Consolidated Financial Statements of

MAINSTREAM MINERALS CORPORATION
(An Exploration Company)

Years ended November 30, 2013 and 2012

Expressed in Canadian dollars

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Mainstream Minerals Corporation

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Mainstream Minerals Corporation, which comprise the consolidated statements of financial position as at November 30, 2013 and 2012 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years ended November 30, 2013 and 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mainstream Minerals Corporation as at November 30, 2013 and 2012 and its financial performance and its cash flows for the years ended November 30, 2013 and 2012 in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to Note 2(a) of the consolidated financial statements which describes the uncertainty related to Mainstream Minerals Corporation's ability to operate as a going concern. Our opinion is not qualified in respect of this matter.

Magnus

March 28, 2014
Winnipeg, Canada

Magnus Chartered Accountants LLP

MAINSTREAM MINERALS CORPORATION

Consolidated Statements of Financial Position

As at November 30, 2013 and November 30, 2012

(Expressed in Canadian dollars)

	2013	2012
Assets		
Current assets:		
Cash and cash equivalents	$ -	$ 93,470
Other receivables (Note 4)	1,626	7,569
Prepaid expenses	-	1,098
Total current assets	1,626	102,137
Non-current assets:		
Property and equipment (Note 5)	2,089	2,984
Exploration and evaluation assets (Note 6)	2,932,947	3,721,551
Total non-current assets	2,935,036	3,724,535
Total assets	$ 2,936,662	$ 3,826,672
Liabilities and Equity		
Liabilities:		
Current liabilities:		
Trade payables	$ 241,862	$ 97,476
Other payables (Note 7)	21,020	55,187
Advance payable (Note 8)	5,000	-
Total current liabilities	267,882	152,663
Non-current liability:		
Deferred income tax liability (Note 9(c))	565,000	781,000
Total liabilities	832,882	933,663
Equity:		
Share capital (Note 10)	7,255,074	7,255,074
Share-based payments reserve	8,459	350,349
(Deficit)	(5,159,753)	(4,712,414)
Total equity	2,103,780	2,893,009
Going concern of operations (Note 2(a))		
Commitments (Note 13)		
Subsequent events (Note 17)		
Total liabilities and equity	$ 2,936,662	$ 3,826,672

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board on March 28 , 2014:

Director "Chris Irwin" (Signed)

Chief Financial Officer "David Reid" (Signed)

MAINSTREAM MINERALS CORPORATION

Consolidated Statements of Loss and Comprehensive Loss

For the years ended November 30, 2013 and 2012

(Expressed in Canadian dollars)

	2013	2012
Expenses:		
Advertising	$ -	$ 3,150
Consulting fees	94,788	424,542
Depreciation	895	586
General meeting	4,418	1,172
Insurance	11,477	11,192
Interest and bank charges	1,088	872
Meals and entertainment	-	2,506
Office	14,935	30,511
Professional fees	51,882	79,490
Regulatory filings	29,422	38,771
Travel	4	6,325
	208,909	599,117
(Loss) from operations	(208,909)	(599,117)
Other income (expense):		
Interest income	6	126
Exploration and evaluation assets write-down	(796,326)	(214,816)
Gain on marketable securities	-	777
	(796,320)	(213,913)
(Loss) before income taxes	(1,005,229)	(813,030)
Deferred income tax recovery (Note 9(c))	216,000	182,000
Net (loss) and comprehensive (loss) for the year	$ (789,229)	$ (631,030)
Basic and diluted loss per share (Note 10 (c))	$ (0.01)	$ (0.01)

See accompanying notes to consolidated financial statements.

MAINSTREAM MINERALS CORPORATION

Consolidated Statements of Changes in Equity

For the years ended November 30, 2013 and 2012

(Expressed in Canadian dollars)

	2013	2012
Share capital		
Balance, beginning of year	$ 7,255,074	$ 6,703,214
Shares issued under land option agreements	-	38,000
Private placement of shares	-	513,860
Balance, end of year	$ 7,255,074	$ 7,255,074
Share-based payments reserve		
Balance, beginning of year	$ 350,349	$ 350,349
Transfer of expired or forfeited amounts to retained earnings	(341,890)	-
Balance, beginning and end of year	$ 8,459	$ 350,349
(Deficit)		
Balance, beginning of year	$ (4,712,414)	$ (4,081,384)
Net (loss) and comprehensive (loss) for the year	(789,229)	(631,030)
Transfer of expired and forfeited amounts from share-based payments reserve	341,890	-
Balance, end of period	$ (5,159,753)	$ (4,712,414)
Total equity, end of year	$ 2,103,780	$ 2,893,009

See accompanying notes to consolidated financial statements.

MAINSTREAM MINERALS CORPORATION

Consolidated Statements of Cash Flows

For the years ended November 30, 2013 and 2012

(Expressed in Canadian dollars)

	2013	2012
Operating activities:		
Cash paid to suppliers	$ (89,666)	$ (478,366)
Interest received	6	126
Interest and bank charges paid	(1,088)	(872)
	(90,748)	(479,112)
Investing activities:		
Purchase of property and equipment	-	(3,235)
Investment in exploration and evaluation assets	(7,722)	(72,530)
Proceeds on exploration and evaluation asset option agreements	-	20,000
Proceeds on sale of marketable securities	-	7,777
	(7,722)	(47,988)
Financing activities:		
Change in advance payable	5,000	-
Proceeds from issuance of common shares, net of share issue costs	-	513,860
Change in cash	(93,470)	(13,240)
Cash and cash equivalents, beginning of year	93,470	106,710
Cash and cash equivalents, end of year	$ -	$ 93,470

Supplementary information:

The company did not pay any income taxes during the above reporting periods.

See accompanying notes to consolidated financial statements.

Nature of operations

Mainstream Minerals Corporation (the "company") is a publicly listed company incorporated in Canada pursuant to the *Canada Business Corporations Act* on July 19, 2006. The mailing and office address of its executive office is: 400 - 365 Bay Street, Toronto, ON, M5H 2V1.

The company is a mineral resource company in the development stage that is engaged in the acquisition of interests in, and in the exploration of, mineral resource properties. The company's shares are traded on the TSX Venture Exchange Inc.

1. Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements for the year ended November 30, 2013 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on March 28, 2014.

2. Significant accounting policies

(a) Going concern of operations

The going concern assumption implies that the company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. There is doubt about the appropriateness of the use of the going concern assumption because the company has experienced significant losses and has experienced negative cash flows from operations over a number of years.

The company has not yet determined whether its exploration and evaluation assets contain reserves that are economically recoverable, and accordingly, the success of any further exploration or development prospects cannot be assured. If the company's exploration and development efforts are successful, additional funds may be required, and the company may not have sufficient funds to conduct the exploration required. The primary source of future funds available to the company is through the sale of additional equity capital, which may dilute the interests of existing shareholders.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate, then adjustments may be necessary to the carrying value of assets and liabilities and the reported amounts of revenues and expenses.

(b) Basis of consolidation

These consolidated financial statements include the accounts of the company and its wholly-owned subsidiary 2362907 Ontario Inc. All significant inter-company transactions have been eliminated on consolidation.

(c) Property and equipment

Recognition and measurement

Property and equipment are recorded at historical cost less accumulated depreciation and any impairment losses. Residual values, depreciation methods and useful economic lives are reviewed and adjusted as necessary at the end of each reporting period. Cost includes expenditures that are directly attributable to the acquisition of the asset. When components of property and equipment have different useful lives, they are accounted for as a separate item of property and equipment.

2. Significant accounting policies (continued)

(c) Property and equipment (continued)

Subsequent costs

The cost of replacing a component of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefit embodied within the component will flow to the company, and its costs can be reliably measured. The carrying amount of the replaced component is derecognized. The costs of servicing property and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Depreciation methods and rates are applied consistently within each asset class except where significant individual assets have been identified which have different depreciation patterns.

Depreciation is recognized in profit or loss. The following rate and method is used:

	Rate	Method
Computer equipment	30%	Declining balance

In the year of acquisition, depreciation is provided at one-half the declining balance rate. Depreciation methods and useful lives are reviewed at each reporting date and adjusted as required.

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

(d) Exploration and evaluation expenditures

Costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on a project are expensed as incurred.

Capitalized costs

Exploration and evaluation expenditures are defined as costs incurred after having obtained the legal right to explore the property and before the technical and commercial viability of extracting resources are demonstrated.

The company follows the full cost method whereby all costs associated with the acquisition, exploration and development of reserves are capitalized in cost centers from the time the company obtains the legal right to undertake exploration and evaluation activities on a project. Such costs include land and lease acquisitions, geological and geophysical expenditures, drilling, production and gathering equipment and facilities, carrying costs directly related to unproven properties, and corporate costs directly related to the acquisition. Amounts capitalized to these cost centers represent costs to date and are not intended to represent present or future values. The recoverability of the costs is dependent upon the discovery of economically recoverable reserves, confirmation of the company's interests in the underlying mineral claims, the ability to obtain necessary financing to complete development and the development of future profitable production from the properties or realization of sufficient proceeds from the disposition of the properties.

If technical feasibility and commercial viability have been established, the carrying amount of the related exploration and evaluation asset is tested for impairment as discussed below. The carrying value, net of any impairment loss, is then reclassified to property and equipment as exploration and evaluation assets. If the company decides not to continue the exploration and evaluation activity, then the accumulated costs are expensed as impairment losses in the period in which the event occurs.

2. Significant accounting policies (continued)

(d) Exploration and evaluation expenditures (continued)

Impairment test

Exploration and evaluation assets are reviewed for impairment only when facts and circumstances suggest that the carrying amount may exceed the recoverable amount or when technical feasibility and commercial viability have been established. The recoverable amount of an asset or cash-generating unit is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, excluding impairment losses for exploration and evaluation assets reclassified to property and equipment, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years.

As part of certain joint venture agreements, in the event the company is not reimbursed by the other venturers, the company will, within certain thresholds, obtain an increased interest in the property. When the company has recourse by way of an increased interest in a joint operation, recoveries that management is uncertain will be collected are categorized with exploration and evaluation assets. In the event that such amounts are subsequently collected, the company will record the cash receipt as a reduction in the amount categorized with the related property. If the property had been written-down due to impairment, the amount in excess of the carrying amount is recorded as a gain in the period the amounts are recovered. In addition, the company may elect to incur recoverable expenditures on properties subject to a joint venture agreement where there is no recourse and management has determined that recovery is uncertain at the time the expenditure is made. Such amounts are capitalized as exploration and evaluation assets. If the company incurs recoverable expenditures for joint ventures without recourse and expects recovery, the amounts are recorded as accounts receivable. If management determines that recoverability is uncertain subsequent to incurring the expenditure, the unrecoverable receivable is expensed.

(e) Borrowing costs

The company capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset when it is probable that these costs will result in future economic benefits and when they can be reliably measured. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are expensed as incurred.

(f) Provisions

General

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The expense relating to any provision is presented in profit or loss net of any reimbursement.

2. Significant accounting policies (continued)

(f) Provisions (continued)

Environmental rehabilitation provision

The company recognizes the fair value of a liability for environmental rehabilitation in the period in which the company is legally or constructively required to remediate, if a reasonable estimate of fair value can be made, based on an estimated future cash settlement of the environmental rehabilitation obligation, discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The environmental rehabilitation obligation is capitalized as part of the carrying amount of the associated long-lived asset and a liability is recorded. The environmental rehabilitation obligation is depleted on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgments and estimates are involved in forming expectations of the amounts and timing of environmental rehabilitation cash flows. The company has assessed each of its exploration and evaluation assets and determined that no material environmental rehabilitations exist.

(g) Flow-through shares

Under current Canadian income tax legislation, a company is permitted to issue shares whereby the company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. To account for flow-through shares, the company allocates total proceeds from the issuance of flow-through shares between the offering of shares and the sale of tax benefits.

The total amount allocated to the offering of shares is based on the quoted price of the underlying shares. The remaining amount, which is allocated to the sale of tax benefits, is recorded as a liability and is reversed proportionately and recognized as after-tax income when the tax benefits are renounced. In situations where there is an absence of compelling evidence supporting a comparable value of the underlying shares, the company allocates management's estimate of the prevailing flow-through premium in market conditions at the time of issuance to the sale of tax benefits. The tax effect of the renunciation is recorded at the time the company makes the renunciation, which may differ from the effective date of renunciation, and the value of the tax assets renounced is recorded as a deferred tax expense.

(h) Jointly controlled operations

A portion of the company's exploration activities is conducted jointly with others whereby the company enters into agreements that provide for a specified percentage interest in exploration and evaluation assets. The company accounts for its investment in joint ventures using the proportionate consolidation method.

(i) Loss per share

Diluted loss per share is calculated using the treasury stock method which assumes all common share equivalents, such as options and warrants, had been exercised at the beginning of the reporting period of issue and that the funds obtained therefrom were used to purchase common shares of the company at the estimated average trading price of the common shares during the year.

(j) Revenue recognition

Revenue from sales of precious metals will be recognized when the significant risks and rewards of ownership are transferred to the buyer, which is when legal title passes to the buyer, and when collectibility is reasonably assured.

Interest income is recognized as accrued.

2. Significant accounting policies (continued)

(k) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that the tax relates to items recognized directly in equity or in other comprehensive income or loss.

(i) Current income tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable or receivable in respect of previous years.

(ii) Deferred income tax

Deferred tax is recognized in respect of temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax is measured at the enacted or substantially enacted tax rates expected to be recovered or settled in the future. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the date of enactment or substantive enactment.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(l) Share-based payments

The company has implemented a stock option plan to allow the company to grant options to directors, officers, employees and service providers. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors and officers of the company. The maximum number of common shares which may be issued pursuant to those granted under the stock option plan are limited to 10% of the issued and outstanding common shares. In addition, the number of common shares which may be reserved for issuance to any one individual may not exceed 5% of the issued common shares on a yearly basis.

The company uses the fair value-based approach to account for share-based payments under their stock option plan. Compensation expense is recognized for these stock options over their vesting period based on their estimated fair values on the date of grant as determined by the Black-Scholes option-pricing model. The fair value of the options is adjusted by the estimate of the number of options that are expected to vest as a result of non-market conditions. At each reporting date, the company revises its estimate of the number of options that are expected to vest.

The fair values of the options issued, if any, are credited to share-based payments reserve in the period they vest. Upon exercise of the share purchase options, consideration paid together with the amount previously recognized in share-based payments reserve is recorded as an increase in share capital. Charges to share purchase options that are forfeited before vesting are reversed from share-based payments reserve. For those share purchase options that expire or are forfeited after vesting, the amount previously recorded in share-based payments reserve is transferred to retained earnings or deficit.

Share-based payments granted to non-employees are measured at the fair value of the goods or services received. In the event the company cannot reasonably estimate the fair value of goods or services received, the transaction is recorded at the estimated value of the share-based payment.

2. Significant accounting policies (continued)

(m) Financial instruments

(i) Non-derivative financial assets

Financial assets are classified into the following categories: financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All financial assets are recognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as FVTPL which are initially measured at fair value.

Financial assets at fair value through profit or loss

A financial asset is classified as FVTPL if it is considered to be held-for-trading or is designated as such upon initial recognition. Financial assets are designated as FVTPL if the company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss as incurred. Financial assets at FVTPL are measured at fair value, and changes therein are recognized in profit or loss.

Held-to-maturity

A financial asset is classified as held-to-maturity if the asset has fixed or determinable payments and fixed maturities that the company's management has the intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. Any changes to the carrying amount of the asset, including impairment losses, are recognized in other comprehensive income or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified as loans and receivables, held-to-maturity or financial assets at fair value through profit or loss. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognized in other comprehensive income or loss and presented within equity in the fair value reserve. Equity instruments that do not have an active market are recorded at cost. When an investment is derecognized, the cumulative gain or loss in other comprehensive income or loss is transferred to profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

2. Significant accounting policies (continued)

(m) Financial instruments (continued)

De-recognition of financial assets

The company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

(ii) Non-derivative financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss

A financial liability is classified at fair value through profit or loss if it is considered to be held-for-trading or is designated as such upon initial recognition. Upon initial recognition, attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities classified as fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Other financial liabilities

Other financial liabilities including borrowings are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

De-recognition of financial liabilities

The company de-recognizes financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

(iii) The company's financial instruments consist of the following:

Financial instrument	Classification	Measurement
Cash and cash equivalents	FVTPL	Fair value
Other receivables	Loans and receivables	Amortized cost
Trade payables	Other financial liabilities	Amortized cost
Other payables	Other financial liabilities	Amortized cost
Advance payable	Other financial liabilities	Amortized cost

(n) Impairment of long-lived assets

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on estimated future cash flows.

Financial assets measured at amortized cost

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

2. Significant accounting policies (continued)

(n) Impairment of long-lived assets (continued)

Financial assets carried at cost

An impairment loss of a financial asset carried at cost, where its fair value cannot be reliably measured, is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of similar financial assets. Such impairment losses are not reversed.

Available-for-sale financial assets

An impairment loss of an available-for-sale investment security is recognized by transferring the cumulative loss that has been recognized in other comprehensive income or loss, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income or loss and recognized in profit or loss is the difference between acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in profit or loss.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases, the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. If, however, the fair value of an impaired available-for-sale equity security increases, the amount of reversal is recognized in other comprehensive income or loss.

(ii) Non-financial assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets, other than exploration and evaluation assets, to determine whether there is an indication that these assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Exploration and evaluation assets are reviewed for impairment only when facts and circumstances suggest that the carrying amount may exceed the recoverable amount.

The recoverable amount of an asset or cash-generating unit is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset, or cash-generating unit, is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years.

(o) Use of estimates and judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to make accounting estimates and assumptions requiring judgment in applying the company's accounting policies. These estimates and assumptions may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Significant areas requiring the use of management estimates are as follows:

2. Significant accounting policies (continued)

(o) Use of estimates and judgments (continued)

Valuation of exploration and evaluation assets

The value of exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves which in turn is dependent on future petroleum and natural gas prices, future capital expenditures and environmental and regulatory restrictions. The decision to transfer assets from exploration and evaluation assets to property and equipment is based on estimated proved and probable reserves which are in part used to determine a project's technical feasibility and commercial viability.

Deferred income taxes

The amounts recorded for deferred income taxes are based on estimates as to the timing of the reversal of temporary differences and tax rates currently substantively enacted. They are also based on estimates of the probability of the company utilizing certain tax pools and assets which, in turn, is dependent on estimates of proved and probable reserves, production rates, future petroleum and natural gas prices and changes in legislation, tax rates and interpretations by taxation authorities. The availability of tax pools is subject to audit and interpretation by taxation authorities. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

Share-based payments

The amounts recorded relating to the fair value of stock options and warrants issued are based on estimates of the future volatility of the company's share price, market price of the company's shares at grant date, expected lives of the options, expected forfeiture rate, expected dividends and other relevant assumptions.

(p) Recent accounting announcements

Standards issued but not yet effective up to the date of issuance of the company's financial statements are listed below. This listing includes the standards and interpretations issued which the company reasonably expects to be applicable at a future date. The company intends to adopt those standards when they become effective. The company does not expect the impact of such changes on its financial statements to be material.

IFRS 9 *Financial Instruments: Classification and Measurement*

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to the classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after January 1, 2015. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The adoption of the first phase of IFRS 9 may have an effect on the classification and measurement of the company's financial assets.

IFRS 10 *Consolidated Financial Statements*

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. IFRS 10 replaces SIC-12 Consolidation - *Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements*. The standard is effective for annual periods beginning on or after January 1, 2013.

2. Significant accounting policies (continued)

(p) Recent accounting announcements

IFRS 11 *Joint Arrangements*

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or a joint operation. Joint ventures will be accounted for using the equity method of accounting, whereas for a joint operation, the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. The standard is effective for annual periods beginning on or after January 1, 2013.

IFRS 12 *Disclosure of Interests in Other Entities*

IFRS 12 establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard carries forward existing disclosure requirements and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The standard is effective for annual periods beginning on or after January 1, 2013.

IFRS 13 *Fair Value Measurement*

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards that require or permit fair value measurements, except in specified circumstances. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosure requirements about fair value measurement. The standard is effective for annual periods beginning on or after January 1, 2013.

IAS 19 *Employee Benefits* (Amended)

The amendments to IAS 19 require the recognition of changes in the defined benefit obligation and in plan assets when those changes occur, eliminating the corridor approach and accelerating the recognition of past service costs. The amendment is effective for annual periods beginning on or after January 1, 2013.

IAS 27 *Separate Financial Statements* (Amended)

IAS 27 was re-issued by the IASB on May 12, 2011 in order to conform to changes as a result of the issuance of IFRS 10, IFRS 11, and IFRS 12. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements as the consolidation guidance will now be included in IFRS 10. The amendment is effective for annual periods beginning on or after January 1, 2013.

IAS 28 *Investment in Associates and Joint Ventures* (Amended)

IAS 28 was re-issued by the IASB on May 12, 2011 in order to conform to changes as a result of the issuance of IFRS 10, IFRS 11, and IFRS 12. IAS 28 continues to prescribe the accounting for investments in associates, but is now the only source of guidance describing the application of the equity method. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee. The amendment is effective for annual periods beginning on or after January 1, 2013.

3. Exploration and evaluation expenses

During the year ended November 30, 2013, the company has directly expensed exploration and evaluation costs in the amount of $Nil (2012 - $Nil).

(Expressed in Canadian dollars)

4. Other receivables

The company’s other receivables at November 30 are comprised of the following:

	2013	2012
Goods and services tax recoverable	$ 1,626	$ 7,569

5. Property and equipment

The company's property and equipment at November 30 is comprised of the following:

	Computer equipment
Cost	
Balance, November 30, 2012 and 2013	$ 4,663
Accumulated depreciation	
Balance, November 30, 2012	1,679
Depreciation for the year	895
Balance, November 30, 2013	$ 2,574
Carrying value	
At, November 30, 2012	$ 2,984
At, November 30, 2013	$ 2,089

6. Exploration and evaluation assets

(a) The company has capitalized the following amounts as at November 30:

	2013	2012
Acquisition, exploration and development costs:		
Bobjo Mine	$ 2,932,947	$ 2,932,947
West Keefer Claims	-	161,840
Slate Lake	-	184,848
Casa Berardi Claims	-	170,530
Fly Lake Claims	-	66,195
Rowan Lake Claims	-	154,823
Birch Lake Claims	-	50,368
	$ 2,932,947	$ 3,721,551

(Expressed in Canadian dollars)

6. Exploration and evaluation assets (continued)

(b) A summary of the exploration and evaluation asset activity for the years ended November 30, 2013 and 2012 is as follows:

Balance, November 30, 2011,	$	3,852,837
Development costs incurred during the period including share-based payments		110,530
Impairment as a result of abandoning certain exploration and evaluation assets		(214,816)
Proceeds on exploration and evaluation asset option agreement including share-based payments		(27,000)
Balance, November 30, 2012	$	3,721,551
Development costs incurred during the period including share-based payments		7,722
Impairment as a result of abandoning certain exploration and evaluation assets		(796,326)
Balance, November 30, 2013	$	2,932,947

7. Other payables

The company's other payables at November 30 are comprised of the following:

		2013		2012
Accrued liabilities	$	21,020	$	55,187

8. Advance payable

The advance payable is from a shareholder of the company and is non-interest bearing with no specified terms of repayment.

9. Income taxes

(a) Canadian exploration and development expenditures:

As at November 30, 2013, the company had $838,514 (2012 - $830,792) of unused Canadian exploration and development expenses available to offset future taxable income of the company. The tax benefits of these expenses carry forward indefinitely.

(Expressed in Canadian dollars)

9. Income taxes (continued)

(b) Losses:

The company has non-capital tax losses available for carry forward to reduce future years' taxable income totaling $4,273,000 which expire as follows:

2026	$ 15,000
2027	655,000
2028	716,000
2029	752,000
2030	665,000
2031	558,000
2032	660,000
2033	252,000
Total loss carry forwards	$ 4,273,000

The company has not recorded the potential income tax benefit that may be derived from the tax losses due to the uncertainty that the benefits will be realized.

(c) Income tax recovery differs from the amount that would be computed by applying the applicable combined federal and provincial statutory income tax rate of 27% (2012 - 27%). The reasons for the differences are as follows:

	2013	2012
Income tax recovery computed at statutory rates	$ 56,000	$ 162,000
Adjustment to deferred tax assets and liabilities due to change in combined federal and provincial tax rates	-	(2,000)
	56,000	160,000
Valuation allowance	160,000	22,000
Deferred income tax recovery recognized	$ 216,000	$ 182,000

The components of the company's net deferred income tax asset (liability) at November 30, 2013 and 2012 are as follows:

	2013	2012
Deferred income tax assets:		
Property and equipment	$ 1,000	$ 1,000
Operating loss carry-forwards	1,154,000	1,086,000
Share issue costs	15,000	28,000
	1,170,000	1,115,000
Deferred income tax liability:		
Exploration and evaluation assets	(565,000)	(781,000)
	605,000	334,000
Valuation allowance	(1,170,000)	(1,115,000)
Net deferred income tax liability	$ (565,000)	$ (781,000)

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the future tax benefits will be realized. The realization of deferred tax assets is dependent upon the company having future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment.

(Expressed in Canadian dollars)

10. Share capital

(a) Authorized

Authorized share capital consists of an unlimited number of common shares.

(b) Changes in issued common shares are summarized below:

Year ended November 30, 2013	Number of common shares	Amount
Balance, November 30, 2012 and 2013	65,102,130	$ 7,255,074

Year ended November 30, 2012	Number of **common shares**	**Amount**
Balance, November 30, 2011	54,122,130	$ 6,703,214
Shares issued for land options (i)	100,000	9,000
Shares issued for land options (ii)	100,000	9,000
Shares issued for land options (iii)	100,000	10,000
Shares issued for land options (iv)	100,000	10,000
Private placement of shares (v)	1,880,000	88,360
Private placement of shares (vi)	5,900,000	290,500
Private placement of shares (vii)	2,800,000	135,000
Balance, November 30, 2012	65,102,130	$ 7,255,074

(i) On January 12, 2012 the company issued 100,000 common shares under a land option agreement relating to the Hudson-Patricia claims. Based on the estimated fair value of the land options, the shares were valued at $9,000.

(ii) On January 12, 2012 the company issued 100,000 common shares under land option agreements relating to the Hudson-Patricia mining lease. Based on the estimated fair value of the land options, the shares were valued at $9,000.

(iii) On February 3, 2012 the company issued 100,000 common shares under a land option agreement relating to the Fly Lake claims. Based on the estimated fair value of the land options, the shares were valued at $10,000.

(iv) On February 3, 2012 the company issued 100,000 common shares under a land option agreement relating to the Slate Lake mining lease. Based on the estimated fair value of the land options, the shares were valued at $10,000.

(v) On March 27, 2012 the company closed the first tranche of a non-brokered private placement initially announced on February 6, 2012. A total of 1,880,000 units were issued at a price of $0.05 per unit for gross proceeds of $94,000. Each Class A unit consists of one non-flow-through common share and one half of one non-flow-through common share purchase warrant. Each whole non-flow-through common share purchase warrant entitles the holder to purchase an additional common share of the company at a price of $0.10 for a period of 12 months following the date of issuance. A cash finder's fee equal to 6% of the subscription proceeds totaling $5,640 was paid to registered dealers for services rendered in introducing certain subscribers to the offering. In addition, 112,800 brokers warrants equivalent to 6% of the number of units subscribed for in this non-brokered private placement were issued to finders. Each broker warrant can be exercised to purchase one non-flow-through common share of the company at a price of $0.10 for a period of 12 months following the date of issuance. The amount recorded to share capital in the amount of $88,360 represents gross proceeds of $94,000 less share issue costs of $5,640.

(Expressed in Canadian dollars)

10. Share capital (continued)

(vi) On June 8, 2012 the company closed the first tranche of a non-brokered private placement initially announced on May 22, 2012. A total of 5,900,000 units were issued at a price of $0.05 per unit for gross proceeds of $295,000. Each unit consists of one non-flow-through common share and one half of one non-flow-through common share purchase warrant. Each whole non-flow-through common share purchase warrant entitles the holder to purchase an additional common share of the company at a price of $0.10 for a period of 12 months following the date of issuance. A cash finder's fee of $4,500 was paid to registered dealers for services rendered in introducing certain subscribers to the offering. In addition, 90,000 brokers warrants were issued to finders. Each broker warrant can be exercised to purchase one non-flow-through common share of the company at a price of $0.10 for a period of 12 months following the date of issuance. The amount recorded to share capital in the amount of $290,500 represents gross proceeds of $295,000 less share issue costs of $4,500.

(vii) On June 29, 2012 the company closed the second and final tranche of a non-brokered private placement initially announced on May 22, 2012. A total of 2,800,000 units were issued at a price of $0.05 per unit for gross proceeds of $140,000. Each unit consists of one non-flow-through common share and one half of one non-flow-through common share purchase warrant. Each whole non-flow-through common share purchase warrant entitles the holder to purchase an additional common share of the company at a price of $0.10 for a period of 12 months following the date of issuance. The amount recorded to share capital in the amount of $135,000 represents gross proceeds of $140,000 less share issue costs of $5,000.

(c) Loss per share

The calculation of basic and diluted loss per share, for the years ended November 30, 2013 and 2012 is based on the following losses and number of shares:

	2013	2012
(Loss) for the year	$ (789,229)	$ (631,030)
Weighted average number of shares	65,102,130	59,766,722

All of the outstanding stock options and warrants were anti-dilutive for the relevant periods.

11. Share purchase warrants

A summary of the warrant activity for the years ended November 30, 2013 and 2012 is as follows:

	2013	2012
Outstanding at beginning of period	9,535,855	8,952,143
Granted	-	5,492,800
Expired	(9,535,855)	(4,909,088)
Outstanding at end of period	-	9,535,855

(Expressed in Canadian dollars)

12. Share-based payments

(a) Outstanding options

The following table summarizes the 1,095,000 outstanding options as at November 30, 2013:

	Number outstanding	Exercise price	Expiry date
Directors' options	95,000	$0.10	January 10, 2014 (i)
Directors' options	100,000	$0.10	January 10, 2014 (i)
Directors' options	900,000	$0.10	January 10, 2014 (i)

(i) Due to the resignation of directors and officers of the company on October 11, 2013, in accordance with the company's stock option plan, these options expire on January 10, 2014.

(b) Changes in stock options

A summary of the changes in stock option activity for the years ended November 30, 2013 and 2012 is as follows:

	2013		2012	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at beginning of period	$ 0.19	3,035,000	$ 0.19	3,215,000
Forfeited	0.10	(1,000,000)	-	-
Expired	0.36	(940,000)	0.27	(180,000)
Outstanding and exercisable, end of period	$ 0.10	1,095,000	$ 0.19	3,035,000

The options outstanding at the end of the year have an exercise price of $0.10 per share (2012 - range of $0.10 to $0.36) and a weighted average remaining contractual life of 0.11 years.

(c) Effects on profit or loss

The total estimated fair value of the options granted and recognized as an expense for the year ended November 30, 2013 is $Nil (2012 - $Nil).

(Expressed in Canadian dollars)

13. Land option agreement and commitments

The company has entered into the following land option agreement:

Name	Ownership interest
Bobjo Mine property	100%

Bobjo Mine property

The company entered into an agreement to acquire an option for the nine patented claims identified as Bobjo Mine. The vendor has retained a 2% production royalty in the property of which the company has the right to purchase 50% of the production royalty for $1,000,000 at any time.

The company then entered into a joint venture agreement with King's Bay Gold Corporation. Both companies had two directors in common at that time. King's Bay Gold Corporation has earned a 50% interest related to nine patented claim units of the property after funding earn-in expenditures in the amount of $125,000.

On June 14, 2010 the company entered into a "Property Interests Exchange Agreement" with King's Bay Gold Corporation whereby King's Bay Gold Corporation sold its remaining interests in the Bobjo Mine property to the company. King's Bay Gold Corporation further agreed to cancel the advance receivable related to the property in the amount of $141,572 from the company. Pursuant to the Property Interests Exchange Agreement, the company agreed to assign to King's Bay Gold Corporation its 100% interest in the Raleigh Lake Property, grant 250,000 common shares to King's Bay Gold Corporation valued at $15,000 and transfer title and ownership on various pieces of equipment valued at approximately $16,000. The company issued the 250,000 common shares to King's Bay Gold Corporation on May 3, 2011.

On September 23, 2010 the company entered into an option agreement to acquire a 100% interest in 28 mineral claims adjacent to and included with the Bobjo Mine Claims. Upon signing of the agreement the company paid $10,000 and was required to issue 100,000 common shares. The company issued the 100,000 common shares on December 9, 2010.

The vendor has retained a 2.0% Net Smelter Return (the "NSR") interest in the properties. The company can buy back 1.0% of the NSR for $1,000,000 at any time.

On February 11, 2011 the company entered into an option agreement with Premier Gold Mines Limited ("Premier") with respect to the Bobjo Mine property. On May 16, 2011, Premier provided notice to the company of their decision to terminate its option on the Bobjo Mine property.

14. Related party transactions

(a) Key management personnel compensation

The company did not pay employment based remuneration to directors, officers or other members of key management for the years ended November 30, 2013 and 2012. However, the company did pay contract based remuneration to directors, officers and other members of key management as disclosed in Note 14(b).

(Expressed in Canadian dollars)

14. Related party transactions (continued)

(b) Other related party transactions

Included in these consolidated financial statements are the following related party transactions, which have been determined by negotiation amongst the related parties. These transactions are in the normal course of operations are are measured at the same value as if the transactions had occurred with non-related parties.

	2013	2012
Verenex Capital Corporation, a company owned by a director for consulting services related to a position of office for the company	$ 45,000	$ 90,000
Raymond L. Préfontaine Advisory Services, a business owned by an officer for consulting services relating to a position of office for the company	30,000	90,000
Kyle Picard Advisory Services, a business owned by a director for consulting services relating to a position of office for the company	-	39,000

15. Financial instruments

(a) Risk management and hedging activities

In the normal course of operations the company is exposed to various financial risks. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The company does not meaningfully participate in the use of financial instruments to control these risks. The company has no designated hedging transactions. The financial risks and management's risk management objectives and policies are as follows:

(i) Currency risk

The company does not hold any assets or liabilities denominated in a foreign currency therefore is not exposed to currency risk.

(ii) Price risk

The company is exposed to price risk with respect to commodity prices. As the company is not a producing entity, this risk does not currently affect earnings; however, the risk could affect the completion of future equity transactions. The company monitors commodity prices of precious metals and the stock market to determine the timing, nature and extent of equity transactions.

(iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the company. The company is exposed to credit risk on its financial assets. Cash is held with an established Canadian financial institution and the company's other receivables are from Canadian government entities, from which management believes the risk of loss to be remote. The company does not have any derivatives or similar instruments that mitigate the maximum exposure to credit risk.

The carrying amount of financial assets recorded in the consolidated financial statements in the amount of $1,626 (2012 - $101,039) represents the maximum exposure to credit risk at the reporting date.

(Expressed in Canadian dollars)

15. Financial instruments (continued)

(iv) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. Management monitors the company's liquidity by assessing forecast and actual cash flows and by maintaining adequate cash on hand. It is management's opinion that it is unlikely that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments. As at November 30, 2013, the company has a working capital deficiency in the amount of $266,256 (2012 - $50,526).

The contractual maturities of financial liabilities at November 30, 2013 and 2012, based on the earliest date on which payment can be required, are as follows:

As at November 30, 2013	Total amount	Six month or less	More than six months
Trade payables	$ 241,862	$ 241,862	$ -
Other payables	21,020	21,020	-
Advance payable	5,000	5,000	-
	$ 267,882	$ 267,882	$ -

As at November 30, 2012	Total amount	Six month or less	More than six months
Trade payables	$ 97,476	$ 97,476	$ -
Other payables	55,187	55,187	-
	$ 152,663	$ 152,663	$ -

(v) Interest rate risk

The company is not exposed to any meaningful interest rate risk due to the short term nature of its interest generating assets.

(b) Sensitivity analysis

The company has cash and cash equivalents subject to interest rate risk of approximately $Nil (2012 - $93,470). A 1% change in the primary interest rate would affect the reported net income on an annualized basis by $Nil (2012 - $935).

(c) Fair values, carrying amounts and changes in fair value

The fair values of the company's financial instruments approximate their carrying value due to their short-term nature. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the statement of financial position, have been prioritized into the following three levels:

Level 1 includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 includes inputs that are observable other than quoted prices included in Level 1.
Level 3 includes inputs that are not based on observable market data.

The company's financial instruments within the fair value hierarchy as at November 30, 2013 are as follows:

	Level 1	Level 2	Level 3
Cash and cash equivalents	$ -	$ -	$ -

(Expressed in Canadian dollars)

15. Financial instruments (continued)

(c) Fair values, carrying amounts and changes in fair value (continued)

The company's financial instruments within the fair value hierarchy as at November 30, 2012 are as follows:

	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 93,470	$ -	$ -

16. Capital management

As the company is in the exploration stage, its principal source of capital is from the issuance of common shares. The company's capital management objective is to obtain sufficient capital to maintain its exploration activities for the benefit of its stakeholders. To meet the objectives, management monitors the company's ongoing capital requirements against unrestricted net working capital and assesses additional capital requirements on specific exploration properties on a case by case basis. The company is not subject to externally imposed capital requirements or restrictions. Management is of the opinion that the amounts and changes in the company's capital is readily determinable from information included in these consolidated financial statements.

17. Subsequent events

(a) On March 11, 2014 the company issued 2,000,000 common shares valued at $0.05 per share as settlement for the extinguishment of debt to a former officer and director of the company in the amount of $100,000.

(b) On March 13, 2014 the company entered into an amalgamation agreement between its wholly owned subsidiary and Champagne Resources Limited ("CRL") whereby the company will acquire all issued and outstanding shares of CRL. The company's wholly owned subsidiary will then amalgamate with CRL to form a wholly-owned subsidiary of the company and each CRL shareholder will be entitled to receive two common shares of the company for every one share of CRL held. As a result of this amalgamation agreement, 53,777,454 common shares of the company will be issued. Upon completion of the transaction, each holder of the outstanding 13,802,014 common share purchase warrants of CRL will receive two replacement common share purchase warrants of the company having the same terms as the CRL warrants but will be exercisable at a price equal to half of the exercise price of the CRL warrants being exchanged. Completion of the transaction is subject to various conditions including CRL shareholder approval and regulatory approval.