation of consolidated financial statements when an entity controls multiple entities[i]
- IFRS 11 — New standard to account for the rights and obligations in accordance with a joint agreement[i]
- IFRS 12 — New standard for the disclosure of interests in other entities not within the scope of IFRS 9/IAS 39[i]
- IFRS 13 — New standard on the measurement and disclosure of fair value[i]
- IAS 28 (Amendment) — New standard issued that supersedes IAS 28 (2003) to prescribe the accounting for investments in associates and joint ventures[i]
- IAS 32 (Amendment) — New standard that clarifies requirements for offsetting financial assets and financial liabilities [ii]

(i) Effective for annual periods beginning on or after September 1, 2013
(ii) Effective for annual periods beginning on or after January 1, 2015
(iii) Effective for annual periods beginning on or after January 1, 2014

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.

3. CASH AND CASH EQUIVALENTS

	September 30, 2013 $	September 30, 2012 $
Canadian chartered bank		
- Deposits	146,788	102,172
- Investments (GIC)	790,954	1,480,642
	937,742	1,582,814

4. RECEIVABLES

	September 30, 2013 $	September 30, 2012 $
GST/HST receivable	2,997	17,345
Interest receivable	379	538
Other receivable	69,749	2,294
	73,125	20,177

5. EQUIPMENT

	Computer $	Office Equipment $	Total $
Cost			
As at October 1, 2011	41,178	49,020	90,198
Additions during the year	899	-	899
As at September 30, 2012	42,077	49,020	91,097
Additions during the year	2,248	-	2,248
As at September 30, 2013	**44,325**	**49,020**	**93,345**
	Computer $	Office Equipment $	Total $
Accumulated depreciation			
As at October , 2011	33,611	36,398	70,009
Amortization during the year	2,540	2,524	5,064
As at September 30, 2012	36,151	38,922	75,073
Amortization during the year	2,452	2,020	4,472
As at September 30, 2013	**38,603**	**40,942**	**79,545**
	Computer $	Office Equipment $	Total $
Net book value			
As at October 1, 2011	7,567	12,622	20,189
As at September 30, 2012	5,926	10,098	16,024
As at September 30, 2013	**5,722**	**8,078**	**13,800**

6. EXPLORATION AND EVALUATION ASSETS

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral property interests. The Company has investigated title to all of its mineral property interests and, to the best of its knowledge, title to all of its properties are in good standing.

Jenny Hill & Black Hills Project
Nevada, USA

In March 2012, the Company entered into a lease and option agreement for the Jenny Hills ("JH") and Black Hills ("BH") properties.

The JH property consists of 25 unpatented lode claims and is located 100 miles (161kms) southeast of Reno, Nevada.

The BH property consists of 43 unpatented lode claims and is approximately 100 miles (161 kilometres) southeast of Reno, Nevada. The property is located about two miles south of the JH property. The property is situated on a major strand of the Walker Lane Fault and is midway between the past-producing Rawhide and Paradise Peak open pit gold mines in northeastern Mineral County.

The JH and BH agreement calls for lease payments to be made as follows:

Date	Payment Amount (USD)
March 1, 2012	$ 20,000 (paid)
September 1, 2013	20,000 (paid)
September 1, 2014	25,000
September 1, 2015	30,000
September 1, 2016	35,000
September 1, 2017	40,000

and $40,000 on September 1 of each subsequent year, until the expiry of the lease on August 31, 2022.

Expedition also has the option to acquire a 100% ownership of the claims, subject to a 2% net smelter return ("NSR") royalty by paying $250,000 for either the JH or BH claims or $400,000 for both claims. Expedition may exercise the option at anytime before the expiration date of the agreement. One-half of the NSR may be purchased at anytime for $1 million.

In consideration of the Mining Lease and Option Agreement, Expedition shall issue and deliver to the owners 50,000 common shares on signing (issued) and 50,000 common shares on or before September 1, 2013 (issued).

Long Canyon Project
Nevada, USA

In December 2012, the Company entered into a lease and option agreement for the Long Canyon property which consists of 37 unpatented lode claims within two blocks, 10 claims form the Long Canyon South block and 27 claims comprise the Long Canyon North block. The two blocks are located 200 kms southeast of Reno and 16 kms southeast of the community of Mina, Nevada. Under the agreement, the lease payments and issuance of shares to be made are as follows:

6. **EXPLORATION AND EVALUATION ASSETS** (continued)

Long Canyon Project (continued)
Nevada, USA

Date	Payment Amount (USD)
December 6, 2012	$15,000 (paid)
December 6, 2013	$20,000 (subsequently paid)
December 6, 2014	$25,000
December 6, 2015	$30,000
December 6, 2016	$35,000
December 6, 2017	$40,000

and $40,000 on December 6 of each subsequent year, until the expiry of the lease on November 30, 2022.

Expedition also has the option to acquire a 100% ownership of the claims, subject to a 2% net smelter return ("NSR") royalty by paying $300,000. Expedition may exercise the option at anytime before the expiration date of the agreement. One-half of the NSR may be purchased at anytime for $1.5 million.

In consideration of the mining lease and option agreement, Expedition shall issue and deliver to the owners 50,000 common shares on signing (issued) and 50,000 common shares on or before December 6, 2013 (subsequently issued)

On July 30, 2013, the Company paid a cash reclamation bond of $4,760 (US$4,301) with the Bureau of Land Management.

Slate Hill Project
Nevada, USA

In March 2012, the Company entered into a lease and option agreement for the State Hill property. This property consists of 23 unpatented lode claims covering approximately 473 acres (190 hectares) and is 90 miles (145 kms) southeast of Reno, Nevada. The claim block is approximately 15 miles (24 kms) north of the Rawhide mine. The agreement called for lease payments to be made as follows:

Date	Payment Amount (USD)
March 1, 2012	$ 10,000 (paid)
September 1, 2013	15,000 (lease terminated – see below)
September 1, 2014	20,000
September 1, 2015	25,000
September 1, 2016	30,000
September 1, 2017	35,000

and $35,000 on September 1 of each subsequent year, until the expiry of the lease on August 31, 2022.

On July 31, 2013, the Company formally terminated the mining lease agreement. A total of $73,146 in acquisition costs and deferred exploration costs were written off.

Mt. Mervyn Property
Yukon Territory, Canada

In April 2011, the Company entered into an option agreement to acquire a 100% interest in the Mt. Mervyn gold property. The Mt. Mervyn property is located in the Mayo Mining District of central Yukon and is comprised of 314 unpatented mining claims.

6. EXPLORATION AND EVALUATION ASSETS (continued)

Mt. Mervyn Property (continued)
Yukon Territory, Canada

In order to exercise its option, the Company must make payments and issue shares as set below.

Cash:
$75,000 within five business days after Exchange Acceptance Date (paid)
$75,000 on or before June 1, 2011 (paid)

Common Shares:
250,000 within business days after Exchange Acceptance Date (issued)
250,000 on or before June 1, 2011 (issued)
250,000 on or before October 1, 2011 (issued)
250,000 on or before March 31, 2012 (issued)

Net Smelter Return (“NSR”) Royalty:
The optionor has a 2% NSR royalty on the property. The NSR may be reduced to 1% by the payment of $1 million to the optionor.

The Company has met the cash requirements of $150,000 and has issued an aggregate of 1,000,000 shares to the vendor of the property, thereby completing the acquisition of a 100% interest in the Mt. Mervyn Property.

Joy Property
Yukon Territory, Canada

The Company entered into an option agreement to acquire a 100% interest in the Joy Gold Property, located in the Mayo Mining District in the Yukon Territory. After completing the 2012 work program, the Company terminated the option agreement as at September 30, 2012 and wrote off all carrying costs related to the Property.

7. ACCOUNTS PAYABLE AND ACCRUED LIABLITIES

	September 30, 2013 $	September 30, 2012 $
Trade accounts payable	1,811	8,061
Accrued liabilities	30,000	31,000
Due to related parties	21,404	12,330
	53,215	51,391

8. RELATED PARTY TRANSACTIONS

During the year ended September 30, 2012, the Company paid or accrued $334,380 (2011- $302,870) to directors and officers or companies controlled by directors and officers of the Company, for management, accounting, geological consulting fees, and directors fees incurred by the Company. In addition, the Company granted 1,425,000 options with exercise price of $0.10 to directors and officers. The fair value of the options granted range from $0.0311 to $0.0406 and total stock-based compensation was $45,803 (2012- $97,738). Included in accounts payable are directors fees payable of $21,404 (2011 - $12,330), which are non-interest bearing, unsecured, and payable on demand. Fair value cannot be reliably determined.

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. SHARE CAPITAL

a) Authorized: Unlimited number of common shares

b) Issued and outstanding:

During the year ended September 30, 2013, the Company issued the following shares related to two different property agreements:

- 50,000 shares with a fair value of $0.05 per share with respect to the Long Canyon property agreement.
- 50,000 shares with a fair value of $0.03 per share with respect to the Jenny Hill property agreement.

c) Stock options:

The continuity of share purchase options is as follows:

Expiry Date	Exercise Price	30-Sep-12	Granted	Exercised	Expired/ Cancelled	30-Sep-13
01-Dec-12	0.15	450,000	-	-	(450,000)	-
23-Apr-13	0.15	485,000	-	-	(485,000)	-
29-Apr-14	0.15	525,000	-	-	-	525,000
15-Oct-14	0.15	50,000	-	-	-	50,000
10-Jun-15	0.10	400,000	-	-	-	400,000
28-Jul-15	0.10	355,000	-	-	-	355,000
21-Sep-15	0.15	50,000	-	-	-	50,000
21-Apr-16	0.40	1,215,000	-	-	-	1,215,000
11-Jul-16	0.40	100,000	-	-	-	100,000
12-Jan-17	0.15	200,000	-	-	-	200,000
20-Mar-17	0.15	375,000	-	-	-	375,000
23-May-17	0.10	885,000	-	-	-	885,000
14-Dec-17	0.10	-	650,000	-	-	650,000
15-May-18	0.10	-	835,000	-	-	835,000
		5,090,000	1,485,000	-	(935,000)	5,640,000
Weighted average exercise price		$ 0.20	$ 0.10	-	$ 0.15	$ 0.18

Expiry Date	Exercise Price	30-Sep-11	Granted	Exercised	Expired/ Cancelled	30-Sep-12
13-Nov-11	0.15	150,000	-	-	(150,000)	-
19-Mar-12	0.15	475,000	-	-	(475,000)	-
01-Dec-12	0.15	550,000	-	-	(100,000)	450,000
23-Apr-13	0.15	585,000	-	-	(100,000)	485,000
29-Apr-14	0.15	525,000	-	-	-	525,000
15-Oct-14	0.15	50,000	-	-	-	50,000
10-Jun-15	0.10	600,000	-	-	(200,000)	400,000
28-Jul-15	0.10	355,000	-	-	-	355,000
21-Sep-15	0.15	50,000	-	-	-	50,000
21-Apr-16	0.40	1,515,000	-	-	(300,000)	1,215,000
11-Jul-16	0.40	100,000	-	-	-	100,000
12-Jan-17	0.15	-	200,000	-	-	200,000
20-Mar-17	0.15	-	375,000	-	-	375,000
23-May-17	0.10	-	885,000	-	-	885,000
		4,955,000	1,460,000	-	(1,325,000)	5,090,000
Weighted average exercise price		$ 0.22	$ 0.12	-	$ 0.20	$ 0.20

9. **SHARE CAPITAL** (continued)

c) Stock options: (continued)

The weighted average remaining contractual life of the above stock options as of September 30, 2013 was 3.01 years (2012—2.92 years)

During the year ended September 30, 2013, the Company granted 1,485,000 stock options to directors and consultants (1,460,000 – September 30, 2011). The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions and resulting values:

	30-Sep-13 Total or Average	30-Sep-12 Total or Average
Number of options	1,485,000	1,460,000
Risk-free interest rate	2.13%	3.00%
Expected life	4.5	4.5
Vesting period	-	-
Share price at date of grant	$0.04	$0.09
Option exercise price	$0.10	$0.12
Expected volatility	129.51%	129.49%
Option fair value	$0.0353	$0.0743
Compensation costs	$52,333	$108,537

d) Share purchase warrants

There were no outstanding share purchase warrants as at the years ended September 30, 2013 and 2012.

e) Share-based payment reserve

September 30, 2011	$	3,752,039
Fair-value of stock options granted		108,537
September 30, 2012	$	3,860,576
Fair-value of stock options granted		52,333
September 30, 2013	**$**	**3,912,909**

10. NON CASH TRANSACATIONS

The following non-cash transactions were recorded:

		September 30, 2013		**September 30, 2012**
Financing activities				
Shares issued for exploration and evaluation assets	$	4,000	$	133,500

11. INCOME TAXES

A reconciliation of Canadian income taxes at statutory rates is as follows:

		2013		2012
Net loss for the year	$	(493,373)	$	(1,892,940)
Expected income tax recovery	$	(123,343)	$	(473,235)
Net adjustment for amortization and non-deductible amounts		33,702		363,877
Unrecognized benefit of non-capital losses		89,641		109,359
Total income taxes	$	-	$	-

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

		2013		2012
Deferred income tax assets:				
Mineral properties	$	2,832,132	$	2,906,689
Non-capital loss carry-forwards		745,268		580,469
Share issue costs		11,282		16,923
Equipment		20,415		19,297
Capital loss carry-forwards		388,430		388,430
		3,997,527		3,911,808
Valuation allowance		(3,997,527)		(3,911,808)
Net deferred tax assets	$	-	$	-

The Company has non-capital losses of approximately $2.3 million which may be carried forward and applied against taxable income in future years. These losses, if not utilized, will expire through to 2032. Subject to certain restrictions, the Company also has mineral property expenditures of approximately $13 million available to reduce taxable income in future years. Future tax benefits which may arise as a result of these losses and resource deductions have not been recognized in these financial statements and have been offset by a valuation allowance.

Year of Origin	Year of Expiry		Non Capital Losses
2008	2028	$	2,000
2009	2029		793,000
2010	2030		676,000
2011	2031		610,000
2012	2032		520,000
2013	2033		380,000
		$	2,981,000

12. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

(a) Capital Management Objectives

The Company's primary objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders, and to have sufficient liquidity available to fund suitable business opportunities as they arise.

The Company considers the components of shareholders' equity, as well as its cash and equivalents as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk of characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue equity, sell assets, or return capital to shareholders as well as issue or repay debt. The Board of Directors has not established quantitative capital structure criteria management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the company, is reasonable.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets, which are updated as necessary and are reviewed and approved by the Company's Board of Directors. In addition, the Company may issue new equity, incur additional debt, or dispose of certain assets. When applicable, the Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. The Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

There were no changes in the Company's approach to capital management during the year ended September 30, 2013.

(b) Carrying Amounts and Fair Values of Financial Instruments

The fair value of a financial instrument is the price at which a party would accept the rights and/or obligations of the financial instruments from an independent third party. Given the varying influencing factors, the reported fair values are only indicators of the prices that may actually be realized for these 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 following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at September 30, 2013.

	Level 1	Level 2	Level 3	Total
Cash	$ 937,742	$ –	$ –	$ 937,742
Security deposits	$ 5,750	$ –	$ –	$ 5,750

12. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

(c) Carrying Amounts and Fair Values of Financial Instruments (continued)

The following table illustrates the classification of the Company’s financial instruments within the fair value hierarchy as at September 30, 2012.

	Level 1	Level 2	Level 3	Total
Cash	$ 1,582,814	$ –	$ –	$ 1,582,814
Security deposits	$ 5,750	$ –	$ –	$ 5,750

13. SUBSEQUENT EVENTS

Subsequent to the year ended September 30, 2013, the following events occurred:

- Recovered $67,744 from the previously written-off Asset backed commercial paper.
- Issued 50,000 common shares and paid USD $20,000 as per the Long Canyon Property agreement.