(An Exploration Stage Enterprise)

UNAUDITED INTERIM FINANCIAL STATEMENTS

For the three and nine month periods ended September 30, 2014 and 2013

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim financial statements of Goldtrain Resources Inc. are the responsibility of the management and Board of Directors of the Company.

The unaudited interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the unaudited interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

*"Carl McGill"*____, CEO and CFO
Carl McGill

NOTICE TO READER
The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim financial statements for the three and nine month periods ended September 30, 2014 and 2013 have not been reviewed by the Company's auditors.

GoldTrain Resources Inc.

UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION

(An Exploration Stage Enterprise)
(Canadian dollars)

AS AT,		**September 30, 2014**		December 31, 2013
ASSETS				(Audited)
Current				
Cash	**$**	**2,806**	$	4,799
Prepaid expenses		**-**		1,500
	$	**2,806**	$	6,299
LIABILITIES				
Current				
Trade and other payables (Notes 7 and 9)	**$**	**346,955**	$	577,475
		346,955		577,475
Long term debt (Note 8)		**175,000**		-
	$	**521,955**	$	577,475
EQUITY				
Share capital (Note 10 (a))		**1,831,342**		1,660,238
Reserve for warrants (Note 11)		**543,525**		543,525
Reserve for share based payments (Note 12)		**66,000**		66,000
Accumulated deficit		**(2,960,016)**		(2,840,939)
		(519,149)		(571,176)
	$	**2,806**	$	6,299

Nature of Operations and Going Concern (Note 1)
Commitments and Contractual Obligations (Note 14)

Approved on behalf of the Board on November 6, 2014:

"Carl McGill" Director

"Frank Smeenk" Director

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

GoldTrain Resources Inc.

UNAUDITED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(An Exploration Stage Enterprise)
(Canadian dollars)

	Three Months		Nine Months	
Periods ended September 30,	**2014**	2013	2014	2013
Expenses				
Professional and consulting fees	**$ 30,500**	$ 19,500	**$ 102,000**	$ 68,500
Shareholder Information	**2,105**	8,370	**12,549**	18,204
Office, general and administrative	**6**	68	**156**	1,124
Exploration and evaluation expenditures (Note 6)	**-**	-	**4,372**	1,795
Net loss before the undernoted	**$ 32,611**	$ 27,938	**$ 119,077**	$ 89,623
Loss on sale of other financial assets (Note 6)	**-**	4,151	**-**	74,618
Unrealized gain on other financial assets (Note 6)	**-**	(4,370)	**-**	(55,570)
Net loss and comprehensive loss for the period	**$ 32,611**	$ 27,719	**$ 119,077**	$ 108,671
Loss per share				
Basic and diluted	**$ 0.001**	$ 0.001	**$ 0.002**	$ 0.002
Weighted average number of common shares outstanding				
Basic and diluted (000's)	**58,978**	49,423	**56,948**	49,423

GoldTrain Resources Inc.

UNAUDITED INTERIM STATEMENTS OF CHANGES IN EQUITY

(An Exploration Stage Enterprise)
(Canadian dollars)

	Share Capital		Reserves			
	Number of Shares	Amount	Share based payments	Warrants	Accumulated deficit	Total
Balance at December 31, 2012	49,422,611	$ 1,660,238	$ 66,000	$ 543,525	$ (2,757,212)	$ (487,449)
Comprehensive loss for the year	-	-	-	-	(83,727)	(83,727)
Balance at December 31, 2013	**49,422,611**	**$ 1,660,238**	**$ 66,000**	**$ 543,525**	**$ (2,840,939)**	**$ (571,176)**
Shares issued for debt, net of costs	**9,555,202**	**171,104**	**-**	**-**	**-**	**171,104**
Comprehensive loss for the period	**-**	**-**	**-**	**-**	**(119,077)**	**(119,077)**
Balance at September 30, 2014	**58,977,813**	**$ 1,831,342**	**$ 66,000**	**$ 543,525**	**$ (2,960,016)**	**$ (519,149)**
Balance at December 31, 2012	49,422,611	$ 1,660,238	$ 66,000	$ 543,525	$ (2,757,212)	$ (487,449)
Comprehensive loss for the period	-	-	-	-	(108,671)	(108,671)
Balance at September 30, 2013	49,422,611	$ 1,660,238	$ 66,000	$ 543,525	$ (2,865,883)	$ (596,120)

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

GoldTrain Resources Inc.
UNAUDITED INTERIM STATEMENTS OF CASH FLOW
(An Exploration Stage Enterprise)
(Canadian dollars)

Nine month periods ended September 30,		**2014**		2013
Operating activities				
Net loss for the period	**$**	**(119,077)**	$	(108,671)
Add items not affecting cash:				
Realized loss on sale of other financial assets		**-**		74,618
Unrealized gain on other financial assets		**-**		(55,570)
Changes in non-cash working capital items (Note 13)		**117,084**		65,248
Cash flows used in operating activities		**(1,993)**		(24,375)
Investing activities				
Proceeds on sale of other financial assets		**-**		17,952
Cash flows provided from financing activities		**-**		17,952
Net decrease in cash		**(1,993)**		(6,423)
Cash, beginning of period		**4,799**		7,459
Cash, end of period	**$**	**2,806**	$	1,036

SUPPLEMENTAL CASH FLOW INFORMATION (Note 13)

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

1. NATURE OF OPERATIONS AND GOING CONCERN CONSIDERATIONS

GoldTrain Resources Inc. ("GoldTrain" or the "Company") is a public company amalgamated under the laws of the Province of Ontario on April 27, 2009. The Company's head office is located at 180 Dundas St. W., Suite 1801, Toronto, ON, M5G 1Z8. GoldTrain's principal business is the acquisition and exploration of mineral properties. Substantially all of the efforts of the Company are devoted to these business activities. To date, the Company has not earned significant revenue and is considered to be in the exploration stage. The ability of the Company to carry out its business plan rests with its ability to secure equity and other financing.

As at September 30, 2014, the Company had a working capital deficiency of $344,149 (December 31, 2013 – $571,176), had not yet achieved profitable operations, had accumulated losses of $2,960,016 (December 31, 2013 - $2,840,939) and expects to incur further losses in the development of its business, all of which casts doubt upon the Company's ability to continue as a going concern. The Company is in the exploration stage and has no proven reserves or production relating to its operations. The application of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and obtain necessary financing to do so.

Management believes the Company has sufficient funds or access to sufficient funds to cover planned operations throughout the next twelve-month period. However, management plans on securing additional financing through the issue of new equity, among other things. Nevertheless, there is no assurance that these initiatives will be successful.

These financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assume 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 operations. The business of mining and exploring for minerals involves a high degree of risk and there is no guarantee that the Company's exploration programs will yield positive results or that the Company will be able to obtain the necessary financing to carry out the exploration and development of its mineral property interests.

Management believes the going concern assumption to be appropriate for these financial statements. If the going concern assumption was not appropriate, adjustments might be necessary to the carrying value of the assets and liabilities, reported revenues and expenses, and the statement of financial position classifications used in the financial statements.

The future profitability of exploration properties and the Company's continued existence are dependent upon the preservation of its interests in the underlying properties, the development of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or, alternatively, upon the Company's ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, undetected defects, unregistered claims, native land claims, and non-compliance with regulatory and environmental requirements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These unaudited interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") as at November 6, 2014.

These unaudited interim financial statements were authorized by the Board of Directors of the Company on November 6, 2014.

2.2 Basis of presentation

These unaudited interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2013 annual financial statements. Management advises readers of these unaudited interim financial statements to review the audited financial statements and accompanying notes as at December 31, 2013 in conjunction with the review of these statements.

2.3 Future accounting policies and standards adopted

Future accounting policies

At the date of authorization of these financial statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted these standards, amendments and interpretations. However, the Company is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Company.

- In July 2014, the IASB issued the final amendments to IFRS 9, *Financial Instruments* ("IFRS 9") which provides guidance on the classification and measurement of financial assets and liabilities, impairment of financial assets, and general hedge accounting. The Classification and measurement portion of the standard determines how financial assets and financial liabilities are accounted for in financial statements and, in particular, how they are measured on an ongoing basis. The amended IFRS 9 introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. In addition, the amended IFRS 9 includes a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company is in the process of evaluating the impact of adopting these amendments on the Company's financial statements.

2. BASIS OF PREPARATION *(continued)*

2.3 Future accounting policies and standards adopted *(continued)*

Future accounting policies *(continued)*

- IAS 15, "Revenue from Contracts with Customers" ("IFRS 15"), was issued in May 2014, which will replace IAS 11, "Construction Contracts", IAS 18, "Revenue Recognition", IFRIC 13, "Customer Loyalty Programmes", IFRIC 15, "Agreements for the Construction of Real Estate", IFRIC 18, "Transfers of Assets from Customers", and SIC-31, "Revenue – Barter Transactions Involving Advertising Services". IFRS 15 provides a single, principles based five-step model that will apply to all contracts with customers with limited exceptions, including, but not limited to, leases within the scope of IAS 17; financial instruments and other contractual rights or obligations within the scope of IFRS 9, IFRS 10, "Consolidated Financial Statements" and IFRS 11, "Joint Arrangements". In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The incremental costs of obtaining a contract must be recognized as an asset if the entity expects to recover these costs. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some nonfinancial assets that are not an output of the entity's ordinary activities. IFRS 15 is required for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted. The Company is in the process of assessing the impact of IFRS 15 on its financial statements.

Standards adopted

At January 1, 2014, the Company adopted the following standards/amendments for which there was no impact on the Company's financial statements:

- IAS 32 '*Financial instruments, Presentation'* – In December 2011, effective for annual periods beginning on or after January 1, 2014, IAS 32 was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future date.
- IAS 36 – Impairments of Assets ("IAS 36") was amended by the IASB in May 2013 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014.
- IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39") was amended by the IASB in June 2013 to clarify that novation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations does not terminate hedge accounting. The amendments to IAS 39 are effective for annual periods beginning on or after January 1, 2014.
- IFRIC 21 – Levies ("IFRIC 21") was issued in May 2013. IFRIC 21 provides guidance on the accounting for levies within the scope of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"). IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014.

2. BASIS OF PREPARATION *(continued)*

2.4 Use of management estimates, judgments and measurement uncertainty

The preparation of these financial statements using accounting policies consistent with IFRS requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the financial statements. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to valuation of deferred tax amounts and the calculation of share-based payments and warrants. Significant estimates and judgments made by management in the preparation of these financial statements are outlined below:

Income taxes
Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change and interpretation. As such, income taxes are subject to measurement uncertainty. The Company follows the liability method for calculating deferred taxes. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to the expectations of future cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the deferred tax assets and liabilities recorded at the statement of financial position date could be impacted. Additionally, changes in tax laws could limit the ability of the Company to obtain tax deductions in the future.

Going concern assumption
Going concern presentation of the financial statements which assumes 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 operations as they come due.

Calculation of share based payments and warrants
The Black-Scholes option pricing model is used to determine the fair value for the share based payments and warrants and utilizes subjective assumptions such as expected price volatility and expected life of the option or warrant. Discrepancies in these input assumptions can significantly affect the fair value estimate.

Decommissioning provisions
These are made based on the estimated settlement amounts. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed quarterly and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions on a quarterly basis. Actual rehabilitation costs will ultimately depend on actual future settlement amount for the rehabilitation costs which will reflect the market condition at the time of the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

3. CAPITAL MANAGEMENT

The Company’s objectives in managing its capital are: to maintain adequate levels of funding to support its expenditures arising from the Company’s investments; to safeguard the Company’s ability to continue as a going concern in order to pursue the exploration of its properties; to maintain a flexible capital structure for its projects for the benefit of its stakeholders; to maintain corporate and administrative functions necessary to support the Company’s operations and corporate functions; and to seek out and acquire new projects of merit.

The Company considers its capital to be equity, which is comprised of share capital, reserve accounts, and accumulated deficit, which as at September 30, 2014 was a deficiency of $519,149 (December 31, 2013 – $571,176).

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company expects its capital resources, together with its access to the capital markets and accommodation from its service providers, will be sufficient to carry out its exploration plans and operations through its current operating period. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three and nine month periods ended September 30, 2014. The Company is not subject to externally imposed capital requirements.

4. FINANCIAL INSTRUMENTS

Fair Value Hierarchy

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data.

Fair value
The Company's financial instruments as at September 30, 2014 include cash, trade and other payables and long term debt. The Company has designated its cash as FVTPL, which is measured at fair value. Fair value of cash is determined based on transaction value and is categorized as Level 1 measurement. Fair value of trade and other payables and long term debt is determined from transaction values which were derived from observable market inputs. Fair values of these financial instruments are based on Level 2 measurements. The Company records its financial instruments at their carrying amounts which approximates fair value, unless otherwise disclosed in the financial statements. The carrying amounts approximate fair values due to the short-term maturities of cash and trade and other payables.

(Canadian dollars)

4. FINANCIAL INSTRUMENTS *(continued)*

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Interest-rate risk
The Company has cash and cash equivalent balances bearing fixed interest rates and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2014, the Company had current assets of $2,806 (December 31, 2013 - $6,299) to settle current liabilities of $346,955 (December 31, 2013 - $577,475). The ability of the Company to continue to pursue its exploration activities and continue as a going concern is dependent on its ability to secure additional equity or other financing and the continued accommodation from its service providers. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms, except for long term debt (see Note 8). As at September 30, 2014, the Company had a working capital deficiency of $344,149 (December 31, 2013 – $571,176).

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is primarily attributable to cash included in current assets. The Company has no material concentration of credit risk arising from operations. Cash consists of bank deposits, which have been invested in a Canadian chartered bank, from which management believes the risk of loss is remote.

The Company's maximum exposure to credit risk as at September 30, 2014 is the carrying value of cash.

5. OTHER FINANCIAL ASSETS – FVTPL SECURITIES

Other financial assets were comprised of marketable securities of a publicly traded company on the TSX Venture Exchange ("TSXV"). The impact to the financial statements of the revaluation to market value resulted in an unrealized gain of $Nil (2013 – $55,570) due to the reclassification of previously unrealized losses as a result of the sale of these financial assets and a realized loss of $Nil (2013 – $74,618) through the sale of these marketable securities.

6. MINERAL PROPERTIES

The evaluation and exploration expenses for the Company are broken down as follows:

	Nine Month Period Ended September 30,		Cumulative to date *
	2014	2013	
Missinabie/Nudulama Property	**$ 4,372**	$ 1,795	**$ 1,189,426**
Exploration and evaluation expenditures	**$ 4,372**	$ 1,795	**$ 1,189,426**

* Only properties currently under exploration are included in this figure.

(Canadian dollars)

6. MINERAL PROPERTIES *(continued)*

Missinabie/Nudulama Property – Brackin and LeesonTownship, Ontario
The Company has a 100% interest in 7 unpatented mining claims (containing 92 claim units) covering approximately 1472 hectares in the Brackin Township area (Missinabie Property), approximately 72 kilometres northeast of the town of Wawa, Ontario. The vendor retains a 2% net smelter royalty.

In 2010, the Company acquired a 100% interest in 2 unpatented mining claims in the Leeson Township area, in the mining district of Sault Ste. Marie by issuing 400,000 common shares and paying $11,200. The vendor retains a 3% net smelter royalty on the property, two-thirds of which can be purchased for $2,000,000.

In 2011, the Company purchased a 100% interest in 11 patented and 11 leased claims in Leeson Township (Nudulama Property) approximately 85 kilometers northeast of Wawa, Ontario. The patented claims are adjacent to the Missinabie Property. The Company paid $100,000, issued 300,000 common shares and issued 300,000 warrants. Each warrant entitled the holder to acquire one common share at an exercise price of $0.10 for 24 months, which expired on September 26, 2013. The vendor retains a 2% net smelter royalty on the property, one-half of which can be purchased for $1,000,000.

Other

In February 2014, the Company signed an agreement to acquire properties in Hawkins and Walls Townships, Ontario from Pavey Ark Minerals Inc., for $50,000 payable by issuing 2,500,000 common shares of the Company at a deemed price of $0.02 per share, subject to due diligence investigations, any necessary regulatory approvals and other standard conditions in transactions of this nature. On completion of the transaction, the vendor will retain a 2% net smelter returns royalty on the property, one half of which may be purchased by the Company for $1,000,000 to reduce the royalty to 1% of the net smelter returns. In April, 2014, this agreement was terminated by mutual consent prior to completion.

7. TRADE AND OTHER PAYABLES

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and amounts payable for operating and financing activities. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is an aged analysis of the trade and other payables:

	As at,	
	September 30, 2014	December 31, 2013
Less than 1 month and accruals	**$ 110,280**	$ 117,636
1 – 3 months	**10,573**	886
Over 3 months	**197,586**	458,953
Total trade and other payables	**$ 318,439**	$ 577,475

(Canadian dollars)

8. LONG TERM DEBT

The following is a summary of the activity of long term debt:

	Period/Year Ended			
	September 30, 2014		December 31, 2013	
Opening Balance	**$**	**-**	$	-
Issued in the year		**175,000**		-
Ending Balance	$	**175,000**	$	-

In February 2014, the Company agreed with one of its creditors and significant shareholders to defer payment of amounts owed by converting $175,000 of accounts payable into long-term debt represented by interest-free convertible promissory notes (i) maturing on June 30, 2015 (extended to June 30, 2016), (ii) extendible for one year by the Company in certain circumstances (the right to extend was exercised), (iii) acceleration of the maturity date on any change of control or other fundamental change in respect of the Company, and (iv) convertible in tranches of $25,000 each into units at $0.05 per unit with each unit being comprised of one common share of the Company and one whole warrant exercisable to purchase one common share of the Company for $0.10 within 3 years from the date of the convertible promissory notes at the option of the holder.

9. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

For the nine month period ended September 30,		**2014**		2013
Balances:				
Short-term employee benefits	**$**	**29,000**	$	45,000
Total compensation paid to key management	**$**	**29,000**	$	45,000

Certain corporate entities and consultants that are related to the Company's officers and directors or persons holding more than 10% of the issued and outstanding shares of the Company provide consulting and other services to the Company. All transactions were conducted in the normal course of operations and are measured at the exchange amounts, which is the amount of consideration established and agreed to by the related parties and are as follows:

During the nine month period ended September 30, 2014, the Company accrued $82,000 (2013 - $10,000) for legal fees by a law firm of which a director, officer and shareholder of the law firm is an indirect significant shareholder owning more than 10% of the Company.

Included in accounts payable at September 30, 2014 is $51,000 (December 31, 2013 - $91,000) owing to key management and related parties. In addition, included in trade and other payables at September 30, 2014 is $278,000 (December 31, 2013 - $500,000) owing to former directors and officers or companies controlled by them and a law firm of which a director, officer and shareholder of the law firm is an indirect significant shareholder owning more than 10% of the Company and an indirect significant shareholder owning more than 10% of the Company.

(Canadian dollars)

9. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT *(continued)*

In February 2014, the Company issued 9,161,452 common shares at $0.02/common share to settle trade and other payables due to current and former related parties of $183,229. In addition, the Company converted $175,000 of trade and other payables owing to former directors and officers or companies controlled by them into convertible promissory notes. See notes 7 and 10 for further details.

10. SHARE CAPITAL

(a) Common shares

Authorized – Unlimited number of common shares
Unlimited number of preference shares issuable in series

	Number of Shares	Amount
Balance, January 1, 2013 and December 31, 2013	**49,422,611**	**$ 1,660,238**
Shares issued for debt	**9,555,202**	**191,104**
Share issue costs	**-**	**(20,000)**
Balance, September 30, 2014	**58,977,813**	**$ 1,831,342**

2014
In February 2014, the Company issued 9,555,202 common shares at $0.02/common share to settle trade and other payables due to various vendors of $191,104. Included in these amounts were trade and other payables due to current and former related parties of $183,229.

(b) Options
The Company has a stock option plan (the "Plan") under which the board of directors of the Company may grant options to acquire common shares of the Company to directors and officers, employees and consultants of the Company. Exercise prices cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant less any discounts permitted by regulatory policies and the maximum term of any option cannot exceed five years. The maximum aggregate number of common shares under option at any time under the Plan is a rolling 10% of the issued and outstanding common shares is 5,897,781 (December 31, 2013 - 4,942,261). As at September 30, 2014, the Company had 5,447,781 (December 31, 2013 – 4,242,261) options available for issuance under the Plan.

The options outstanding to purchase common shares are as follows:

	September 30, 2014		December 31, 2013	
	Options	**Weighted Average Exercise Price**	Options	Weighted Average Exercise Price
Outstanding at beginning of period/year	**700,000**	**$ 0.11**	2,450,000	$ 0.11
Expired during the period/year	**(250,000**	**0.12**	1,750,000	0.11
Outstanding at end of period/year	**450,000**	**$ 0.11**	700,000	$ 0.11

(Canadian dollars)

10. SHARE CAPITAL *(continued)*

(b) Options *(continued)*

The following summarizes information on the stock options outstanding at September 30, 2014:

Range of Exercise Prices ($)	No. of Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price ($)
0.10	250,000	1.67	0.10
0.12	200,000	0.30	0.12
0.10 - 0.12	**450,000**	**1.06**	**0.11**

(c) Common Share Purchase Warrants

As at September 30, 2014, the outstanding warrants to purchase common shares are as follows:

	Number Of Warrants	Weighted Average Exercise Price $
Balance , January 1, 2013	21,429,358	0.11
Warrants expired	(21,429,358)	0.11
Balance, December 31, 2013 and September 30, 2014	-	-

11. RESERVE FOR WARRANTS

Reserve for warrants is comprised of the following:

As at,	**September 30, 2014**	December 31, 2013
Balance, beginning of the period/year	**$ 543,525**	$ 543,525
Balance, end of period/year	**$ 543,525**	$ 543,525

12. RESERVE FOR SHARE BASED PAYMENTS

Reserve for share based payments is comprised of the following:

As at,	**September 30, 2014**	December 31, 2013
Balance, beginning of the period/year	**$ 66,000**	$ 66,000
Balance, end of period/year	**$ 66,000**	$ 66,000

(Canadian dollars)

13. SUPPLEMENTAL CASH FLOW INFORMATION

For the nine month period ended September 30,	2014	2013
Trade and other receivables	**$ -**	$ 9,759
Prepaid expenses	**1,500**	-
Trade and other payables	**115,584**	55,489
Changes in non-cash working capital balances	**$ 117,084**	$ 65,248
Interest paid	**$ -**	$ -
Income tax paid	**$ -**	$ -

14. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The Company's activities are subject to environmental regulation (including regular environmental impact assessments and permitting) in each of the jurisdictions in which its mineral properties are located. Such regulations cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour relations and worker safety. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. It is likely that environmental legislation and permitting will evolve in a manner which will require stricter standards and enforcement. This may include increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a higher degree of responsibility for companies, their directors and employees. The Company has not determined and is not aware whether any provision for such costs is required and is unable to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future due to the uncertainty surrounding the form that these laws and regulations may take.