Lions Gate Metals Inc.
(An Exploration Stage Company)

Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2014

(Unaudited – Expressed in Canadian Dollars)

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), 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 of the Company 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 financial statements in accordance with 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 Consolidated Statements of Financial Position
(Unaudited, expressed in Canadian dollars)
As at

	Note	September 30, 2014	December 31 2013
		$	**$**
Assets			
Current			
Cash		**21,058**	19,341
Available-for-sale investments	**4**	**25,230**	57,841
Receivables	**5**	**61,336**	58,171
Prepaid expenses		**8,066**	11,223
		115,690	46,576
Equipment		**21,124**	26,530
Reclamation deposit	**6**	**60,724**	60,724
Mineral property interests	**7**	**5,596,857**	5,621,180
		5,794,395	5,855,010
Liabilities			
Current			
Accounts payable and accrued liabilities		**91,346**	41,158
Due to related parties	**9**	**61,909**	5,197
		153,255	46,355
Equity			
Share capital	**8**	**21,057,337**	21,057,337
Share purchase warrants		**250,000**	250,000
Contributed surplus		**5,452,007**	5,452,007
Accumulated other comprehensive income (AOCI)		**(46,132)**	(22,499)
Deficit		**(21,072,072)**	(20,928,190)
		5,641,140	5,808,655
		5,794,395	5,855,010

Nature of operations and going concern (Note 1)
Contingencies (Note 10)

On behalf of the Board:

"Peter Born" Director *"William Filtness"* Director

LIONS GATE METALS INC.
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Income (loss) and Comprehensive Income (loss)
(Unaudited, expressed in Canadian dollars)
For the three and nine months ended September 30

	Note	Three months ended September 30 2014	Three months ended September 30 2013	Nine months ended September 30 2014	Nine months ended September 30 2013
		$	$		
Amortization	6	**1,667**	2,259	**5,406**	7,324
Finance fees and bank charges		**132**	334	**386**	969
Consulting fees		**4,500**	4,500	**14,092**	13,154
Director fees		**-**	-	**-**	3,000
Filing and transfer agent fees		**4,835**	5,402	**26,408**	27,339
General exploration		**-**	-	**-**	2,822
Office, rent and administration		**4,539**	12,392	**13,605**	64,199
Professional fees	9	**18,529**	21,701	**69,244**	68,856
Salaries and benefits	9	**-**	32,170	**76,570**	149,136
Travel, advertising and promotion		**1,466**	2,672	**30,009**	21,630
Loss before following items		**(35,668)**	(81,430)	**(235,720)**	(358,429)
Finance income		**24**	874	**288**	2,076
Impairment of available-for-sale investments	4	**(8,496)**	(10,172)	**(8,251)**	(126,673)
Realized gain on sale of available-for-sale investment	4	**100,000**	-	**99,801**	-
Net earnings (loss) for the period		**55,860**	(90,728)	**(143,882)**	(483,026)
Other comprehensive income (loss)					
Items that may be subsequently classified to net loss					
Fair value adjustment on available-for-sale investments	4	**94,160**	**-**	**76,367**	-
Transfer of realized gain available-for-sale investment	4	**(100,000)**	**-**	**(100,000)**	-
		(5,840)	-	**(23,633)**	-
Total comprehensive income (loss) for the period		**50,020**	(90,728)	**(167,515)**	(483,026)
Net earnings (loss) per share					
Basic and diluted		**0.01**	(0.01)	**(0.02)**	(0.07)
Weighted average number of common shares outstanding					
Basic and diluted		**7,036,921**	7,036,957	**7,036,921**	6,853,806

LIONS GATE METALS INC.
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Equity
(Unaudited, expressed in Canadian dollars)

	Common Shares	Share Capital	Share purchase warrants	Contributed surplus	AOCI	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	-	-	-	-	-	(483,026)	(483,026)
Expiry of warrants	-	-	(1,507,765)	1,507,765	-	-	-
Shares issued for mineral property interest	2,500,000	125,000	-	-	-	-	125,000
Balance at September 30, 2013	**28,147,826**	**21,057,337**	**356,207**	**5,345,800**	**-**	**(20,716,505)**	**6,042,839**
Loss for the period	-	-	-	-	(22,499)	(211,685)	(234,184)
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	-	-	-	-	(23,633)	(143,882)	(167,515)
Balance at September 30, 2014	**7,036,921**	**21,057,337**	**250,000**	**5,452,007**	**(46,132)**	**(21,072,072)**	**5,641,140**

LIONS GATE METALS INC.
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited, expressed in Canadian dollars)
For the nine months ended September 30,

	2014	**2013**
	$	**$**
Cash flows from operating activities		
Net loss for the period	**(143,882)**	(483,026)
Adjustments for:		
Amortization	**5,406**	7,324
Impairment of available-for-sale investments	**8,253**	126,673
Gain on sale of available-for-sale investments	**(99,801)**	-
Changes in non-cash working capital items:		
Receivables	**(3,165)**	5,025
Prepaid expenses and advances	**3,157**	41,757
Accounts payable and accrued liabilities	**50,186**	(95,249)
Due to related parties	**56,712**	3,186
Net cash used in operating activities	**(123,134)**	(394,310)
Cash flows from investing activities		
Mineral property interests	**(5,677)**	(548,608)
Option payment received on mineral property interests	**130,000**	-
Purchase of available-for-sale investments	**(12,597)**	-
Proceeds from sale of available-for-sale investments	**13,125**	-
Reclamation deposit	**-**	28,250
Net cash received from (used in) investing activities	**124,851**	(520,358)
Change in cash for the period	**1,717**	(914,668)
Cash, beginning of period	**19,341**	1,004,834
Cash, end of period	**21,058**	90,166
Non-cash items excluded from investing activities		
Shares issued for mineral property interests	-	125,000

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 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 nine months ended September 30, 2014 the Company incurred a comprehensive loss of $167,515 (September 30, 2013: $483,026) and as of that date the Company's deficit was $21,072,072 (December 31, 2013: $20,928,190). As at September 30, 2014 the Company had a working capital deficit of $37,565, 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 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.

2. Basis of presentation and critical accounting estimates

These condensed interim consolidated 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 consolidated financial statements of the Company for the nine months ended September 30, 2014 include the accounts of the Company and its wholly-owned subsidiary Canadian Copper and Gold Corp. Northern Canadian Metals Inc. was dissolved during the period. These condensed interim consolidated financial statements 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.

These condensed interim consolidated financial statements were approved by the Company's Board of Directors for issue on November 28, 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. There have been no material revisions to the nature of judgments and amount of changes in estimates of amounts reported in the Company's December 31, 2013 annual consolidated financial statements.

(Unaudited - expressed in Canadian dollars)

3. Accounting standards issued but not yet effective

The following revised standards and amendments are not yet effective. The following is a brief summary of the principal new standards:

IFRS 9 – Financial Instruments
The IASB has undertaken a three-phase project to replace IAS 39, *Financial Instruments: Recognition and Measurement*, with *IFRS 9, Financial Instruments*. In November 2009, the IASB issued the first phase of IFRS 9, which details the classification and measurement requirements for financial assets. Requirements for financial liabilities were added to the standard in October 2010. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. In November 2013, the IASB issued the third phase of IFRS 9, which details the new general hedge accounting model. Hedge accounting remains optional and the new model is intended to allow companies to better reflect risk management activities in the financial statements and provide more opportunities to apply hedge accounting. In November 2013, the IASB removed the January 1, 2015 effective date of IFRS 9. The new mandatory effective date will be determined once the classification and measurement and impairment phases of IFRS 9 are finalized; however, in its February 2014 meeting, the IASB tentatively decided that IFRS 9 would be mandatorily effective for annual periods beginning on or after January 1, 2018. The full impact of the standard on the Company's financial statements will not be known until the project is complete.

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.

	September 30, 2014		December 31, 2013	
Equity shares	**Shares**	**Fair value[1]**	**Shares**	**Fair value[1]**
	#	$	#	$
Permanently impaired				
Copper One Inc.	20,000	900	20,000	1,000
Coventry Resources Inc.	17,600	88	17,600	1,056
Catalyst Copper Corp. [2]	5,566	3,007	16,700	835
Chalice Gold Mines Ltd.[3]	8,895	978	-	-
Wolf Resource Development Corp.	104,166	10,417	104,166	18,750
Touchstone Gold Ltd.	400,000	4,000	400,000	6,000
		19,390		27,641
Archer Petroleum Corp. [4]	146,000	5,840	151,000	30,200
		25,230		57,841

[1] Fair value includes original cost less any impairment.
[2] During the nine months ended September 30, 2014 Catalyst Copper Corp. completed a 3:1 share consolidation.
[3] During the nine months ended September 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 rata basis. The shares were initially fair valued at $1,421 being the quoted market price at the date of acquisition.
[4] During the nine months ended September 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 prior years, the Company noted a significant or prolonged decline in the fair value of certain investments below cost. As a result of this objective evidence of impairment, the cumulative loss for the equity shares was removed from other comprehensive income and recognized as an impairment loss through net loss. Any further decline in fair value of the same equity shares will continue to be recognized as an impairment loss through net loss. An impairment charge of $8,252 has been recognized for the nine months ended September 30, 2014.

(Unaudited - expressed in Canadian dollars)

During the nine months ended September 30, 2014 a total of $23,633 has been recognized as a fair value loss in other comprehensive income for the investment that was not impaired in prior years.

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 Canadian Uranium Corp. ("CanU"). A $nil value was attributed to these shares on acquisition as they were shares held in a private company which was not actively trading. During the nine months ended September 30, 2014 the Company entered into the Howard Lake Option Agreement (Note 7) and the CanU shares were attributed a fair value of $100,000 and then sold in exchange for the mineral property interests in accordance with the Howard Lake Option Agreement. A fair value gain of $100,000 was realized through net loss.

5. Amounts receivable

	September 30 2014	**December 31 2013**
	$	**$**
GST Recoverable	2,144	5,689
Sub-lease of office premises receivable	44,192	37,482
Due from CanU	15,000	15,000
	61,336	58,171

6. Equipment

	Computer Equipment
	$
Cost	
Balance, December 31, 2013 and September 30, 2014	56,594
Accumulated depletion and depreciation	
Balance, December 31, 2013	30,064
Amortization	5,406
Balance, September 30, 2014	35,470
Net book value	
September 30, 2014	21,124
December 31, 2013	26,530

(Unaudited - expressed in Canadian dollars)

7. Mineral property interests

	Province of BC		Province of Saskatchewan		
			Whitford	Howard	
	Poplar	Copperline	Lake	Lake	Total
	$	$	$	$	$
Balance, December 31, 2013	**5,186,179**	**1**	**435,000**	**-**	**5,621,180**
Acquisition costs					
Paid in cash	53	-	-	-	53
Cash received	-	-	(130,000)	-	(130,000)
Paid in available-for-sale investments	-	-		100,000	100,000
	53	-	(130,000)	100,000	(29,947)
Deferred exploration expenditures					
Storage	5,624	-	-	-	5,624
Balance, September 30, 2014	**5,191,856**	**1**	**305,000**	**100,000**	**5,596,857**

	Province of BC		Province of Saskatchewan		
			Whitford	Howard	
	Poplar	Copperline	Lake	Lake	Total
	$	$	$	$	$
Balance, December 31, 2012	**5,144,367**	**1**	**-**	**-**	**5,144,368**
Acquisition costs					
Paid by issue of shares	-	-	125,000	-	125,000
Paid in cash	-	-	300,000	-	300,000
Paid in lieu by work commitment	25,053	-	-	-	25,053
Cash received	-	-	(85,000)	-	(85,000)
	25,053	-	340,000	-	365,053
Deferred exploration expenditures					
Consulting	6,861	-	-	-	6,861
Field expenditures	-	-	25,000	-	25,000
Geophysical	9,526	-	189,000	-	198,526
Miscellaneous	412	-	-	-	412
	16,759	-	214,000	-	230,759
Write down of mineral property	-	-	(119,000)	-	(119,000)
Balance, December 31, 2013	**5,186,179**	**1**	**435,000**	**-**	**5,621,180**

(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 have 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:

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 September 30, 2014)
Lions Gate Metals Inc.	N/A	$100,000 due by December 31, 2014 and $160,000 due November 1, 2015,

(Unaudited - expressed in Canadian dollars)

		being thirteen months from the date that CanU was acquired by Uranium Standard Resources Ltd., a Canadian public company.
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 nine months ended September 30, 2014 the President and CEO of the Company became a director of CanU.

Howard Lake mineral property
Pursuant to the terms of an Option Agreement dated September 18, 2014 with St. Jacques Mineral Corp. and Urania Resource Corp. (the "Vendors"), the Company can earn a 100% interest in the Howard Lake Project located on the northeast shore of Howard Lake in Saskatchewan. The property is subject to a 1% Gross Overriding Royalty ("GORR") that has been granted to the vendors relating to the claims held by each of them. The Company may purchase half of the GORR (0.5%) from each vendor for $1,000,000.

As per the terms of the Option Agreement, the Company must complete the following requirements:

- Transfer the 4,500,000 common shares of CanU shares to the Vendors. (completed – a value of $100,000 was attributed to the shares. Refer to Note 4)
- Complete no less than $500,000 in qualifying exploration expenditures on the Property within 24 months of signing the agreement.
- Make cash payments of $500,000 to the Vendors on or before the date which is 24 months following the date of signing the agreement.
- Within 5 years of the signing of this Agreement, define a NI143-101 compliant resource of no less than 10,000,000 lbs copper and 25,000,000 lbs nickel on the claims.

8. 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.

a) Authorized

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 were subject to escrow provisions until September 22, 2014.

(Unaudited - expressed in Canadian dollars)

b) Share purchase warrants

The balance of warrants outstanding and exercisable for the nine months ended September 30, 2014 is as follows:

	Number of warrants	Weighted average exercise price	Weighted average remaining life (years)
Balance, December 31, 2012	5,500,750	$1.19	1.19
Expired	(5,344,500)	$1.19	
Warrants exchanged on a 4:1 basis	(117,187)	$1.00	
Balance, December 31, 2013 and September 30, 2014	39,063	$4.00	0.78

At September 30, 2014 the Company had 39,063 outstanding warrants allowing the holders to acquire 39,063 common shares at an exercise price of $4.00 with an expiry date of 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 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 balance of options outstanding and exercisable for the nine months ended September 30, 2014 is as follows:

	Number of options	Weighted average exercise price	Weighted average remaining life (years)
Balance, December 31, 2012	1,611,000	$0.83	3.2
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
Cancelled	(50,000)	$4.40	
Expired	(12,500)	$2.88	
Balance, September 30, 2014	135,000	$3.15	1.52

(Unaudited - expressed in Canadian dollars)

At September 30, 2014 the Company had outstanding, fully vested stock options, enabling the holders to acquire common shares as follows:

Expiry date	Exercise price	Weighted average remaining life (years)	Number of options outstanding
January 15, 2015	$4.40	0.30	12,500
January 3, 2016	$3.20	1.26	84,750
April 4, 2017	$2.64	2.52	37,750
			135,000

9. Related party transactions

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

	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
	$	$	$	$
Professional fees – accounting fees	9,448	8,372	35,373	24,402
Director fees	-	-	-	3,000
Salaries - Management fees	-	33,000	73,557	106,500
	9,448	41,372	108,930	133,902

Key management of the Company includes the President, CFO and the Directors. For the nine months ended September 30, 2014, compensation in respect of services provided by key management consists of $50,207 (September 30, 2013: $75,000) in management and employment termination fees paid to the President and $14,050 (September 30, 2013: $11,700) in professional fees paid for CFO services to Malaspina Consultants Inc., a Company in which the former CFO was an associate.

Also included in related party transactions during the nine months ended September 30, 2014 are salaries and employment termination fees of $23,350 (September 30, 2013: $31,500) paid to the Exploration Manager (formerly VP Exploration) and accounting fees of $21,323 (September 30, 2013: $12,702) 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 $31,202 (December 31, 2013: $2,197) for professional fees payable to Malaspina Consultants Inc.

10. Financial instruments and risk management

a) Fair value of financial instruments

At September 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.

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 September 30, 2014 the Company had sufficient cash, amounts receivable and available-for-sale investments of $107,623 to settle current liabilities excluding amounts payable to related parties of $91,346 which primarily consisted of short term accounts payable.

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 $1,500 for the remainder of fiscal 2014 and $3,000 in fiscal 2015.