



Lions Gate Metals Inc.
(An Exploration Stage Company)

Condensed Interim Financial Statements
For the three and six months ended June 30, 2014
(Unaudited - Expressed in Canadian Dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants, for a review of interim financial statements by an entity's auditor.

Lions Gate Metals Inc.
(An Exploration Stage Company)
Condensed Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	Notes	June 30, 2014 \$	December 31, 2013 \$
Assets			
Current assets			
Cash		30,135	19,341
Available-for-sale investments	4	39,567	57,841
Amounts receivable	5	64,675	58,171
Prepaid expenses		12,790	11,223
		<u>147,167</u>	<u>146,576</u>
Non-current assets			
Reclamation deposits		60,724	60,724
Equipment	6	22,791	26,530
Exploration and evaluation assets	7	5,495,207	5,621,180
		<u>5,578,722</u>	<u>5,708,434</u>
Total assets		<u>5,725,889</u>	<u>5,855,010</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		81,009	41,158
Due to related parties	8	53,760	5,197
		<u>134,769</u>	<u>46,355</u>
Equity			
Share capital	9	21,057,337	21,057,337
Share purchase warrants		250,000	250,000
Contributed surplus		5,452,007	5,452,007
Accumulated other comprehensive loss		(40,292)	(22,499)
Deficit		(21,127,932)	(20,928,190)
		<u>5,591,120</u>	<u>5,808,655</u>
Total liabilities and equity		<u>5,725,889</u>	<u>5,855,010</u>

Nature of operations and going concern – Note 1
Commitments – Notes 7, 9 and 12

Approved on behalf of the Board of Directors on August 19 , 2014:

“Arni Johannson”

Director

“William Filtmess, CA”

Director

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

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

	Notes	For the three months ended		For the six months ended	
		June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
		\$	\$	\$	\$
Operating Expenses					
Amortization	6	1,799	2,437	3,739	5,065
Finance fees and bank charges		32	459	254	635
Consulting fees		4,189	5,875	9,592	8,654
Director fees		-	-	-	3,000
Filing and transfer agent fees		18,392	8,190	21,573	21,937
General exploration		-	2,822	-	2,822
Office, rent and administration		1,661	6,361	9,066	51,807
Professional fees	8	20,348	24,385	50,715	47,155
Salaries and benefits	8	40,979	46,447	76,570	116,966
Travel, advertising and promotion		890	1,896	28,543	18,958
Total administrative expenses		(88,290)	(98,872)	(200,052)	(276,999)
Other income (expense)					
Finance income		-	618	264	1,202
Reversal (impairment) of available-for-sale investments	4	14,249	(26,130)	245	(116,501)
Loss on sale of investments	4	-	-	(199)	-
Net loss for the period		(74,041)	(124,384)	(199,742)	(392,298)
Other comprehensive loss					
Fair value loss on available-for-sale investments	4	(11,680)	-	(17,793)	-
Total comprehensive loss for the period		(85,721)	(124,384)	(217,535)	(392,298)
Basic and diluted loss per share		(0.01)	(0.02)	(0.03)	(0.06)
Weighted average number of shares outstanding		7,036,921	7,036,921	7,036,921	6,760,714

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

Lions Gate Metals Inc.
(An Exploration Stage Company)
Condensed Interim Statements of Changes in Equity
(Unaudited - Expressed in Canadian Dollars)

	Number of shares	Share capital \$	Share purchase warrants \$	Contributed surplus \$	Accumulated other comprehensive loss \$	Deficit \$	Total \$
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 period	-	-	-	-	-	(392,298)	(392,298)
Expiry of warrants	-	-	(1,507,765)	1,507,765	-	-	-
Shares issued for acquisition of mineral property	2,500,000	125,000	-	-	-	-	125,000
Balance at June 30, 2013	28,147,826	21,057,337	356,207	5,345,800	-	(20,625,777)	6,133,567
Loss for the period	-	-	-	-	(22,499)	(302,413)	(324,912)
Expiry of warrants	-	-	(106,207)	106,207	-	-	-
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
Loss for the period	-	-	-	-	(17,793)	(199,742)	(217,535)
Balance at June 30, 2014	7,036,921	21,057,337	250,000	5,452,007	(40,292)	(21,127,932)	5,591,120

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

Lions Gate Metals Inc.
(An Exploration Stage Company)
Condensed Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

	For the six months ended,	
	June 30,	June 30,
	2014	2013
	\$	\$
Cash flows (used in) provided by:		
Operating activities		
Net loss for the period	(199,742)	(392,298)
Items not affecting cash		
Amortization	3,739	5,065
Impairment (reversal) of available-for-sale investments	(245)	116,501
Loss on sale of available-for-sale investments	199	-
Changes in non-cash operating working capital:		
Amounts receivable	(6,504)	(15,308)
Prepaid expenses	(1,567)	51,506
Accounts payable and accrued liabilities	39,851	(96,794)
Due to related parties	48,563	4,430
Net cash used in operating activities	(115,706)	(326,898)
Investing activities		
Exploration and evaluation assets	(4,027)	(134,587)
Proceeds from sale of marketable securities	13,125	-
Purchase of marketable securities	(12,598)	-
Cash deposit received on option of mineral property	130,000	-
Deposit on mineral exploration	-	(189,000)
Net cash from (used in) investing activities	126,500	(323,587)
Increase (decrease) in cash	10,794	(650,485)
Cash at beginning of period	19,341	1,004,834
Cash at end of period	30,135	354,349
Non-cash items excluded from investing and financing activities:		
Share-based payment on acquisition of mineral property	-	125,000

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

Lions Gate Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Interim Financial Statements
For the three and six months ended June 30, 2014
(Unaudited - Expressed in Canadian dollars)

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 currently in the exploration stage with mineral properties in Canada. On June 20, 2014 the Company delisted from the TSX Venture Exchange (“TSX-V”) and commenced trading on the Canadian Securities Exchange (“CSE”) on June 23, 2014 under the symbol “LGM”. 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 condensed interim 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 six months ended June 30, 2014 the Company incurred a comprehensive loss of \$217,535 (June 30, 2013: \$392,298) and as of that date the Company’s deficit was \$21,127,932 (December 31, 2013: \$20,928,190). As at June 30, 2014 the Company had working capital of \$12,398, 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 condensed interim 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.

2. Basis of Presentation and Critical Accounting Estimates

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The audited annual consolidated financial statements for the year ended December 31, 2013 included the accounts of the Company, and its inactive wholly-owned subsidiary, Northern Canadian Metals Inc. The condensed interim financial statements of the Company for the six months ended June 30, 2014 are presented on a non-consolidated basis due to dissolution of this subsidiary and have been prepared using the same accounting policies as detailed in the Company’s audited consolidated financial statements for the year ended December 31, 2013. They do not include all the information required for complete annual financial statements 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”) and therefore should be read together with the audited annual consolidated financial statements for the year ended December 31, 2013.

Lions Gate Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Interim Financial Statements
For the three and six months ended June 30, 2014
(Unaudited - Expressed in Canadian dollars)

These condensed interim financial statements were approved by the Company's Board of Directors for issue on August 19, 2014 and are presented in Canadian dollars unless otherwise noted.

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.

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 7). 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.

3. Changes in Accounting Policies and Accounting Standards Issued but Not Yet Effective

The following revised standard is effective for annual periods beginning on or after January 1, 2018 with earlier application permitted. The Company has not completed its assessment of the impact that the new and amended standard will have on its financial statements.

Lions Gate Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Interim Financial Statements
For the three and six months ended June 30, 2014
(Unaudited - Expressed in Canadian dollars)

IFRS 9 - Financial instruments

The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 which is intended to reduce the complexity in the classification and measurement of financial instruments.

The Company has not early adopted any amendment, standard or interpretation that has been issued but is not yet effective.

4. 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 years ended December 31, 2012 and 2013, 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 reversal of \$245 of impairment has been recognized for the six months ended June 30, 2014. In addition, during the year ended December 31, 2013 \$22,499 was recognized as a fair value loss in other comprehensive income and a further \$17,793 has been similarly recorded for the six months ended June 30, 2014.

	June 30, 2014		December 31, 2013	
Quoted equity shares	# of shares	Cost and Fair Value \$ ¹	# of shares	Cost and Fair Value \$ ¹
Copper One Inc.	20,000	1,100	20,000	1,000
Coventry Resources Inc.	17,600	88	17,600	1,056
Catalyst Copper Corp. ²	5,566	612	16,700	835
Chalice Gold Mines Ltd. ³	8,895	1,290	-	-
Wolf Resource Development Corp.	104,166	22,917	104,166	18,750
Touchstone Gold Ltd.	400,000	1,880	400,000	6,000
Archer Petroleum Corp. ⁴	146,000	11,680	151,000	30,200
		39,567		57,841

¹ Cost includes original cost less any impairment.

² During the six months ended June 30, 2014 Catalyst Copper Corp. completed a 3:1 share consolidation.

³ During the six months ended June 30, 2014, Chalice Gold Mines Ltd. (“Chalice”) acquired a 100% interest in a property held by Coventry Resources Inc. (“Coventry”) in exchange for 46,000,000 common shares of Chalice. These shares were distributed directly to Coventry shareholders on a pro

Lions Gate Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Interim Financial Statements
For the three and six months ended June 30, 2014
(Unaudited - Expressed in Canadian dollars)

rata basis. The shares were initially fair valued at \$1,421 being the quoted market price at the date of acquisition.

⁴ During the six months ended June 30, 2014 the Company purchased an additional 61,000 shares of Archer Petroleum Corp. for cash of \$12,597 and sold 66,000 shares for cash proceeds of \$13,125. The Company recorded a loss on the sale of shares in the amount of \$199.

In addition during the year ended December 31, 2013, pursuant to the Whitford Lake Option Assignment Agreement (Note 7), 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 June 30, 2014.

5. Amounts Receivable

Amounts receivable consists of:

	June 30, 2014	December 31, 2013
	\$	\$
GST Recoverable	4,672	5,689
Other Receivables ¹	45,003	37,482
Due from CanU	15,000	15,000
Total	64,675	58,171

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

6. Equipment

	Computer Equipment
	\$
Cost at December 31, 2013 and June 30, 2014	56,594
Accumulated Amortization:	
At December 31, 2013	30,064
Amortization charge	3,739
At June 30, 2014	33,803
Carrying cost:	
At December 31, 2013	26,530
At June 30, 2014	22,791

Lions Gate Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Interim Financial Statements
For the three and six months ended June 30, 2014
(Unaudited - Expressed in Canadian dollars)

7. Exploration and Evaluation Assets

Balance at June 30, 2014				
	Province of British Columbia		Province of Saskatchewan	Total
	Poplar	Copperline	Whitford Lake	
	\$	\$	\$	\$
Deferred Acquisition Costs				
Balance at December 31, 2013	1,286,745	1	340,000	1,626,746
Cash received	-	-	(130,000)	(130,000)
Paid in cash	53	-	-	53
Balance at June 30, 2014	1,286,798	1	210,000	1,496,799
Deferred Exploration				
Balance at December 31, 2013	3,899,434	-	95,000	3,994,434
Storage	3,974	-	-	3,974
Total at June 30, 2014	5,190,206	1	305,000	5,495,207
Balance at December 31, 2013				
	Province of British Columbia		Province of Saskatchewan	Total
	Poplar	Copperline	Whitford Lake	
	\$	\$	\$	\$
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

Lions Gate Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Interim Financial Statements
For the three and six months ended June 30, 2014
(Unaudited - Expressed in Canadian dollars)

Poplar mineral property

In prior years, the Company entered into various option agreements to acquire a 100% interest in certain mineral claims, known as the Poplar mineral property interest ("Poplar 1, 2 and 3"), situated in the Omineca Mining District of B.C. The Company has met all required cash payments and share issuances related to these option agreements, and has staked additional adjacent hectares ("Poplar 4").

The Poplar 2 and 3 properties are subject to a 1% NSR which can be purchased by the Company for \$1,000,000 and \$100,000 respectively less any NSR amounts previously paid. All mineral claims are current and in good standing.

The Company is currently reviewing its options in order to further advance the Poplar project.

Copperline mineral property

On July 17, 2010 the Company acquired a 60% interest in the Copperline mineral property in British Columbia in exchange for the issue of common shares and undertaking 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.

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 September 2013, the Company entered into a Whitford Lake Option Assignment Agreement with CanU, which was later amended on December 1, 2013 and August 18, 2014, whereby it would transfer all of its interest in the Whitford Lake Option Agreement to CanU.

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.

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 following share issuances and cash payments are currently required pursuant to the terms of the Option Agreement and Option Assignment Agreement.

Lions Gate Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Interim Financial Statements
For the three and six months ended June 30, 2014
(Unaudited - Expressed in Canadian dollars)

Payable or issuable to:	Payable or issuable by Lions Gate Metals Inc.	Payable or issuable by Can U
St. Jacques Mineral Corp.	Issuance of 625,000 common shares (issued).	N/A
St. Jacques Mineral Corp.	\$300,000 in non-refundable cash payments (paid)	\$100,000 in non-refundable cash payments (paid)
Lions Gate Metals Inc.	N/A	Issuance of 4,500,000 CanU common shares (issued) - Note 4
Lions Gate Metals Inc.	N/A	\$60,000 in non-refundable cash payments (paid)
Lions Gate Metals Inc.	N/A	\$200,000 within 2 days following CanU completing any equity offering generating gross proceeds in excess of \$600,000 (\$155,000 paid at June 30, 2014)
Lions Gate Metals Inc.	N/A	\$100,000 due by December 31, 2014 and \$160,000 due thirteen months following CanU completing the listing of its shares on a recognized stock exchange.
St. Jacques Mineral Corp.	Obligation transferred to CanU	\$750,000 in non-refundable cash payments due by February 18, 2017
St. Jacques Mineral Corp.	Obligation transferred to CanU	\$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.

During the six months ended June 30, 2014 the President and CEO of the Company became a director of CanU.

Lions Gate Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Interim Financial Statements
For the three and six months ended June 30, 2014
(Unaudited - Expressed in Canadian dollars)

8. Related Party Transactions

Related party transactions for the three and six months ended June 30, 2014 and 2013 are as follows:

	Three months ended		Six months ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Professional fees – accounting fees	13,534	10,295	25,926	16,030
Director fees	-	-	-	3,000
Salaries - Management fees	40,557	28,500	73,557	73,500
Total	54,091	38,795	99,483	92,530

Key management of the Company includes the President, CFO and the Directors. For the six months ended June 30, 2014, compensation in respect of services provided by key management consists of \$50,207 (June 30, 2013: \$52,500) in management and employment termination fees paid to the President and \$11,900 (June 30, 2013: \$8,900) in professional fees paid for CFO services to Malaspina Consultants Inc., a Company in which the CFO is an associate.

Also included in related party transactions during the six months ended June 30, 2014 are salaries and employment termination fees of \$23,350 (June 30, 2013: \$21,000) paid to the Exploration Manager (formerly VP Exploration) and accounting fees of \$14,026 (June 30, 2013: \$7,130) paid to Malaspina Consultants Inc.

On June 30, 2014 employment agreements between the Company and both its President and Exploration Manager were terminated. Both individuals will continue to act in their previous capacities and provide services to the Company as consultants on an as required basis.

The amounts due to related parties are non-interest bearing and payable on demand and are comprised of \$3,000 (December 31, 2013: \$3,000) for director fees payable to former directors, \$27,707 (December 31, 2013: \$nil) for salaries payable to the President and \$23,053 (December 31, 2013: \$2,197) for professional fees payable to Malaspina Consultants Inc.

9. 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, 2013: 7,036,921) common shares

A total of 125,000 common shares are subject to escrow provisions until September 22, 2014.

Lions Gate Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Interim Financial Statements
For the three and six months ended June 30, 2014
(Unaudited - Expressed in Canadian dollars)

(a) Share Purchase Warrants

The following is a summary of changes in warrants:

	Number of Warrants	Weighted Average Exercise Price \$
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 December 31, 2013 and June 30, 2014	39,063	4.00

As at June 30, 2014 the Company had outstanding warrants as follows:

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

(b) 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 CSE, at terms of up to ten years. The majority of stock options vest immediately on the date of grant unless otherwise required by the CSE 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, 2012	1,611,000	0.83	
Cancelled	(821,000)	0.82	
Options exchanged on a 4:1 basis	(592,500)	0.84	
Balance, December 31, 2013	197,500	3.34	
Cancelled	(50,000)	4.40	
Expired	(6,250)	2.88	
Balance, June 30, 2014	141,250	3.20	1.70 years

Details of stock options outstanding and exercisable as at June 30, 2014 are as follows:

Lions Gate Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Interim Financial Statements
For the three and six months ended June 30, 2014
(Unaudited - Expressed in Canadian dollars)

Number of Options	Exercise Price \$	Expiry Date	Vesting Provisions
6,250	4.28	September 18, 2014	Vested
12,500	4.40	January 15, 2015	Vested
84,750	3.20	January 3, 2016	Vested
37,750	2.64	April 4, 2017	Vested
141,250			

10. Financial Instruments and Risk Management

a) Fair value of financial instruments

At June 30, 2014 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.

Lions Gate Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Interim Financial Statements
For the three and six months ended June 30, 2014
(Unaudited - Expressed in Canadian dollars)

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 June 30, 2014 the Company had sufficient cash, amounts receivable and available-for-sale investments of \$134,377 to settle current liabilities excluding amounts payable to related parties of \$81,009 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.

11. Segmented Reporting

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

12. 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 \$3,000 for the remainder of fiscal 2014 and \$3,000 in fiscal 2015.

13. Comparative Amounts

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