Lions Gate Metals Inc.
(An Exploration Stage Company)

Consolidated Financial Statements
For the years ended December 31, 2013 and 2012
(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Lions Gate Metals Inc.

We have audited the accompanying consolidated financial statements of Lions Gate Metals Inc., which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 auditors' 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, B.C., Canada V7Y 1G6
Telephone (604) 687-0947 Fax (604) 687-6172

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Lions Gate Metals Inc. as at December 31, 2013 and its financial performance and its cash flows for the year 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 conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Lions Gate Metals Inc.'s ability to continue as a going concern.

Other Matters

The consolidated financial statements of Lions Gate Metals Inc. for the year ended December 31, 2012 were audited by another auditor who expressed an unmodified opinion on those statements on March 28, 2013.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Accountants

April 17, 2014

Lions Gate Metals Inc.
(An Exploration Stage Company)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	**December 31, 2013 $**	December 31, 2012 $
Assets			
Current assets			
Cash		**19,341**	1,004,834
Available-for-sale investments	5	**57,841**	151,667
Amounts receivable	6,10	**58,171**	44,124
Prepaid expenses		**11,223**	62,152
		146,576	1,262,777
Non-current assets			
Loan receivable	7	**-**	1
Reclamation deposits		**60,724**	89,089
Equipment	8	**26,530**	35,947
Exploration and evaluation assets	9	**5,621,180**	5,144,328
		5,708,434	5,269,365
Total assets		**5,855,010**	6,532,142
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**41,158**	129,074
Due to related parties	10	**5,197**	2,203
		46,355	131,277
Equity			
Share capital	11	**21,057,337**	20,932,337
Share purchase warrants		**250,000**	1,863,972
Contributed surplus		**5,452,007**	3,838,035
Accumulated other comprehensive loss		**(22,499)**	-
Deficit		**(20,928,190)**	(20,233,479)
		5,808,655	6,400,865
Total liabilities and equity		**5,855,010**	6,532,142

Nature of operations and going concern – Note 1
Commitments – Notes 9 and 16
Events after the reporting date – Notes 9 and 11

Approved on behalf of the Board of Directors on April 17, 2014:
"Arni Johannson" Director *"William Filtness, CA"* Director

Lions Gate Metals Inc.
(An Exploration Stage Company)
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Notes	**For the year ended December 31, 2013**	For the year ended December 31, 2012
Administrative expenses			
Amortization		**9,417**	15,407
Financing fees and bank charges		**1,233**	14,477
Consulting fees	10	**17,654**	270,876
Director fees	10	**3,000**	22,000
Filing and transfer agent fees		**39,128**	22,488
General exploration		**6,547**	5,903
Office, rent and administration	10	**74,957**	198,079
Professional fees	10	**91,413**	140,563
Salaries and benefits	10	**185,756**	374,679
Share-based compensation	10	**-**	119,838
Travel, advertising and promotion		**24,706**	206,203
Total administrative expenses		**(453,811)**	(1,390,513)
Other income (expense)			
Finance income		**2,126**	5,460
Impairment of available-for-sale investments	5	**(124,026)**	(49,576)
Foreign exchange loss		**-**	(1,708)
Write down of mineral property interests	9	**(119,000)**	(1,900,310)
Net loss for the year		**(694,711)**	(3,336,647)
Other comprehensive income			
Fair value gain (loss) on available-for-sale investments	5	**(22,499)**	10,616
Total comprehensive loss for the year		**(717,210)**	(3,326,031)
Weighted average number of shares outstanding		**6,899,934**	6,316,492
Basic and diluted loss per share		**(0.10)**	(0.53)

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

Lions Gate Metals Inc.
(An Exploration Stage Company)
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Number of shares	Share capital $	Share purchase warrants $	Contributed surplus $	Accumulated other comprehensive loss $	Deficit $	Total $
Balance at December 31, 2011	23,491,826	20,224,650	3,166,114	2,297,441	(10,616)	(16,896,832)	8,780,757
Loss for the year	-	-	-	-	-	(3,336,647)	(3,336,647)
Private placement	2,000,000	860,000	-	-	-	-	860,000
Stock options issued/forfeited	-	-	-	132,245	-	-	132,245
Warrants issued	-	(106,207)	106,207	-	-	-	-
Expiry of warrants	-	-	(1,408,349)	1,408,349	-	-	-
Mineral property interest issuances	105,000	47,850	-	-	-	-	47,850
Share issue costs	-	(67,196)	-	-	-	-	(67,196)
Change in fair value of investments	-	-	-	-	10,616	-	10,616
Shares returned to treasury	(99,000)	(37,260)	-	-	-	-	(37,260)
Bridge loan share issuance	150,000	10,500	-	-	-	-	10,500
Balance at December 31, 2012	25,647,826	20,932,337	1,863,972	3,838,035	-	(20,233,479)	6,400,865
Loss for the year	-	-	-	-	(22,499)	(694,711)	(717,210)
Expiry of warrants	-	-	(1,613,972)	1,613,972	-	-	-
Shares issued for acquisition of mineral property	2,500,000	125,000	-	-	-	-	125,000
Shares exchanged on a 4:1 basis	(21,110,905)	-	-	-	-	-	-
Balance at December 31, 2013	7,036,921	21,057,337	250,000	5,452,007	(22,499)	(20,928,190)	5,808,655

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

Lions Gate Metals Inc.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the year ended December 31,	
	2013	2012
	$	$
Cash flows (used in) provided by:		
Operating activities		
Net loss for the year	**(694,711)**	(3,336,647)
Items not affecting cash		
Amortization	**9,417**	15,407
Share-based compensation	**-**	119,838
Foreign exchange loss	**-**	1,708
Impairment of available-for-sale investments	**124,026**	49,576
Write down of mineral property interests	**119,000**	1,900,310
Write down of loan receivable	**1**	-
Changes in non-cash operating working capital:		
Amounts receivable	**(14,047)**	224,673
Prepaid expenses	**50,929**	21,781
Accounts payable and accrued liabilities	**(87,916)**	3,315
Due to related parties	**2,994**	-
Net cash used in operating activities	**(490,307)**	(1,000,039)
Investing activities		
Exploration and evaluation assets	**(555,852)**	(900,988)
Reclamation deposit	**28,365**	(44,981)
Receipt of BC mineral exploration tax credit	**-**	410,916
Purchase of marketable securities	**(52,699)**	-
Cash deposit received on option of mineral properties	**85,000**	1,000,000
Net cash from (used in) investing activities	**(495,186)**	464,947
Financing activities		
Proceeds from common share issuance	**-**	400,000
Proceeds from flow-through share issuance	**-**	460,000
Repurchase of shares returned to treasury	**-**	(37,260)
Payments of share issuance costs	**-**	(67,196)
Net cash from financing activities	**-**	755,544
Increase (decrease) in cash	**(985,493)**	765,349
Cash at beginning of year	**1,004,834**	220,452
Cash at end of year	**19,341**	1,004,834
Non-cash items excluded from investing and financing activities:		
Change in accrued but unpaid exploration and evaluation expenditures	**(58,000)**	(153,356)
Issuance of common shares for bridge loan	**-**	10,500
Share-based payment on acquisition of mineral property	**125,000**	47,850
Capitalized share-based compensation	**-**	12,408

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

1. Nature of Operations and Going Concern

Lions Gate Metals Inc. (the "Company") was incorporated under the Canada Business Corporations Act on March 28, 1980, and is in the business of acquiring, exploring and developing mineral properties. The Company is listed on the TSX Venture Exchange ("TSX-V") and is currently in the exploration stage with mineral properties in Canada. The Company's registered and records office is located at #490 – 580 Hornby Street, Vancouver, British Columbia, Canada, V6C 3B6.

The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, future profitable production or disposition thereof, and the ability of the Company to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

These consolidated financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. For the year ended December 31, 2013 the Company incurred a comprehensive loss of $717,210 (December 31, 2012: $3,326,031) and as of that date the Company's deficit was $20,928,190 (December 31, 2012: $20,233,479). As at December 31, 2013 the Company had working capital of $100,221,which may not be sufficient to finance exploration and operating costs over the next twelve months without additional funding.

These conditions may cast significant doubt on the Company's ability to continue as a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material. Subsequent to December 31, 2013, the Company received additional cash of $130,000 pursuant to the Whitford Lake Option Assignment Agreement (Note 9).

2. Basis of Presentation

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

These consolidated financial statements were approved by the Company's Board of Directors for issue on April 17, 2014.

3. Summary of Significant Accounting Policies

The financial statements have been prepared on a going concern basis, under the historical cost convention. The significant accounting policies used in the preparation of these financial statements are as follows:

(a) Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a high degree of judgment or complexity where assumptions and estimates are significant to the financial statements are considered to be determination of going concern, the assessment of carrying value, confirmation of title, and recoverability of mineral properties and the financial instrument classification of its investment in Canadian Uranium Corp. ("CanU").

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used (Note 1).

Management has determined the exploration and evaluation costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, the evaluation of permitting and environmental issues and local support for the project, and the ability to find joint venture partners if necessary. During the year ended December 31, 2013 the Company recorded a write down of $119,000 with respect to the Whitford Lake mineral property.

The investment in Canadian Uranium Corp. ("CanU") consists of 4,500,000 common shares received in exchange for the assignment of the Whitford Lake Option (Note 9). Management does not believe that it is able to exert significant influence over the financial and operating policy decisions of CanU and expects its ownership interest to decrease over time as CanU continues to issue more shares. Accordingly the Company has classified the investment as available for sale. If this classification was not appropriate the investment in CanU would be accounted for using the equity method whereby the Company would initially record its investment at cost and record its share of any subsequent profits or losses.

(b) Basis of Consolidation

The consolidated financial statements are presented in Canadian dollars unless otherwise noted. The consolidated financial statements include the accounts of the Company, and its inactive wholly-owned subsidiary, Northern Canadian Metals Inc. All intercompany transactions are eliminated on consolidation.

(c) Foreign Currency Transactions

Foreign currency amounts are translated into Canadian dollars, being the functional currency of the group, as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income. Exchange gains and losses arising on the retranslation of monetary available-for-sale financial assets are treated as a separate component of the change in fair value and recognized in net income. Exchange gains and losses on non-monetary available-for-sale financial assets form part of the overall gain or loss recognized in respect of that financial instrument.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

(d) Cash

Cash includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. For cash flow statement presentation purposes, cash includes bank overdrafts. As at December 31, 2013, the Company held cash of $19,341.

(e) Equipment

Equipment is recorded at cost, less accumulated amortization and accumulated impairment losses. Amortization is provided at rates, using the declining-balance method, calculated to reduce original cost to estimated residual value over the expected useful life of each asset, at an annual rate of 30%.

(f) Exploration and Evaluation Expenditures

These assets relate to mineral rights acquired and exploration and evaluation expenditures capitalized in respect of projects that are in the exploration or pre-development stage.

Once a right to explore a mineral property has been secured, exploration and evaluation expenditures are capitalized and include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Costs incurred before the Company has obtained the legal rights to explore a mineral property are expensed as incurred.

The technical feasibility and commercial viability of extracting a mineral resource are considered to be determinable when proven reserves are determined to exist, the right of tenure is current and it is considered probable that the costs will be recouped through successful development and exploitation of the area, or alternatively by sale of the property. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that mineral property are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective mineral properties. The Company reviews its exploration and evaluation assets for indicators of impairment on a periodic basis. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized when the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss for the period.

(g) Reclamation Deposit and Obligations

Funds held on deposit pursuant to contractual arrangements regarding the possible future establishment of a remediation obligation are classified separately as reclamation deposits. The liability for a decommissioning obligation, such as site reclamation costs, is recorded when a legal or constructive obligation exists and is recognized in the period in which it is incurred. The Company records the estimated present value of future cash flows associated with site reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized decommissioning costs will be amortized to expense over the life of the related assets using the units-of-production method. The liability is accreted to reflect the passage of time and adjusted to reflect changes in the timing and amount of estimated future cash flows. As at December 31, 2013 and 2012, the Company has determined that it does not have material decommissioning obligations.

(h) Impairment of Non-Financial Assets

The Company assesses at each date of the statement of financial position the carrying amounts of non-financial assets to determine whether there is an indication that those assets have suffered an impairment loss. If such an indication exists, the recoverable amount of the asset is estimated in

order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments for the time value of money and risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

(i) Financial Instruments

Financial Assets

Financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as held-to-maturity are measured at amortized cost. The Company held no financial assets during the year which were classified as held-to-maturity.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. The Company has classified its investments and loan receivable as available-for-sale financial assets.

Financial assets classified as loans and receivables are measured at amortized cost less impairment. The Company has classified its cash, amounts receivable and reclamation deposits as loans and receivables.

Financial assets classified as FVTPL includes financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Held for trading financial assets are measured at fair value with unrealized gains

and losses recognized through earnings. The Company held no financial assets during the year which were classified as held-for-trading.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Impairment on Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

In the case of equity instruments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. When there is evidence of impairment, the cumulative loss is removed from other comprehensive income and recognized in profit or loss.

Financial Liabilities

Financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or classified as other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method. The Company has classified its accounts payable and accrued liabilities, and amounts due to related parties as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive loss. The Company has no financial liabilities classified as FVTPL.

(j) Provisions

Provisions are recognized for liabilities of uncertain timing or amounts that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date. The Company has not recorded any other provisions as at December 31, 2013.

(k) Income Taxes

Income tax expense is comprised of current and deferred tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date. As the Company is in a loss position there is no current tax payable.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(l) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and share purchase warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(m) Flow-through Shares

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

(n) Earnings/Loss Per Share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

(o) Share-based Payments

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled transactions and, when determinable, are recorded at the value of the goods and services received. If the value of the goods and services received are not determinable, then the fair value of the share-based payment is used.

The Company uses a fair value based method (Black-Scholes Option-Pricing model) for all share options granted to directors, employees and certain non-employees. This model employs assumptions for risk-free interest rates, dividend yields, expected lives, and volatility based on historical data adjusted for normalizing factors. For directors and employees, the fair value of the share options is measured at the date of grant.

For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received.

The fair value of share-based payments is charged either to profit or loss or the related asset as applicable, such as exploration and evaluation assets, with the offsetting credit to contributed surplus. For directors and employees, the share options are recognized over the vesting period based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods where vested. For non-employees, the share options are recognized over the related service period. When share options are exercised, the amounts previously recognized in contributed surplus are transferred to share capital.

In the event share options are forfeited prior to vesting, the associated fair value recorded to date is reversed. The fair value of any vested share options that expire remain in contributed surplus.

(p) Revenue Recognition

The Company recognizes interest income on an accrual basis, dividends when declared, and investment gains and losses when realized. Interest income includes amortization of any premium or discount recognized at date of purchase. Realized gains and losses represent the difference between the amounts received through the sale of investments and their respective cost base. Unrealized gains and losses on available-for-sale investments are recorded in other comprehensive income (loss) and will be recognized in consolidated operations when realized.

Transaction costs are included in the acquisition cost of individual investments and recognized as part of the realized gains or losses when they are sold or written down. When the fair value of an investment falls below its cost, and the decline is determined to be other than temporary, a loss equivalent to the difference between cost and current fair value is recorded in the Company's consolidated statement of operations.

(q) Comprehensive Loss

Comprehensive loss consists of loss for the year and other comprehensive loss. Unrealized gains and losses on financial assets classified as available-for-sale are recorded in other comprehensive loss until the criteria for recognition in the Company's consolidated statements of operations are met.

4. Changes in Accounting Policies Including Initial Adoption

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning before or on January 1, 2013.

The following new standards, amendments and interpretations that have been adopted for the Company's current fiscal year have not had a material impact on the Company:

- IFRS 10 *"Consolidated Financial Statements"*
- IFRS 11 *"Joint Arrangements"*
- IFRS 12 *"Disclosure of Interests in Other Entities"*
- IFRS 13 *"Fair Value Measurement"*
- IAS 1 *"Presentation of Financial Statements"* amendments

The Company has reviewed the new, revised and proposed accounting pronouncements that have been issued but are not yet effective at December 31, 2013 and does not expect any to have a significant impact on the Company.

5. Available-For-Sale Investments

Available-for-sale investments consist of investments in equity shares. The fair value of the publicly traded shares has been determined directly by reference to published price quotations in an active market. For the year ended December 31, 2012, the Company noted a significant or prolonged decline in the fair value of investments below cost. As a result of this objective evidence of impairment, the cumulative loss was removed from other comprehensive income and recognized as impairment. A further $124,026 of impairment was recognized for the year ended December 31, 2013 with an additional $22,499 amount recognized as a fair value loss in other comprehensive income

	December 31, 2013		December 31, 2012	
Quoted equity shares	# of shares	Cost and Fair Value $ [1]	# of shares	Cost and Fair Value $ [1]
Copper One Inc.	20,000	1,000	20,000	1,300
Crescent Resources Corp (formerly Coventry Resources Inc.) [2]	17,600	1,056	88,000	3,520
Catalyst Copper Corp. [3]	16,700	835	167,000	9,185
Wolf Resource Development Corp. (formerly Ferro Iron Ore Corp) [4]	104,166	18,750	416,667	81,250
Touchstone Gold Ltd.	400,000	6,000	400,000	56,412
Archer Petroleum Corp. [5]	151,000	30,200	-	-
		57,841		151,667

[1] Cost includes original cost less any impairment.

[2] On January 8, 2013 Crescent Resources Corp and Coventry Resources completed a business combination resulting in Coventry becoming a wholly-owned subsidiary of Crescent Resources Corp. Prior to the transaction there was a share consolidation on a 5:1 basis, thus changing the Company's holdings from 88,000 shares to 17,600 shares.

[3] In December 2013 Catalyst Copper Corp. consolidated its shares on a 10:1 basis resulting in the Company's holdings decreasing from 167,000 to 16,700 shares.

[4] On July 18, 2013 Ferro Iron Ore Corp. announced it would change its name to Wolf Resource Development Corp. Additionally, it completed a share consolidation on a 4:1 basis, thus changing the Company's holdings from 416,667 shares to 104,166 shares.

[5] During the year ended December 31, 2013 the Company purchased 151,000 shares of Archer Petroleum Corp. for cash of $52,699.

In addition during the year, pursuant to the Whitford Lake Option Assignment Agreement (Note 9), the Company acquired 4,500,000 shares in CanU. A $nil value was attributed to these shares on acquisition which is estimated to also approximate fair market value at December 31, 2013.

6. Amounts Receivable

Amounts receivable consists of:

	December 31, 2013	December 31, 2012
	$	$
GST/HST Recoverable	5,689	6,469
METC Receivable	-	28,638
Other Receivables [1]	37,482	9,017
Due from CanU	15,000	-
Total	58,171	44,124

[1] Other receivables include amounts owing for the sub-rental of office premises.

7. Loan Receivable

In November, 2008, the Company loaned US$400,000 to a third party borrower in exchange for a promissory note. In subsequent years the Company received total repayments of US$200,000 and the remaining loan was written down to a nominal value. During the year ended December 31, 2013 the Company wrote off the remainder of the loan as it was deemed to be uncollectible.

8. Equipment

	Computer Equipment $
Cost at December 31, 2012 and December 31, 2013	56,594
Accumulated Amortization	
At December 31, 2012	20,647
Amortization charge	9,417
At December 31, 2013	30,064
Net book value	
At December 31, 2012	35,947
At December 31, 2013	26,530

9. Exploration and Evaluation Assets

Balance at December 31, 2013				
	Province of British Columbia		Province of Saskatchewan	
	Poplar	Copperline	Whitford Lake	**Total**
	$	$	$	$
Deferred Acquisition Costs				
Balance at December 31, 2012	1,261,692	1	-	1,261,693
Paid by issue of shares	-	-	125,000	125,000
Paid in cash	-	-	300,000	300,000
Paid in cash re work commitment	25,053	-	-	25,053
Cash received	-	-	(85,000)	(85,000)
Balance at December 31, 2013	1,286,745	1	340,000	1,626,746
Deferred Exploration				
Balance at December 31, 2012	3,882,635	-	-	3,882,635
Consulting	6,861	-	-	6,861
Field Expenditures	-	-	25,000	25,000
Geophysical	9,526	-	189,000	198,526
Miscellaneous	412	-	-	412
Balance at December 31, 2013	3,899,434	-	214,000	4,113,434
Write down of mineral property	-	-	(119,000)	(119,000)
Total at December 31, 2013	5,186,179	1	435,000	5,621,180

Balance at December 31, 2012				
Canadian Mineral Property Interests Province of BC	Balance December 31, 2011	2012 Costs Incurred	Write-Down for Valuation	Balance December 31, 2012
	$	$	$	$
Deferred Acquisition Costs				
Poplar mineral property - 100% interest	1,036,486	225,206	-	1,261,692
Kelly Creek mineral property – 100%	1	-	(1)	-
Hudson Bay Mountain mineral property	1,175,575	-	(1,175,575)	-
Copperline mineral property - 60%	1	-	-	1
ROK – Coyote mineral property - 75%	234,000	72,012	(306,012)	-
	2,446,063	297,218	(1,481,588)	1,261,693
Deferred Exploration Expenditures				
Poplar				
Airborne survey	334,129	-	-	334,129
Assays/Metallurgy	55,953	18,820	-	74,773
Camp costs	796,727	2,123	-	798,850
Consulting	700,441	207,661	-	908,102
Drilling	1,766,392	-	-	1,766,392
Environmental	122,849	16,279	-	139,128
Field expenditures and personnel	693,082	16,400	-	709,482
Geophysical/I.P. magnetic survey	449,831	100,093	-	549,924
Maps and reports	3,071	4,813	-	7,884
Miscellaneous	65,758	4,723	-	70,481
Telecommunications	11,726	4,035	-	15,761
Community Relations/Traditional use	67,295	17,500	-	84,795
Travel and accommodation	88,632	-	-	88,632
Mining exploration tax credits claimed	(702,334)	(21,364)	-	(723,698)
Cash deposits received	-	(942,000)	-	(942,000)
	4,453,552	(570,917)	-	3,882,635
Hudson Bay Mountain				
Consulting	41,816	6,415	(48,231)	-
Camp costs	25,862	-	(25,862)	-
Field expenditures and personnel	62,532	-	(62,532)	-
Geological	27,302	771	(28,073)	-
Miscellaneous	3,479	104	(3,583)	-
Mining exploration tax credits claimed	(27,645)	27,645	-	-
ROK – Coyote				
Consulting & Community Relations	61,248	36,461	(97,709)	-
Camp costs	15,667	-	(15,667)	-
Field expenditures and personnel	95,188	410	(95,598)	-
Geophysical	39,107	2,580	(41,687)	-
Mining exploration tax credits claimed	(17,921)	17,701	220	-
	4,780,187	(478,830)	(418,722)	3,882,635
Total at December 31, 2012	7,226,250	(181,612)	(1,900,310)	5,144,328

Poplar mineral property

By an agreement dated April 20, 2004 and later amended on July 30, 2007, the Company was granted an option to acquire a 100% interest in certain mineral claims, known as the Poplar mineral property interest (“Poplar 1”), situated in the Omineca Mining Division of B.C. The Company has met all required cash payments and share issuances related to the acquisition of Poplar 1.

The Poplar 1 agreement included an underlying 2% net smelter return royalty (“NSR”) on the property including minimum annual advance royalties of $75,000. During the 2012 fiscal year the Company fully terminated the minimum advance royalties obligation.

In prior years the Company entered into option agreements to acquire a 100% interest in mineral claims near Poplar Lake (“Poplar 2”) and (“Poplar 3”) and in exchange issued 100,000 and 30,000 pre-consolidation common shares respectively. The Company also staked additional hectares in the area adjacent to the Poplar mineral property (“Poplar 4”). The Poplar 2 property is subject to a 1% NSR which can be purchased by the Company for $1,000,000 less any NSR amounts previously paid. The Poplar 3 property is subject to a 1% NSR which can be purchased by the Company for $100,000 less any NSR amounts previously paid. These Poplar 2, 3 and 4 mineral claim holdings are now 100% owned by the Company and all mineral claims are current and in good standing.

The Company’s Poplar Copper Gold & Silver Project ("Poplar") mineral property is located in traditional Wet’suwet’en territories. On August 20, 2009 the Company signed a Memorandum of Understanding (“MoU”) with the Office of the Wet’suwet’en (the “OW”) which represents the interests of five Clans and thirteen Houses. The MoU recognized that both parties to the MoU are committed to a respectful and consultative relationship with respect to the mineral property and the Company has committed to make annual cash payments of $10,000 until such time as the MoU is terminated by either party.

The MoU was renewed and formalized in a Communications and Engagement Agreement on December 15, 2010 and this agreement was later extended on May 1, 2012. This agreement will be effective until such time as an Accommodation Agreement can be entered into between the parties. Either party may terminate the agreement by providing ninety days’ notice in writing.

On October 16, 2012, the Company entered into a binding Letter of Intent (the "LOI") with Canadian Dehua International Mines Group Inc. ("Dehua"), whereby the Company would grant Dehua an option to acquire a one hundred percent (100%) interest in the Poplar Project in exchange for a non-refundable cash payment of $15,000,000, including $1,000,000 received on signing, and exploration work to be completed by Dehua over a two year period. A consultant fee of $58,000 was paid with respect to this LOI.

On October 24, 2013 the Company announced that it had formally ended its agreement with Dehua and is currently determining other options in order to further advance the Poplar project.

Hudson Bay Mountain mineral property

In May 2005, the Company acquired a 100% interest in certain mineral claims known as the Hudson Bay Mountain mineral property interest. On July 29, 2010, the Company entered into a second purchase agreement to acquire additional claims, known as the Mason claims, surrounding its existing mineral property interest on Hudson Bay Mountain. On December 17, 2012, the Company released the Hudson Bay Mountain property and accordingly the total carrying cost of the property of $1,175,575 was recorded as a loss in operations during the 2012 fiscal year.

Copperline mineral property

On July 17, 2010 the Company entered into a purchase agreement to acquire a 60% interest in the Copperline mineral property in British Columbia and, in exchange issued 2,700,000 pre-consolidation common shares and undertook to assume all of the vendor's rights and obligations with respect to the property. The Copperline property is subject to an underlying NSR of 1.25% for part of the property and 2.0% for the remainder. The Company can repurchase 1.25% and 0.5% respectively of these royalties with a $500,000 cash payment.

The Company's interest in this property is carried at a nominal value based on Management's assessment of current recoverable value. The Company continues to ensure that all mineral claims are current and remain in good standing with such costs being charged to operations in the period incurred.

ROK-Coyote mineral property

On January 5, 2011, the Company entered into an Option Agreement with Firesteel Resources Inc. to acquire a 75% interest in the ROK-Coyote mineral property. On January 2, 2013, the Company returned the ROK-Coyote property to Firesteel and accordingly the total carrying cost of the property of $306,012 was recorded as a loss in operations during the 2012 fiscal year.

Whitford Lake mineral property

Pursuant to the terms of an Option Agreement dated February 18, 2013, and amended on August 26, 2013, with St. Jacques Mineral Corp., the Company has agreed to acquire an undivided 100% interest in the Whitford Lake Property located in the Athabasca Basin in Saskatchewan in exchange for the following:

Non-refundable cash payments required:

1) $25,000 due February 18, 2013 (paid)
2) An additional $75,000 due within five days of receipt of regulatory approval ("approval date") (paid)
3) An additional $200,000 due by September 3, 2013 (paid)

Non-refundable cash payments required with obligation transferred pursuant to Option Assignment Agreement with CanU (below):

4) An additional $100,000 due by December 31, 2013 (paid by CanU)
5) An additional $750,000 due by February 18, 2017

Share issuances required:

2,500,000 pre-consolidated common shares to be issued within five days of the approval date (issued).

Exploration expenditures required:

$3,000,000 of qualifying exploration expenditures to be incurred on the property before February 18, 2017 or the equivalent amount to be paid to the Vendor in cash.

This property is subject to a 1% NSR one half of which can be purchased by the Company for $750,000 less any NSR amounts previously paid.

In September 2013, the Company entered into a Whitford Lake Option Assignment Agreement with CanU, which was later amended on December 1, 2013, whereby it would transfer all of its interest in the Whitford Lake Option Agreement to CanU in exchange for the following:

Non-refundable cash payments required:

1) $60,000 due on or before December 3, 2013 (received)
2) $200,000 due within 2 days following CanU completing any equity offering generating gross proceeds in excess of $600,000 ($25,000 received as at December 31, 2013 and $130,000 subsequently received); and
3) $260,000 due within 5 days following CanU completing the listing of its shares on a recognized stock exchange.

Share issuances required:

1) 4,500,000 common shares of CanU (shares received – Note 5)

Additionally CanU would assume all of the Company's obligations, liabilities and responsibilities required under the original Whitford Lake option agreement and the additional addendum dated August 26, 2013 including the cash payment of $100,000 required on or before December 31, 2013. As at December 31, 2013 the Company has recorded a write down of $119,000 with respect to the Whitford Lake mineral property.

Subsequent to December 31, 2013 the President and CEO of the Company became a director of CanU.

10. Related Party Transactions

Related party transactions for the years ended December 31, 2013 and 2012 are as follows:

	December 31, 2013	December 31, 2012
Professional fees	37,960	55,000
Administrative expense	-	161,103
Consulting fees	-	211,651
Director fees	3,000	22,000
Salaries and Management fees	139,500	240,361
Total	180,460	690,115

Key management of the Company includes the President, CFO and the Directors. For the year ended December 31, 2013, compensation in respect of services provided by key management consists of $97,500 in management fees paid to the President, directors fees of $3,000 paid to former directors and $15,000 in professional fees paid for CFO services to Malaspina Consultants Inc., a Company in which the CFO is an associate.

Compensation paid in the prior year to key management was comprised of $180,000 in management fees paid to the former President, director fees of $22,000 paid to former directors, $55,000 in professional fees paid to the former CFO, and consulting fees of $160,651 paid to a company controlled by the former CEO. Included in share-based compensation is $Nil (2012:$81,851) attributed to options issued.

On May 4, 2012, pursuant to a consulting contract, the Company advanced the first $50,000 tranche of a possible $200,000 loan to a company controlled by the former CEO, the proceeds of which were used to purchase shares of the Company. The loan bore interest at the 1% CRA prescribed rate for shareholder loans compounded annually, and had a term of two years. On September 13, 2012, the Company terminated the contract and as part of the negotiated settlement, the loan was forgiven in lieu of severance and expensed to consulting fees.

The payment of director fees ceased effective March 31, 2013. There was no other compensation paid or payable to key management for employee services.

In October 2012, the Company received a bridge loan from a company controlled by the President in the amount of $100,000. Terms of the loan included an interest rate of prime + 9% and the issuance of 150,000 bonus shares to the lender. The loan was repaid in full on December 7, 2012, and the shares were issued on December 18, 2012. $2,203 of interest expense was recorded with respect to this loan.

Also included in related party transactions are salaries of $42,000 (2012: $60,361) paid to the VP Operations, consulting fees of $Nil (2012: $51,000) paid to the former VP Operations, accounting fees of $22,960 (2012: $Nil) paid to Malaspina Consultants Inc. and $Nil (2012: $161,103) in administrative expenses related to cost sharing arrangements for office administration personnel,

rent, telephone and other office expenses, paid to companies controlled by former directors or officers.

The amounts due to related parties are non-interest bearing and payable on demand and are comprised of $3,000 (December 31, 2012: $Nil) of director fees payable to former directors, $2,197 (December 31, 2012: $Nil) of professional fees payable to Malaspina Consultants Inc. and $Nil (December 31, 2012: $2,203) of interest payable to a former Officer.

11. Share Capital

On November 11, 2013 the common shares of the Company were consolidated on the basis of four pre-consolidation common shares for one post-consolidation common share. The Company's options and warrants were also consolidated on the same 4 for 1 basis. All shares are reflected on a post-consolidation basis unless otherwise noted.

Common Shares

i) Authorized - unlimited number of common shares without par value

ii) Issued and outstanding – 7,036,921 (December 31, 2012: 6,411,921) common shares

In November 2011, the Company commenced a Normal Course Issuer Bid ("NCIB") to acquire up to 600,000 of its pre-consolidation common shares over a one year period. During 2012 the Company acquired 99,000 pre-consolidation shares under the NCIB at a cost of $37,260 which it subsequently returned to treasury. Purchases were made through the facilities of the TSX Venture Exchange in accordance with the Exchange requirements. The price at which the Company purchased its common shares was at the market price of the common shares at the time of acquisition.

On February 22, 2012, the Company completed a non-brokered private placement, whereby it issued 1,000,000 pre-consolidation flow through units at a price of $0.46 per unit and 1,000,000 non flow through pre-consolidation units at a price of $0.40 per unit, for aggregate gross proceeds of $860,000. Each unit consisted of one common share and one-half of one common share purchase warrant with each whole warrant entitling the holder to acquire one pre-consolidation non-flow-through common share of the Company for $0.80 until October 22, 2013. The Company paid finder's fees of $28,200 and issue costs of $38,996 with respect to this financing.

The Company allocated $106,207 to the fair value of the share purchase warrants which was determined using the Black-Scholes option pricing model, based on the following terms and assumptions:

Dividend yield	0%
Risk-free interest rate	1.10%
Expected life	1.7 years
Expected volatility	69.9%
Weighted average grant date fair value	$0.11

During the year ended December 31, 2012 a total of 55,000 and 50,000 pre-consolidation common shares with an ascribed value of $31,350 and $16,500 were issued pursuant to the Poplar and ROK-Coyote mineral property option purchase agreements respectively.

In December 2012, the Company issued 150,000 pre-consolidation bonus shares to the President as part of a bridge loan payable agreement.

Pursuant to the Whitford Lake Property Option Agreement the Company issued 625,000 common shares on March 22, 2013. As at December 31, 2013, 250,000 of these shares are subject to a pooling agreement which will expire on September 22, 2014.

(a) Flow-through Obligation

Flow through share arrangements involve resource expenditure deductions for income tax purposes which are renounced to purchasers of common shares in accordance with income tax legislation. Each flow through share entitles the holder to a 100% tax deduction in respect of qualifying Canadian Exploration Expenses ("CEE") as defined. The Company was required to incur a total of $459,000 of eligible CEE by December 31, 2013 with respect to the flow through shares issued for the period ended December 31, 2012. As at December 31, 2013, the Company believes it has fulfilled this requirement.

(b) Share Purchase Warrants

The following is a summary of changes in warrants:

	Number of Warrants	Weighted Average Exercise Price $
Balance December 31, 2011	9,769,769	0.90
Issued	1,000,000	.80
Expired	(5,269,019)	.41
Balance December 31, 2012	5,500,750	1.19
Expired	(5,344,500)	1.19
Warrants exchanged on a 4:1 basis	(117,187)	1.00
Balance as at December 31, 2013	39,063	4.00

As at December 31, 2013 the Company had outstanding warrants as follows:

Number of Warrants	Exercise Price	Expiry Date
39,063	$ 4.00	July 13, 2015

(c) Stock options

The Company has a Rolling Incentive Stock Option Plan ("the Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or consultants of the Company. A maximum of 10% of the issued and

outstanding common shares of the Company may be reserved for issuance pursuant to the exercise of stock options. Terms of the Plan, considered to be the most significant, provide that the Directors have the right to grant options to acquire common shares of the Company at a price not less than the closing market price of the shares on the date the Company grants the option, less any discount permitted by the TSX-V, at terms of up to ten years. The majority of stock options vest immediately on the date of grant unless otherwise required by the TSX-V or the Board of Directors.

The following is a summary of changes in stock options:

	Number of Options	Weighted Average Price $	Weighted Average Remaining Contractual Life
Balance, December 31, 2011	1,854,000	0.87	
Granted	585,000	0.74	
Cancelled	(828,000)	0.86	
Balance December 31, 2012	1,611,000	0.83	3.2 years
Cancelled	(821,000)	0.82	
Options exchanged on a 4:1 basis	(592,500)	0.84	
Balance, December 31, 2013	197,500	3.34	1.97 years

The weighted average fair value of options granted during the year ended December 31, 2012 was $0.23 which was based on the Black-Scholes option pricing model and included the following weighted average assumptions:

Risk-free interest rate	0.97% - 1.39%
Expected life	3.0 years
Expected volatility	85.4%
Dividend yield	0%

Details of stock options outstanding and exercisable as at December 31, 2013 are as follows:

Number of Options	Exercise Price $	Expiry Date	Vesting Provisions
6,250	2.88	April 1, 2014	Vested
6,250	4.28	September 18, 2014	Vested
37,500	4.40	January 15, 2015	Vested
109,750	3.20	January 3, 2016	Vested
37,750	2.64	April 4, 2017	Vested
197,500			

Subsequent to December 31, 2013, 25,000 options exercisable at $4.40 and 25,000 options exercisable at $3.20 were cancelled and 6,250 options exercisable at $2.88 expired.

12. Income Taxes

The recovery of income taxes differs from the theoretical amounts which would be computed by applying local tax rates to the loss before tax as follows:

	2013	2012
Average statutory tax rate	26.00%	25.00%
	$	$
Net loss for the year	(694,711)	(3,336,647)
Income tax recovery at applicable rate	(180,641)	(834,162)
Non-deductible amounts	20,632	39,138
Impact of flow through expenditures	54,000	-
Changes in future tax rates and other	14,008	18,792
Change in unrecognized deferred tax assets	92,001	776,232
Income tax provision	-	-

Deferred income taxes arise from temporary differences in the recognition of income and expenses for financial reporting and tax purposes. The income tax benefit of the following deductible temporary differences has not been recorded in these financial statements because of the uncertainly of their recovery:

	2013 $	2012 $
Non-capital loss carry forwards	1,688,971	1,481,293
Net capital losses	32,218	30,979
Mineral properties	518,506	644,183
Investments	45,581	29,565
Share issuance costs	47,654	70,615
Equipment and other	20,741	5,035
Total	2,353,671	2,261,670

As of December 31, 2013, the Company has non-capital losses available to reduce taxes in future years of approximately $6,496,043 (2012: $5,925,174). The remaining deductible temporary differences carry forward indefinitely. Tax attributes are subject to review and potential adjustment by tax authorities.

13. Management of Capital Risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the exploration and development of mineral properties.

In order to maintain or adjust its capital structure the Company may issue new equity if it is available on favourable terms, finance through debt, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of mineral properties.

The Company is dependent on capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets, by the status of the Company's projects in relation to these markets and by its ability to compete for investor support of its projects. The Company is not subject to externally imposed capital requirements and there were no changes to the Company's management of capital during the year ended December 31, 2013. The Company's capital structure consists of shareholders' equity, which is comprised of share capital net of accumulated deficit. In order for the Company to carry out planned exploration and development and pay for administrative costs, the Company will spend its working capital and intends to raise additional amounts externally as needed.

14. Financial Instruments and Risk Management

a) Fair value of financial instruments

At December 31, 2013 the Company's financial instruments consist of cash, available-for-sale investments, amounts receivable, reclamation deposit, accounts payable and accrued liabilities and due to related parties. The carrying values of these financial instruments other than available for sale investments approximates their fair value because of their short term nature.

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of 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 for the asset or liability that are not based on observable market data.

The Company uses Level 1 inputs to measure available for sale investments except for the shares held in CanU which are measured using Level 3 inputs.

b) Financial instrument risk

The Company's financial instruments are exposed in varying degrees to a variety of financial risks. The Board approves and monitors the risk management processes:

Credit risk
Credit risk exposure primarily arises with respect to the Company's cash, other receivables and due from related party. The Company places its instruments in banks of high credit worthiness within Canada and continuously monitors the collection of other receivables.

Liquidity risk
Liquidity risk is the risk that the Company cannot meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to settle liabilities and obligations when they become due. As at December 31, 2013 the Company had sufficient cash and available-for-sale investments of $77,182 to settle current liabilities of $46,355 which primarily consisted of short term accounts payable settled within 30 days.

Market risk
Market risk consists of currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns. The Company has no foreign exchange rate risk as all amounts are denominated in Canadian dollars. Other than available for sale investments it also holds no financial instruments that expose it to other price risk.

Interest rate and commodity price risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company is not significantly exposed to interest rate or commodity price risk.

15. Segmented Reporting

The Company operates in one reportable operating and geographic segment, being the exploration and evaluation of mineral properties in Canada.

16. Commitment

Effective January 1, 2013, the Company committed to a two and one half year office lease. Gross payments required pursuant to the terms of this lease are expected to approximate $40,740 and $20,634 for the 2014 and 2015 fiscal years respectively. Of these amounts the Company expects its share, after deducting amounts receivable from cost sharing arrangements currently in place, to approximate $6,000 and $3,000 for these years.

17. Comparative Amounts

Certain amounts from the prior year have been reclassified to conform with the presentation basis adopted for the current year.