**Acme Resources Inc.**

**Condensed Interim Financial Statements**

**Three Months Ended September 30, 2013**

**(Unaudited – Prepared by Management)**

**(Expressed in Canadian Dollars)**

## NOTICE TO READER

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 condensed financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these 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.

Acme Resources Inc.

Statements of Financial Position

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

| | Notes | September 30, 2013 | June 30, 2013 (Audited) |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash | | $ 74,575 | $ 56,153 |
| Marketable securities | 4 | 1,099 | 314 |
| Receivables | 5 | 4,574 | 647 |
| Prepaid expenses and deposits | 14 | 12,108 | 6,360 |
| Deferred financing costs | 10,14 | 22,721 | 6,360 |
| | | 115,077 | 63,474 |
| **Non-current assets** | | | |
| Equipment | 6 | 2,282 | 11,350 |
| Investment in Golden Harp | 7 | - | - |
| Exploration and evaluation assets | 8 | 418,139 | 350,000 |
| | | 420,421 | 361,350 |
| **TOTAL ASSETS** | | **$ 535,498** | **$ 424,824** |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade payables and accrued liabilities | 9,14 | $ 18,098 | $ 10,881 |
| Promissory note | 10,14 | 100,000 | - |
| **TOTAL LIABILITIES** | | **118,098** | **10,881** |
| **SHAREHOLDERS' EQUITY** | | | |
| Share capital | 12 | 17,161,236 | 17,134,569 |
| Reserves | 13 | 919,045 | 944,074 |
| Deficit | | (17,662,881) | (17,664,700) |
| **TOTAL EQUITY** | | **417,400** | **413,943** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **$ 535,498** | **$ 424,824** |

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)

COMMITMENTS (Note 16)

Approved on Behalf of the Board:

**/s/ "Seamus Young"** — Seamus Young, Director

**/s/ "Shaun Maskerine"** — Shaun Maskerine, Director

Acme Resources Inc.
Statements of Comprehensive Loss
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

| | | Three months ended | |
|---|---|---|---|
| | Notes | September 30, 2013 | September 30, 2012 |
| **Expenses** | | | |
| Amortization | 6 | $ 135 | $ 734 |
| Consulting fees | 14 | 4,400 | 625 |
| Financing costs | 10,14 | 3,945 | - |
| Interest | 10,14 | 1,507 | - |
| Office and miscellaneous | | 10,283 | 9,720 |
| Professional fees | | 2,500 | 3,500 |
| Salaries | | - | 5,355 |
| Transfer agent and filing fees | | 3,791 | 624 |
| **Loss before other items** | | (26,562) | (20,558) |
| **Other items** | | | |
| Gain on disposal of equipment | | 2,567 | - |
| Loss from equity investment | 7,14 | (531) | (21,019) |
| | | 2,036 | (21,019) |
| **Net loss** | | **(24,526)** | **(41,577)** |
| **Other comprehensive income (loss)** | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| Unrealized gain (loss) on short-term investments | | 785 | (39) |
| Proportionate share of Golden Harp's unrealized gain on available for sale marketable securities | | 918 | 16,161 |
| Proportionate share of Golden Harp's reclassification adjustment for losses (gains) included in net loss upon sale of marketable securities | | (387) | 7,680 |
| **Total other comprehensive income (loss)** | | 1,316 | 23,802 |
| **Total comprehensive loss** | | **$ (23,210)** | **$ (17,775)** |
| **Loss per share – basic and diluted** | | **$ (0.002)** | **$ (0.004)** |

Acme Resources Inc.
Statements of Changes in Equity
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

| | Notes | Share capital: Number of shares | Share capital: Amount | Reserves: Stock option reserve | Reserves: Investment revaluation reserve | Deficit | Total |
|---|---|---|---|---|---|---|---|
| **Balance at June 30, 2012** | | **10,969,299** | **$ 17,134,569** | **$ 954,400** | **$ (142,074)** | **$ (16,215,677)** | **$ 1,731,218** |
| Net loss | | - | - | - | - | (41,577) | (41,577) |
| Unrealized loss on marketable securities | | - | - | - | (39) | - | (39) |
| Proportionate share of Golden Harp's unrealized loss on available for sale marketable securities | | - | - | - | 16,161 | - | 16,161 |
| Proportionate share of Golden Harp's reclassification adjustment for losses included in Golden Harp's net loss upon sale of marketable securities | | - | - | - | 7,680 | - | 7,680 |
| **Balance at September 30, 2012** | | **10,969,299** | **$ 17,134,569** | **$ 954,400** | **$ (118,272)** | **$ (16,257,254)** | **$ 1,713,443** |
| | | | | | | | |
| **Balance at June 30, 2013** | | **10,969,299** | **$ 17,134,569** | **$ 954,400** | **$ (10,326)** | **$ (17,664,700)** | **$ 413,943** |
| Net loss | | - | - | - | - | (20,580) | (20,580) |
| Shares issued for financing costs | 12 | 355,556 | 26,667 | - | - | - | 26,667 |
| Unrealized loss on marketable securities | | - | - | - | 785 | - | 785 |
| Proportionate share of Golden Harp's unrealized loss on available for sale marketable securities | | - | - | - | 918 | - | 918 |
| Proportionate share of Golden Harp's reclassification adjustment for losses included in Golden Harp's net loss upon sale of marketable securities | | - | - | - | (387) | - | (387) |
| Transfer of stock option reserve to deficit | 13 | - | - | (26,345) | - | 26,345 | - |
| **Balance at September 30, 2013** | | **11,324,855** | **$ 17,161,236** | **$ 928,055** | **$ (9,010)** | **$ (17,662,881)** | **$ 417,400** |

Acme Resources Inc.
Statements of Cash Flows
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

| | Three months ended | |
|---|---|---|
| | September 30, 2013 | September 30, 2012 |
| **Operating activities** | | |
| Net loss | $ (24,526) | $ (41,577) |
| Adjustments for: | | |
| Amortization | 135 | 734 |
| Financing costs | 3,946 | - |
| Gain on disposal of equipment | (2,567) | - |
| Loss from equity investment | 531 | 21,019 |
| | (22,481) | (19,824) |
| Changes in non-cash working capital items: | | |
| Receivables | (3,927) | (1,206) |
| Prepaid expenses and deposits | (5,748) | (749) |
| Trade payables and accrued liabilities | 7,217 | (3,561) |
| **Net cash flows used in operating activities** | (24,939) | (25,340) |
| **Investing activities** | | |
| Proceeds from disposal of equipment | 11,500 | - |
| Proceeds from recovery of exploration and evaluation assets | 10,559 | - |
| Expenditures on exploration and evaluation assets | (78,698) | - |
| **Net cash flows used in investing activities** | (56,639) | - |
| **Financing activities** | | |
| Proceeds from promissory note | 100,000 | - |
| **Net cash flows from investing activities** | 100,000 | - |
| Increase (decrease) in cash | 18,422 | (25,340) |
| Cash, beginning | 56,153 | 165,826 |
| **Cash, ending** | **$ 74,575** | **$ 140,486** |

**1. Nature and continuance of operations**

Acme Resources Inc. (the "Company") was incorporated on July 10, 1978, under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "ARI.V".

The head office, principal address and records office of the Company are located at 1050 West Pender Street, Suite 910, Vancouver, British Columbia, Canada, V6E 3S7. The Company's registered address is Robson Court, 840 Howe Street, Suite 1000, Vancouver, British Columbia, Canada, V6Z 2M1.

These unaudited condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at September 30, 2013 the Company had not advanced its mineral properties to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and companies controlled by directors and or private placement of common shares.

**2. Significant accounting policies and basis of preparation**

The condensed interim financial statements were authorized for issue on November 26, 2013 by the directors of the Company.

***Statement of compliance***

The unaudited condensed interim financial statements of the Company 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 condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34").

These interim unaudited condensed financial statements do not include all of the information required for full annual financial statements and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this interim unaudited condensed financial report be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2013. The effects of the adoption of new and amended IFRS pronouncements have been disclosed in Note 3 of these condensed interim financial statements.

The accounting policies and methods of application applied by the Company in these condensed interim financial statements are the same as those applied in the Company's most recent annual financial statements for the year ended June 30, 2013, except for those policies which have changed as a result of the adoption of new and amended IFRS pronouncements effective January 1, 2013.

***Basis of preparation***

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

**2. Significant accounting policies and basis of preparation (cont'd)**

***Basis of preparation (cont'd)***

These financial statements include an equity interest in Golden Harp Resources Inc. ("Golden Harp"), a company listed on the TSX-V. The Company's ownership interest in Golden Harp was 40.5% at September 30, 2013 (June 30, 2013 - 40.5%). The carrying value of the Company's investment in Golden Harp was reduced to zero as of June 30, 2013, primarily as a result of recording the Company's proportionate share of impairment charges and items impacting other comprehensive income.

The Company's ownership interest is accounted for using the equity method, however, the Company has suspended applying the equity method as the Company's share of cumulative losses equals its investment and the Company has no obligation or intention to fund such additional losses.

***Investments***

Investments in which the Company has a significant influence are accounted for by the equity method, whereby the Company records its proportionate share of the investee's income or loss. When the Company's equity investee issues its own shares to outside interests, a dilution gain or loss arises as a result of the difference between the Company's proportionate share of the proceeds and the carrying value of the underlying equity.

When the Company's share of cumulative losses equals its investment and the Company has no obligation or intention to fund such additional losses, the Company suspends applying the equity method. The Company will not be able to record any equity in income with respect to an entity until its share of future profits is sufficient to recover any cumulative losses that have not previously been recorded.

**3. Adoption of New and Amended IFRS Pronouncements**

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after January 1, 2013, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

***New accounting standards effective January 1, 2013***

<u>IFRS 10 Consolidated Financial Statements</u>

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation - Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

<u>Amendments to IAS 1 Presentation of Financial Statements</u>

The IASB has amended IAS 1 to require entities to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not items may be reclassified into profit or loss in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately.

These new and amended standards are effective for the Company beginning on July 1, 2013. There has been no material effect from the new standards on the Company's consolidated financial statements.

(Expressed in Canadian Dollars)

## 3. Adoption of New and Amended IFRS Pronouncements (cont'd)

***Accounting standards issued but not yet effective***

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after January 1, 2014 or later periods.

The following new standards, amendments and interpretations that have not been early adopted in these financial statements, are not expected to have a material effect on the Company's future results and financial position:

a) IFRS 9 Financial Instruments (New; to replace IAS 39 and IFRIC 9);
b) IAS 32 Financial Instruments (Amendments regarding offsetting financial assets and liabilities).

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

## 4. Marketable securities

Marketable securities consist of shares of unrelated listed companies.

## 5. Receivables

Receivables consist of GST recoverable.

## 6. Equipment

| | Computer equipment | Computer software | Field equipment | Office equipment | Total |
|---|---|---|---|---|---|
| **Cost:** | | | | | |
| At June 30, 2013 | $ 18,236 | $ 2,327 | $ 41,972 | $ 13,964 | $ 76,499 |
| Additions | - | - | - | - | - |
| Disposals | - | - | (41,972) | - | (41,972) |
| At September 30, 2013 | 18,236 | 2,327 | - | 13,964 | 34,527 |
| **Depreciation:** | | | | | |
| At June 30, 2013 | 17,717 | 2,321 | 33,039 | 12,072 | 65,149 |
| Charge for the period | 39 | 1 | - | 95 | 135 |
| Disposals | - | - | (33,039) | - | (33,039) |
| At September 30, 2013 | 17,756 | 2,322 | - | 12,167 | 32,245 |
| **Net book value:** | | | | | |
| At June 30, 2013 | 519 | 6 | 8,933 | 1,892 | 11,350 |
| At September 30, 2013 | $ 480 | $ 5 | $ - | $ 1,797 | $ 2,282 |

## 7. Investment in Golden Harp

At September 30, 2013 and June 30, 2013, the Company owned 10,000,000 shares of Golden Harp representing a 40.5% interest in Golden Harp. The Company, through its shareholding in Golden Harp, exercises significant influence over that company, and as a result, the investment in Golden Harp is accounted for using the equity, however, the Company has suspended applying the equity method as the Company's share of cumulative losses equals its investment and the Company has no obligation or intention to fund such additional losses.

(Expressed in Canadian Dollars)

**7. Investment in Golden Harp**

Details of the investment in Golden Harp for the three months ended September 30, 2013 and year ended June 30, 2013 are as follows:

| | September 30, 2013 | June 30, 2013 |
|---|---|---|
| Opening balance | $ - | $ 400,000 |
| Proportionate share of net loss | (531) | (532,611) |
| Proportionate share of gain on available for sale marketable securities, net of deferred income tax | 918 | (31,311) |
| Proportionate share of reclassification adjustment for losses included in net loss upon sale of marketable securities | (387) | 56,983 |
| Proportionate share of impairment of marketable securities | - | 106,939 |
| Write-down of investment | - | - |
| Closing balance | $ - | $ - |

Summarized financial information of Golden Harp for the three months ended September 30, 2013 and year ended June 30, 2013 is as follows:

| | September 30, 2013 | June 30, 2013 |
|---|---|---|
| Assets | $ 777,642 | $ 799,158 |
| Liabilities | $ 24,689 | $ 18,465 |
| Revenues | $ - | $ - |
| Net loss | $ 29,050 | $ 3,654,858 |

As at September 30, 2013, the Company's investment in Golden Harp had a quoted market value of $250,000 (June 30, 2013 – $250,000).

(Expressed in Canadian Dollars)

**8. Exploration and evaluation assets**

| | Balance September 30, 2013 | Q1 Expenditures (Recovery) | Balance June 30, 2013 | 2013 Expenditures (Impairment) | Balance June 30, 2012 |
|---|---|---|---|---|---|
| **Nor Property, Yukon** | | | | | |
| **Property acquisition costs** | $ 422,080 | $ - | $ 422,080 | $ - | $ 422,080 |
| Impairment | (122,675) | - | (122,675) | (122,675) | - |
| | 299,405 | - | 299,405 | (122,675) | 422,080 |
| **Exploration and evaluation costs** | | | | | |
| Accommodation and meals | 342,890 | - | 342,890 | - | 342,890 |
| Assay and soil sampling | 68,787 | - | 68,787 | - | 68,787 |
| Diamond drilling | 850,848 | - | 850,848 | - | 850,848 |
| Drafting | 15,234 | - | 15,234 | - | 15,234 |
| Fuel | 368,699 | (10,559) | 379,258 | - | 379,258 |
| Geologist | 526,111 | - | 526,111 | - | 526,111 |
| Geophysics | 281,283 | - | 281,283 | - | 281,283 |
| Helicopter | 1,516,526 | 56,869 | 1,459,657 | 2,161 | 1,457,496 |
| Housing | 28,900 | - | 28,900 | - | 28,900 |
| Licenses | 33,299 | - | 33,299 | - | 33,299 |
| Line cutting | 109,794 | - | 109,794 | - | 109,794 |
| Supervision | 94,305 | - | 94,305 | - | 94,305 |
| Supplies and miscellaneous | 147,813 | - | 147,813 | - | 147,813 |
| Support wages | 337,260 | - | 337,260 | - | 337,260 |
| Surveys | 86,568 | - | 86,568 | - | 86,568 |
| Travel and transport | 119,611 | 21,829 | 97,782 | - | 97,782 |
| Mineral exploration tax credits | (595,129) | - | (595,129) | - | (595,129) |
| Impairment | (4,264,660) | - | (4,264,660) | (698,240) | (3,566,420) |
| | 68,139 | 68,139 | - | (696,079) | 696,079 |
| **Total Nor Property, Yukon** | 367,544 | 68,139 | 299,405 | (818,754) | 1,118,159 |
| | | | | | |
| **Bear River, B.C.** | | | | | |
| **Property acquisition costs** | 10,389 | - | 10,389 | - | 10,389 |
| **Exploration and evaluation costs** | | | | | |
| Assays | 326 | - | 326 | - | 326 |
| License and recording fees | 15,126 | - | 15,126 | - | 15,126 |
| Supervision | 13,750 | - | 13,750 | - | 13,750 |
| Supplies and miscellaneous | 224 | - | 224 | - | 224 |
| | 29,426 | - | 29,426 | - | 29,426 |
| **Total Bear River, B.C.** | 39,815 | - | 39,815 | - | 39,815 |
| | | | | | |
| **Carswell, Saskatchewan** | | | | | |
| **Property acquisition costs** | - | - | - | - | - |
| **Exploration and evaluation costs** | | | | | |
| Supervision | 10,750 | - | 10,750 | - | 10,750 |
| Supplies and miscellaneous | 30 | - | 30 | - | 30 |
| | 10,780 | - | 10,780 | - | 10,780 |
| **Total Carswell, Saskatchewan** | 10,780 | - | 10,780 | - | 10,780 |
| **Total** | $ 418,139 | $ 68,139 | $ 350,000 | $ (818,754) | $ 1,168,754 |

(Expressed in Canadian Dollars)

**8. Exploration and evaluation assets (cont'd)**

The following is a description of the Company's exploration and evaluation assets and the related spending commitments:

(a) Nor Property, Yukon Territory

The Nor Property consists of mineral claims in the Dawson Mining District, Yukon Territory.

Certain claims are subject to a 2% Net Smelter Royalty ("NSR"). The Company has the right to purchase 50% of the NSR for a purchase price of $2,000,000 and the right of first refusal on the remaining 50%.

During fiscal 2011, the Company wrote down the carrying value of the Nor Property by $3,566,420. During the year ended June 30, 2013, the Company wrote down the carrying value of the Nor Property by $820,915.

During the three months ended September 30, 2013, fuel left on the Nor Property was removed in order to satisfy permit requirements. The fuel was then sold and resulted in a recovery of $10,559 (September 30, 2013 – $NIL).

(b) Bear River Property, British Columbia

The Bear River Property consists of mineral claims in the Skeena Mining Division, British Columbia. One of these claims is subject to a 3.5% NSR.

(c) Carswell Property, Saskatchewan

During October 2004, the Company staked a mineral claim in the Athabasca Basin, Saskatchewan.

Pursuant to an Option Agreement dated March 2, 2005, the Company granted an option to a third party to earn a 50% interest in the Carswell Property. To earn this interest the optionee paid $25,000 cash, issued 200,000 of its shares and incurred $100,000 in exploration expenditures. During fiscal 2009 the third party company met the terms of the Option Agreement and has a 50% interest in the property.

Pursuant to a Joint Venture Agreement dated July 24, 2008, the Company granted the third party a further 30% interest in the claim, resulting in the third party having a 80% undivided interest in the property, subject to the delivery by the third party of a bankable feasibility study. The Company will retain a carried interest until the feasibility study is delivered, at which time the Company will have the choice to take on a 20% participating interest in a new company to operate the production facility or take on a 2% NSR for all uranium mineral products and a 2% NSR for all other metals.

The third party will return all the Company's interest in any of the claims upon a decision by the third party to terminate work thereon.

**9. Trade payables and accrued liabilities**

| | **September 30, 2013** | **June 30, 2013** |
|---|---|---|
| Trade payables | $ 2,791 | $ 231 |
| Accrued liabilities | 15,307 | 10,650 |
| | $ 18,098 | $ 10,881 |

## 10. Promissory note

The promissory note totaling $100,000 (June 30, 2013 – $NIL) is payable to a relative of a director of the Company. The note is evidenced by a term promissory note due August 7, 2014, or earlier upon a default by the Company. The term promissory note bears interest at the rate of 10% per annum payable quarterly. The interest rate is fixed until the maturity date of the term promissory note.

The promissory note included a financing fee of 20% of the principal settled by the issuance of the Company's shares at 25% discount to the market value of the shares.

## 11. Restoration and environmental obligations

The Company does not provide for any possible restoration and environmental obligations as management believes that no liability exists. It is not currently possible to estimate the impact on operating results, if any, of future legislative or regulatory developments regarding restoration and environmental obligations.

## 12. Share capital

***Authorized share capital***

Unlimited number of common shares without par value.

***Issued share capital***

At September 30, 2013 there were 11,324,855 (June 30, 2013 – 10,969,299) issued and fully paid common shares.

***Share Issuances***

During the three months ended September 30, 2013 the Company issued 355,556 common shares (year ended June 30, 2013 – NIL) in exchange for a promissory note financing fee with a fair value of $26,667.

***Basic and diluted loss per share***

The calculation of basic and diluted loss per share for the three months ended September 30, 2013 was based on the net loss attributable to common shareholders of $24,526 (September 30, 2012 – $41,577) and the weighted average number of common shares outstanding of 11,069,782 (September 30, 2012 – 10,969,299).

Diluted loss per share did not include the effect of 650,000 (September 30, 2012 – 670,000) stock options and 6,486,667 (September 30, 2012 – 6,486,667) warrants as the effect would be anti-dilutive.

***Stock options***

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. The maximum discount allowed varies with share price, with a maximum of 25% and a minimum price of $0.10. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position. Pursuant to the stock option plan, options granted in respect of investor relations activities are subject to vesting in stages over one year from the grant date with a maximum of one-quarter of the options vesting in any three month period. Vesting restrictions may also be applied to other options grants, at the discretion of the Board of Directors.

(Expressed in Canadian Dollars)

**12. Share capital (cont'd)**

***Stock options (cont'd)***

The changes in options during the three months ended September 30, 2013 and year ended June 30, 2013 are as follows:

| | September 30, 2013 | | June 30, 2013 | |
|---|---|---|---|---|
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| Options outstanding, beginning | 670,000 | $ 0.24 | 670,000 | $ 0.24 |
| Options granted | - | - | - | - |
| Options expired | - | - | - | - |
| Options cancelled | (20,000) | 0.22 | - | - |
| Options outstanding, ending | 650,000 | $ 0.24 | 670,000 | $ 0.24 |
| Options exercisable, ending | 650,000 | $ 0.24 | 670,000 | $ 0.24 |

Details of options outstanding as at September 30, 2013 are as follows:

| Number of options outstanding | Exercise price | Remaining contractual life |
|---|---|---|
| 250,000 | $0.22 | 1.29 years |
| 400,000 | $0.25 | 2.19 years |
| 650,000 | | |

At September 30, 2013, the weighted average remaining contractual life of stock options outstanding was 1.85 years.

***Share purchase warrants***

The following table summarizes the continuity of the Company's share purchase warrants:

| | September 30, 2013 | | June 30, 2013 | |
|---|---|---|---|---|
| | Number of warrants | Weighted average exercise price | Number of warrants | Weighted average exercise price |
| Warrants outstanding, beginning | 6,486,667 | $ 0.27 | 6,486,667 | $ 0.27 |
| Warrants granted | - | - | - | - |
| Warrants expired | - | - | - | - |
| Warrants outstanding, ending | 6,486,667 | $ 0.27 | 6,486,667 | $ 0.27 |

Details of warrants outstanding as at September 30, 2013 are as follows:

| Number of warrants outstanding | Exercise price | Remaining contractual life |
|---|---|---|
| 220,000 | $ 1.50 | 0.85 years |
| 266,667 | $ 1.50 | 0.96 years |
| 3,000,000 | $ 0.17 | 1.46 years |
| 3,000,000 | $ 0.16 | 1.61 years |
| 6,486,667 | | |

At September 30, 2013, the weighted average remaining contractual life of warrants outstanding was 1.49 years.

(Expressed in Canadian Dollars)

## 13. Reserves

The components of reserves are as follows:

| | September 30, 2013 | June 30, 2013 |
|---|---|---|
| Stock option reserve | $ 928,055 | $ 954,400 |
| Investment revaluation reserve | (9,010) | (10,326) |
| | $ 919,045 | $ 944,074 |

***Stock option reserve***

The stock option reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded is transferred to deficit.

During the three months ended September 30, 2013, the Company transferred $26,345 (September 30, 2012 – $NIL) from the stock option reserve to deficit as a result of cancelled stock options.

***Investment revaluation reserve***

The investment revaluation reserve records unrealized gains and losses arising on available-for-sale financial assets, except for impairment losses.

## 14. Related party transactions

The Company incurred the following related party transactions with companies that are controlled by a relative of a director of the Company.

| | Three months ended | |
|---|---|---|
| | September 30, 2013 | September 30, 2012 |
| Financing costs – relative of a director of the Company | $ 26,667 | |
| Interest expense – relative of a director of the Company | 1,507 | - |
| Travel and transport fees – company controlled by relative of a director of the Company | 14,676 | $ - |
| | $ 42,850 | $ - |

***Key management personnel compensation***

| | Three months ended | |
|---|---|---|
| | September 30, 2013 | September 30, 2012 |
| Consulting fees - payments made to an officer | $ 650 | $ 625 |
| Included in loss from equity investment are consulting fee payments made to director's – proportional share | 3,646 | 5,064 |
| Included in loss from equity investment are management fee payments made to an officer – proportional share | 263 | 253 |
| | $ 4,559 | $ 5,942 |

**14. Related party transactions (cont'd)**

***Related party balances***

The Company advanced $3,045 (June 30, 2013 – $3,045) to Golden Harp, which is included in prepaid expenses and deposits at September 30, 2013.

A promissory note of $100,000 (June 30, 2013 – $NIL) plus accrued interest of $1,507 (June 30, 2013 – $NIL) is payable to a relative of a director of the Company.

**15. Segmented information**

***Operating segments***

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties.

***Geographic segments***

At September 30, 2013 and June 30, 2013 all of the Company's assets are located in Canada.

**16. Commitments**

The Company is committed to aggregate premise lease payments of $60,344 as follows:

- $15,517 for fiscal 2014;
- $21,480 for fiscal 2015;
- $21,551 for fiscal 2016 and
- $1,796 for fiscal 2017.

In addition the Company is also committed to pay its share of property tax and operation costs.