

STOCKPORT EXPLORATION INC.

Unaudited Condensed Interim Consolidated Financial Statements

July 31, 2013

September 12, 2013

Management's Responsibility for Financial Reporting

The accompanying unaudited condensed interim consolidated financial statements of **Stockport Exploration Inc.** are the responsibility of management and have been approved by the Board of Directors. The unaudited condensed interim consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). The unaudited condensed interim consolidated financial statements include certain amounts and assumptions that are based on management's best estimates and have been derived with careful judgment.

In fulfilling its responsibilities, management has developed and maintains a system of internal accounting controls. These controls are designed to provide reasonable assurance that the financial records are reliable for the preparation of the financial statements. The Audit Committee of the Board of Directors reviewed and approved the Company's unaudited condensed interim consolidated financial statements and recommended their approval by the Board of Directors.

These unaudited condensed interim consolidated financial statements have not been reviewed by the external auditors of the Company.

(signed) "*James Megann*"
President and Chief Executive Officer
Halifax, Nova Scotia

(signed) "*Robert Randall*"
Chief Financial Officer
Halifax, Nova Scotia

STOCKPORT EXPLORATION INC.
Unaudited Condensed Interim Consolidated Balance Sheets
As at July 31, 2013 and October 31, 2012

(expressed in Canadian dollars)

	July 31 2013	October 31 2012
ASSETS	<u>\$</u>	<u>\$</u>
Current assets		
Cash and cash equivalents	127,771	347,403
Sales taxes recoverable	25,809	38,368
Prepaid expenses and deposits	<u>21,577</u>	<u>41,039</u>
	175,157	426,810
Marketable securities	6,000	9,000
Property and equipment (note 5)	27,746	42,615
Resource properties (note 6)	<u>8,790,064</u>	<u>8,543,627</u>
	<u>8,998,967</u>	<u>9,022,052</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	<u>718,815</u>	<u>882,127</u>
	718,815	882,127
SHAREHOLDERS' EQUITY		
	<u>8,280,152</u>	<u>8,139,925</u>
	<u>8,998,967</u>	<u>9,022,052</u>

Nature of operations (note 1)

Going concern (note 2)

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

Approved on behalf of the Board of Directors

(s) Wade K. Dawe
Wade K. Dawe

(s) Carl Sheppard
Carl Sheppard

STOCKPORT EXPLORATION INC.**Unaudited Condensed Interim Consolidated Statements of Comprehensive Loss**

For the three and nine-month periods ended July 31, 2013 and 2012

(expressed in Canadian dollars)

	For the Three-Months Ended July 31		For the Nine-Months Ended July 31	
	2013	2012	2013	2012
	\$	\$	\$	\$
EXPENSES				
Amortization	857	1,931	3,700	6,768
Banking fees	190	916	770	1,207
General and administrative	20,748	13,003	44,772	54,099
Investor relations and marketing	2,780	10,140	8,956	24,520
Listing and regulatory costs	15,877	19,911	37,248	46,011
Management salaries and services	60,112	66,702	185,741	367,020
Professional services	15,559	50,702	48,758	96,527
Share-based compensation	42,368	(8,220)	133,729	140,612
Travel	6,049	13,284	27,394	31,857
Write-down of resource properties (note 6)	-	-	-	4,405,173
LOSS FROM OPERATIONS	<u>164,540</u>	<u>168,369</u>	<u>491,068</u>	<u>5,173,794</u>
OTHER EXPENSES (INCOME)				
Foreign exchange	12,919	5,693	9,133	10,878
Interest income	(68)	(241)	(68)	(241)
Recovery from resource properties	-	-	-	(21,000)
Loss (gain) on disposal of equipment	6,707	(4,769)	6,707	(940)
NET LOSS BEFORE INCOME TAXES	<u>184,098</u>	<u>169,052</u>	<u>506,840</u>	<u>5,162,491</u>
RECOVERY OF DEFERRED INCOME TAXES	<u>-</u>	<u>-</u>	<u>-</u>	<u>(504,000)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(504,000)</u>
NET LOSS FOR THE PERIODS	184,098	169,052	506,840	4,658,491
Unrealized loss on available-for-sale securities	1,000	3,000	3,000	3,000
COMPREHENSIVE LOSS FOR THE PERIODS	<u>185,098</u>	<u>172,052</u>	<u>509,840</u>	<u>4,661,491</u>
LOSS PER SHARE - BASIC AND DILUTED	<u>\$ 0.002</u>	<u>\$ 0.002</u>	<u>\$ 0.007</u>	<u>\$ 0.072</u>
Weighted Average Number of Common Shares Outstanding				
Basic	<u>80,330,500</u>	<u>69,106,934</u>	<u>77,627,352</u>	<u>65,080,931</u>

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

STOCKPORT EXPLORATION INC.

Unaudited Condensed Interim Consolidated Statements of Changes in Equity

For the periods ended July 31, 2013 and 2012 and October 31, 2012

(expressed in Canadian dollars)

	Number of Shares	Share Capital	Warrants	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total
		\$	\$	\$	\$	\$	\$
Balance at November 1, 2011	62,070,326	20,428,607	295,978	3,789,907	-	(13,137,665)	11,376,827
Net loss for the period	-	-	-	-	-	(4,658,491)	(4,658,491)
Issued on confirmation of mineral claims and acquisition of technical data	949,658	203,480	-	-	-	-	203,480
Subscriptions receivable collected	411,950	80,458	22,530	-	-	-	102,988
Shares issued pursuant to private placement	11,000,000	1,100,000	-	-	-	-	1,100,000
Share issue costs	-	(44,969)	-	-	-	-	(44,969)
Shares issued for finders' fees	350,000	35,000	-	-	-	-	35,000
Unrealized loss on marketable securities	-	-	-	-	(3,000)	-	(3,000)
Share-based compensation	-	-	-	179,190	-	-	179,190
Balance at July 31, 2012	74,781,934	21,802,576	318,508	3,969,097	(3,000)	(17,796,156)	8,291,025
Net loss for the period	-	-	-	-	-	(185,165)	(185,165)
Share-based compensation	-	-	-	34,065	-	-	34,065
Balance at October 31, 2012	74,781,934	21,802,576	318,508	4,003,162	(3,000)	(17,981,321)	8,139,925
Net loss for the period	-	-	-	-	-	(506,840)	(506,840)
Shares issued pursuant to private placement	5,197,160	519,716	-	-	-	-	519,716
Share issue costs	-	(50,043)	-	-	-	-	(50,043)
Shares issued for finders' fees	351,406	35,141	-	-	-	-	35,141
Unrealized loss on marketable securities	-	-	-	-	(3,000)	-	(3,000)
Share-based compensation	-	-	-	145,253	-	-	145,253
Balance at July 31, 2013	80,330,500	22,307,390	318,508	4,148,415	(6,000)	(18,488,161)	8,280,152

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

STOCKPORT EXPLORATION INC.
Unaudited Condensed Interim Consolidated Statements of Cash Flows
For the nine-month periods ended July 31, 2013 and 2012

(expressed in Canadian dollars)

	For the Nine-Months Ended July 31	
	2013	2012
	\$	\$
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net loss for the periods	(506,840)	(4,658,491)
Charges (credits) to income not involving cash		
Amortization	3,700	6,768
Share-based compensation	133,729	140,612
Loss (gain) on disposal of equipment	6,707	(940)
Write-down of resource properties	-	4,405,173
Recovery of deferred income taxes	-	(504,000)
	<u>(362,704)</u>	<u>(610,878)</u>
Net change in non-cash working capital balances related to operations		
Decrease (increase) in sales taxes recoverable	9,591	3,294
Decrease (increase) in prepaid expenses and deposits	19,462	9,992
Increase (decrease) in accounts payable and accrued liabilities	(2,695)	4,795
	<u>(336,346)</u>	<u>(592,797)</u>
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Common shares issued for cash, net of issuance costs	504,814	1,090,031
Subscriptions receivable collected	-	102,988
	<u>504,814</u>	<u>1,193,019</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Resource property interests and options, net	(391,068)	(1,127,238)
Sales taxes recoverable related to resource property interests	2,968	50,781
Purchases of equipment	-	(4,201)
Proceeds on disposal of equipment	-	4,769
	<u>(388,100)</u>	<u>(1,075,889)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(219,632)	(475,667)
CASH AND CASH EQUIVALENTS, beginning of periods	<u>347,403</u>	<u>1,116,532</u>
CASH AND CASH EQUIVALENTS, end of periods	<u><u>127,771</u></u>	<u><u>640,865</u></u>
Non-cash financing activities		
Shares issued as finders' fee	<u>35,141</u>	<u>-</u>
Shares issued in connection with confirmation of mineral claims and acquisition of technical data	<u>-</u>	<u>203,480</u>

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

STOCKPORT EXPLORATION INC.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three and nine-month periods ended July 31, 2013

(expressed in Canadian dollars unless otherwise noted)

1) Nature of operations

These unaudited condensed interim consolidated financial statements include the accounts of Stockport Exploration Inc. (the “Company”) and its wholly-owned subsidiaries, 6321593 Canada Inc., Linear Metals Corporation of Kenya Limited, and Minera Zapoteca, S.A. de C.V.

The Company is in the process of exploring its resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. To date, the Company has not earned significant revenues. The recoverability of the amounts shown for resource properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, obtaining necessary financing and permitting to complete the development, and future profitable production or proceeds from the disposition thereof. The Company is incorporated and domiciled in Canada, and its head office is located at 1969 Upper Water Street, Suite 2001, Halifax, Nova Scotia, Canada.

2) Basis of Presentation and Going Concern

Going Concern

These unaudited condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they come due.

For the nine-month period ended July 31, 2013, the Company incurred a net loss of approximately \$0.5 million (year-ended October 31, 2012 - \$4.8 million) and had an accumulated deficit of approximately \$18.5 million as at July 31, 2013 (year-ended October 31, 2012 - \$18.0 million). The Company has no income or cash flow from operations and at July 31, 2013, had a negative working capital balance of approximately \$0.5 million (year-ended October 31, 2012 - negative working capital balance of \$0.5 million). In addition to its working capital requirements, the Company must secure sufficient funding to maintain legal title to its resource properties, to fund its exploration and development activities and to fund its general and administrative costs. Such material uncertainties cast significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. Nevertheless, there is no assurance that these initiatives will be successful or sufficient.

The Company’s ability to continue as a going concern is dependent upon its ability to fund its working capital and exploration requirements and eventually to generate positive cash flows, either from operations or the sale of properties. These 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 were the going concern assumption inappropriate, and these adjustments could be material.

STOCKPORT EXPLORATION INC.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three and nine-month periods ended July 31, 2013

Statement of Compliance

The Company prepares its unaudited condensed interim consolidated financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants (“CICA Handbook”), which incorporates International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”), as issued by the IASB. Accordingly, certain information normally included in annual financial statements prepared in accordance with IFRS, as issued by the IASB, have been omitted or condensed. The unaudited condensed interim consolidated financial statements should be read in conjunction with the Company’s annual audited consolidated financial statements for the year-ended October 31, 2012.

The policies applied in these unaudited condensed interim consolidated financial statements are based on the IFRS as of September 12, 2013, the date the Board of Directors approved the financial statements. Any subsequent changes to IFRS that are given effect in the Company’s annual consolidated financial statements for the year ending October 31, 2013 could result in the restatement of these unaudited condensed interim consolidated financial statements.

Basis of Presentation

The condensed interim consolidated financial statements have been prepared on the historical cost basis, except for share-based payments measured at fair value. Items included in the financial statements of each of the Company’s subsidiaries are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The Company’s functional currency is the Canadian dollar. The unaudited condensed interim consolidated financial statements are presented in Canadian dollars, which is also the presentation currency of the Company.

Use of Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

STOCKPORT EXPLORATION INC.

Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the three and nine-month periods ended July 31, 2013

3) Significant Accounting Policies

These financial statements have been prepared using the same policies and methods of computation as the annual consolidated financial statements of the Company for the year-ended October 31, 2012. Refer to note 3, *Significant Accounting Policies*, and note 5, *Financial Instruments*, of the Company's annual consolidated financial statements for the year-ended October 31, 2012 for information on the accounting policies as well as new accounting standards not yet effective.

4) Capital Management

The Company's capital structure consists of share capital, warrants and contributed surplus, which at July 31, 2013 totalled \$26.8 million (year-ended October 31, 2012 - \$26.1 million). The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition and exploration of resource properties and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions, and there can be no assurance the Company will be able to raise funds in the future.

The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments.

There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

STOCKPORT EXPLORATION INC.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three and nine-month periods ended July 31, 2013

5) Property and equipment

	Office equipment	Exploration equipment	Total
	\$	\$	\$
<i>Cost</i>			
Balance at November 1, 2011	79,562	87,272	166,834
Additions	3,857	13,572	17,429
Disposals	-	(35,371)	(35,371)
Balance at October 31, 2012	83,419	65,473	148,892
Additions	-	-	-
Disposals	(53,242)	-	(53,242)
Balance at July 31, 2013	30,177	65,473	95,650
<i>Accumulated amortization</i>			
Balance at November 1, 2011	56,156	68,463	124,619
Additions	8,050	5,150	13,200
Disposals	-	(31,542)	(31,542)
Balance at October 31, 2012	64,206	42,071	106,277
Additions	3,700	4,462	8,162
Disposals	(46,535)	-	(46,535)
Balance at July 31, 2013	21,371	46,533	67,904
<i>Carrying amounts</i>			
As at October 31, 2012	19,213	23,402	42,615
As at July 31, 2013	8,806	18,940	27,746

During the nine-month period ended July 31, 2013, the Company capitalized amortization of \$4,462 (year-ended October 31, 2012 - \$4,112) to resource properties.

STOCKPORT EXPLORATION INC.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three and nine-month periods ended July 31, 2013

6) Resource properties

The Company's resource properties consist of the following:

	Kenya	Canada			Mexico	Total \$
	Nyanza \$	KM61 \$	Seymour Lake \$	Other \$	La Morena and Other \$	
Balance at November 1, 2011	1,244,610	8,401,173	1,119,531	5,000	726,529	11,496,843
Additions incurred during the year	1,409,327	12,400	8,187	1,000	27,043	1,457,957
Proceeds from option payments	-	-	-	(6,000)	-	(6,000)
Impairment write-down	-	(4,405,173)	-	-	-	(4,405,173)
Balance at October 31, 2012	2,653,937	4,008,400	1,127,718	-	753,572	8,543,627
Additions incurred during the period	157,226	7,200	2,134	-	79,877	246,437
Balance at July 31, 2013	2,811,163	4,015,600	1,129,852	-	833,449	8,790,064

During the nine-month period ended July 31, 2013, the Company capitalized share-based compensation expense of \$11,524 (year-ended October 31, 2012 - \$38,438) to resource properties.

Kenya

i) Nyanza

The Company has an agreement with East African Pure Gold Limited ("EAPG") and B&M Mining Company Limited ("B&M") to earn an interest in three mineral exploration concessions located in Kenya. Under the terms of the agreement, the Company has:

- A first option to earn a 70% interest on completing exploration expenditures of US \$600,000 and making cash payments of US \$300,000 to EAPG and B&M by August 2016. The required exploration expenditures have been incurred, and a cash payment of US \$3,000 has been made to date.
- A second option to earn an 80% interest by exercising the first option and incurring cumulative exploration expenditures of US \$4.0 million. To date, the Company has incurred \$2.81 million in exploration expenditures on the property.
- Within 90 days of completion of the second option, EAPG and B&M can deliver a one-time joint election to fund its 20% share of exploration costs, or EAPG and B&M can grant the Company a future option to acquire an additional 10% interest by funding additional exploration expenditures of US \$10.0 million. The Company will remain the operator on the concessions and is not obligated to incur additional exploration expenditures.
- Within 90 days of completion of a positive feasibility study and receipt of a production notice from the Company for each project, EAPG and B&M can deliver a one-time joint election to fund

STOCKPORT EXPLORATION INC.

Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the three and nine-month periods ended July 31, 2013

its 10% share of the construction costs, or EAPG and B&M can grant the Company a further option to acquire an additional 5% interest by funding additional costs of US \$10.0 million. The Company is not obligated to advance a project, covered by a feasibility study, to production.

- The Company maintains a 100% right to any surface mineralization to a depth of 1 metre below saprolite.

SPL 214 is subject to a 2% net smelter royalty. 1% of the net smelter royalty is payable to African Queen Mines Limited (“AQ”), and 1% is payable to AQ’s partner, Abba Mining Company Limited.

Canada

i) KM61

The Company holds a 100% interest in the KM61 property, which is a molybdenum-copper-silver prospect, located in northwestern Ontario, contiguous with the Seymour Lake project. The majority of the KM61 property, including the mineralized zone, is subject to a 0.5% net smelter royalty. Of the remaining claims on the KM61 property, certain portions are subject to a 3% net smelter royalty and the balance are not subject to any royalties. The Company can repurchase 50% of the 0.5% net smelter royalty for \$250,000 and/or 50% of the 3% net smelter royalty for \$1.0 million.

During the year-ended October 31, 2012, the Company identified various indicators of impairment of the property, including declines in the prices of molybdenum, copper and silver, a lack of recent exploration work with no significant exploration work planned in the foreseeable future, as well as a strategic shift in the Company’s exploration focus towards its Kenyan operations.

Given the stage of exploration of the property, the estimated fair value of \$4.0 million was determined based on a review of comparable sale transactions of resource properties. The resulting impairment charge of \$4.4 million was charged to expenses. This write-down was approximately 50% of the carrying value prior to the recorded impairment.

The manner and amount of the ultimate realization of the KM61 property remains subject to significant uncertainty.

ii) Seymour Lake

The Company holds a 100% interest in the Seymour Lake property, which is a tantalum-lithium-beryllium prospect located in northwestern Ontario, in the Crescent Lake area of the Thunder Bay Mining District. Certain portions of the Seymour Lake property are subject to a 3% net smelter return royalty, of which 1.5% can be purchased by the Company for \$1.0 million.

STOCKPORT EXPLORATION INC.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three and nine-month periods ended July 31, 2013

Mexico

i) La Morena and Other

The Company holds a 100% interest in the La Morena property, located in the state of Coahuila, Mexico. The Company continues to investigate other property opportunities in Mexico.

7) **Accounts payable and accrued liabilities**

	July 31, 2013	October 31, 2012
	\$	\$
Trade accounts payable and accrued liabilities	456,885	611,336
Amounts payable to related parties	261,930	268,504
Withholdings and taxes payable	-	2,287
	<u>718,815</u>	<u>882,127</u>

8) **Capital Stock**

a) Authorized

The Company has authorized an unlimited number of common shares without par value.

b) Issued and outstanding

	<u>Nine-month period ended July 31, 2013</u>		<u>Year-ended October 31, 2012</u>	
	<u>Number</u>	<u>Amount (\$)</u>	<u>Number</u>	<u>Amount (\$)</u>
Opening balance	74,781,934	21,802,576	62,070,326	20,428,607
Shares issued pursuant to private placements	5,197,160	519,716	11,000,000	1,100,000
Shares issued for finders' fees	351,406	35,141	350,000	35,000
Shares issued on confirmation of mineral claims and acquisition of technical data	-	-	949,658	203,480
Collection of subscriptions receivable	-	-	411,950	80,458
	<u>80,330,500</u>	<u>22,357,433</u>	<u>74,781,934</u>	<u>21,847,545</u>
Less: Share issue costs	-	(50,043)	-	(44,969)
Closing balance	<u>80,330,500</u>	<u>22,307,390</u>	<u>74,781,934</u>	<u>21,802,576</u>

On March 14, 2013, the Company completed a non-brokered private placement of 5.2 million common shares priced at \$0.10 per share, for total gross proceeds of \$519,716. In connection with the financing, 351,406 shares of the Company were issued as finders' fees, valued at \$35,141. Other share issuance costs to complete the financing were \$14,902, consisting of professional fees, regulatory costs, and a 7% finders' fee valued at \$1,240. A director of the Company subscribed for 1,004,016 common shares pursuant to the private placement.

STOCKPORT EXPLORATION INC.**Notes to Unaudited Condensed Interim Consolidated Financial Statements**For the three and nine-month periods ended July 31, 2013

On June 15, 2012, the Company completed a non-brokered private placement of 11 million common shares priced at \$0.10 per share, for total gross proceeds of \$1.1 million. In connection with the financing, 350,000 shares of the Company were issued as finders' fees, valued at \$35,000. Other share issuance costs to complete the financing were \$9,969, consisting of professional and regulatory costs. Officers and directors subscribed for 1.75 million common shares pursuant to the private placement.

During the year-ended October 31, 2012, the Company issued 949,658 common shares to African Queen Mines Limited in connection with an agreement announced on November 28, 2011. The agreement related to confirmation of B&M's interest to certain mineral claims within the Nyanza Project and included the acquisition of certain project-related data by the Company. The Company has reimbursed AQ US\$500,000, including US\$200,000 paid in December 2011 through the issuance of 949,658 common shares of the Company. The final cash payment of US\$150,000 was made during the nine-month period ended July 31, 2013.

9) Stock options

The Company has adopted a stock option plan, providing the Board of Directors with the discretion to issue an equivalent number of options of up to 10% of the issued and outstanding share capital of the Company. Stock options are granted with an exercise price of not less than closing share price of the day preceding the date of grant.

During the nine-month period ended July 31, 2013, 1,570,000 stock options with an average exercise price of \$0.10 and a term of 5 years were granted to directors and employees of the Company. The value of these stock options has been estimated at \$114,600, with the weighted average grant date value per option of \$0.07, using the Black-Scholes valuation model and the following weighted-average assumptions:

	Nine-months ended July 31, 2013	Year-ended October 31, 2012
Risk-free rate	1.16%	1.01%
Expected volatility of the Company's share price	156%	138%
Expected dividend yield	N/A	N/A
Expected life of each option	4.1 years	3.9 years
Weighted average fair value per option		
Exercise price equal to stock price on date of grant	\$0.04	\$0.09
Exercise price exceeds stock price on date of grant	\$0.07	\$0.18

STOCKPORT EXPLORATION INC.**Notes to Unaudited Condensed Interim Consolidated Financial Statements**

For the three and nine-month periods ended July 31, 2013

Changes in stock options during the nine-month period ended July 31, 2013 and the year-ended October 31, 2012 are summarized as follows:

	<u>Nine-month period ended July 31, 2013</u>		<u>Year-ended October 31, 2012</u>	
	<u>Number of options</u>	<u>Weighted average exercise price (\$)</u>	<u>Number of options</u>	<u>Weighted average exercise price (\$)</u>
Outstanding - beginning of period	5,425,000	0.27	4,600,000	0.31
Granted	1,570,000	0.10	1,950,000	0.20
Forfeited or expired	<u>(555,000)</u>	0.95	<u>(1,125,000)</u>	0.31
Outstanding - end of period	<u>6,440,000</u>	0.17	<u>5,425,000</u>	0.27

The following table summarizes information about the stock options outstanding and exercisable at July 31, 2013:

<u>Weighted average exercise price per share (\$)</u>	<u>Number of options outstanding</u>	<u>Expiry date</u>	<u>Number of options exercisable</u>
0.04	50,000	July 23, 2018	-
0.07	150,000	April 12, 2018	-
0.10	700,000	September 30, 2017	175,000
0.10	1,140,000	January 17, 2018	285,000
0.10	100,000	January 21, 2018	25,000
0.10	100,000	March 13, 2018	-
0.14	150,000	August 3, 2015	150,000
0.15	2,175,000	August 24, 2014	2,175,000
0.25	700,000	December 1, 2016	525,000
0.27	250,000	November 8, 2015	250,000
0.28	200,000	October 21, 2014	200,000
0.30	<u>725,000</u>	June 7, 2016	<u>725,000</u>
0.17	<u>6,440,000</u>		<u>4,025,000</u>

STOCKPORT EXPLORATION INC.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three and nine-month periods ended July 31, 2013

10) Warrants

Changes in share purchase warrants during the nine-month period ended July 31, 2013 and the year-ended October 31, 2012 are summarized as follows:

	Nine-month period ended July 31, 2013			Year-ended October 31, 2012		
	Number	Exercise price per warrant (\$)	Amount (\$)	Number	Exercise price per warrant (\$)	Amount (\$)
Outstanding - beginning of period	3,074,375	0.35	318,508	2,868,400	0.35	295,978
Subscriptions receivable	-	-	-	205,975	0.35	22,530
Outstanding - end of period	<u>3,074,375</u>	0.35	<u>318,508</u>	<u>3,074,375</u>	0.35	<u>318,508</u>

The 3,074,375 outstanding warrants expire on October 28, 2013.

11) Deferred Income Taxes

The following reflects deferred income tax assets (liabilities)

	July 31, 2013 \$	October 31, 2012 \$
Non-capital losses carried forward	254,000	332,000
Deductible share issue costs	12,000	11,000
Accounting value of mineral resource properties in excess of tax value	(295,000)	(369,000)
Tax value of property and equipment and prepaid expenses in excess of accounting value	29,000	26,000
Net deferred future income tax asset (liability) recognized	<u>-</u>	<u>-</u>

The Company also has the following approximate net deferred tax assets, primarily related to foreign operations, which have not been recognized:

	July 31, 2013 \$	October 31, 2012 \$
Net deferred tax assets - not recognized	<u>2,814,000</u>	<u>2,798,000</u>

STOCKPORT EXPLORATION INC.**Notes to Unaudited Condensed Interim Consolidated Financial Statements**

For the three and nine-month periods ended July 31, 2013

12) Related Party Transactions

During the nine-month period ended July 31, 2013, a director of the Company subscribed for 1,004,016 common shares as part of the non-brokered private placement financing completed by the Company on March 14, 2013. There were no other transactions with related parties outside the normal course of business operations during the period.

During the year-ended October 31, 2012, officers and directors of the Company subscribed for 1.75 million of the common shares issued as part of the private placement financing completed on June 15, 2012. Also during the year-ended October 31, 2012, a director of the Company provided debt financing in the amount of \$75,000 to the Company in the form of a demand loan, bearing interest at an annual rate of 10%. All amounts were repaid, with interest of \$715, to the director in 2012.

13) Contingency

The Company has an employment arrangement with the President and CEO of the Company which provides that, should a change in control event occur, the President may elect to terminate his employment with the Company, in which event the Company is required to pay the President a lump sum payment equal to 2.5 times his annual salary. The Company also has a consulting arrangement with the Chairman of the Company which provides that, should a change in control event occur, the Chairman may elect to terminate his arrangement with the Company, in which event the Company is required to pay the Chairman a lump sum payment equal to 2.0 times his annual remuneration. The payment of these change in control settlements would be subject to the Company maintaining an average market capitalization in excess of CDN \$25 million, based on any 10-day volume weighted trading price within the three-month period following the effective date of the change in control.

14) Segmented Information

The Company conducts mineral operations in Canada, Mexico and Kenya and is searching for mineral exploration opportunities worldwide. Since the Company is in the exploration stage, there is no segmented revenue or operating results to report. The Company's total assets are segmented geographically as follows:

	July 31, 2013				
	Corporate Canada	Mineral Operations			
	\$	Canada	Mexico	Kenya	Total
	\$	\$	\$	\$	\$
Current assets	150,196	-	22,659	2,302	175,157
Marketable securities	6,000	-	-	-	6,000
Property and equipment	8,806	5,101	-	13,839	27,746
Resource properties	-	5,145,452	833,449	2,811,163	8,790,064
	<u>165,002</u>	<u>5,150,553</u>	<u>856,108</u>	<u>2,827,304</u>	<u>8,998,967</u>

STOCKPORT EXPLORATION INC.**Notes to Unaudited Condensed Interim Consolidated Financial Statements**

For the three and nine-month periods ended July 31, 2013

October 31, 2012

	Corporate	Mineral Operations			
	Canada	Canada	Mexico	Kenya	Total
	\$	\$	\$	\$	\$
Current assets	385,180	-	35,471	6,159	426,810
Marketable securities	9,000	-	-	-	9,000
Property and equipment	19,213	6,570	-	16,832	42,615
Resource properties	-	5,136,118	753,572	2,653,937	8,543,627
	<u>413,393</u>	<u>5,142,688</u>	<u>789,043</u>	<u>2,676,928</u>	<u>9,022,052</u>