

BROOKEMONT CAPITAL INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

October 31, 2013

NOTICE OF NO AUDITOR REVIEW

The unaudited condensed interim financial statements, and accompanying notes thereto, for the periods ended October 31, 2013 and 2012 have not been reviewed by the Company's external auditor.

BROOKEMONT CAPITAL INC.
CONDENSED INTEIRM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

| <u>ASSETS</u> | October 31, <u>2013</u> | July 31, <u>2013</u> |
|--|----------------------------|-------------------------|
| Current assets | | |
| Cash | \$ 58,451 | \$ 69,696 |
| Receivables – Note 4 | 20,987 | 21,619 |
| Prepaid expenses | 1,432 | 817 |
| Total current assets | 80,870 | 92,132 |
| Non-current assets | | |
| Equipment – Note 5 | 3,854 | 4,057 |
| Rent deposit | 6,475 | 6,475 |
| Exploration and evaluation assets – Note 6 | 635,696 | 631,079 |
| | 646,025 | 641,611 |
| Total assets | \$ 726,895 | \$ 733,743 |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities – Notes 7 and 10 | \$ 834,597 | \$ 744,478 |
| Share subscriptions payable – Note 8 | - | 43,000 |
| Total current liabilities | 834,597 | 787,478 |
| SHAREHOLDERS' EQUITY (DEFICIENCY) | | |
| Share capital – Note 8 | 9,506,495 | 9,416,345 |
| Reserves – Note 8 | 1,116,423 | 851,275 |
| Accumulated deficit | (10,730,620) | (10,321,355) |
| | (9,107,502) | (9,053,735) |
| Total shareholders' deficiency | (107,702) | (53,735) |
| Total liabilities and shareholders' equity (deficiency) | \$ 726,895 | \$ 733,743 |

Nature and Continuance of Operations (Note1)
Subsequent Events (Note 13)

APPROVED BY THE DIRECTORS:

| | | | |
|---|----------|---------------------------------------|----------|
| <u>“Conrad Clemiss”</u> Conrad Clemiss | Director | <u>“James Nelson”</u> James Nelson | Director |
|---|----------|---------------------------------------|----------|

BROOKEMONT CAPITAL INC.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

| | Three months ended October 31, | |
|--|-----------------------------------|---------------------|
| | <u>2013</u> | <u>2012</u> |
| Operating expenses | | |
| Consulting | \$ 91,735 | \$ 90,000 |
| Depreciation | 203 | 253 |
| Management fees – Note 10 | 29,062 | 22,500 |
| Office and miscellaneous | 8,174 | 8,122 |
| Professional fees | 7,610 | 6,648 |
| Shareholder information | 4,315 | 5,812 |
| Share-based payments – Notes 8 and 10 | 265,148 | - |
| Transfer agent and filing fees | 3,018 | 1,309 |
| Travel and promotion | - | 1,094 |
| | <hr/> | <hr/> |
| Net comprehensive loss for the period | \$ (409,265) | \$ (135,738) |
| | <hr/> | <hr/> |
| Loss per share – basic and diluted – Note 9 | \$ (0.005) | \$ (0.002) |
| | <hr/> | <hr/> |
| Weighted average number of shares outstanding – basic and diluted – Note 9 | 80,644,969 | 59,926,346 |
| | <hr/> | <hr/> |

BROOKEMONT CAPITAL INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

| | Three months ended October 31, | |
|--|-----------------------------------|------------------|
| | <u>2013</u> | <u>2012</u> |
| Operating Activities | | |
| Loss for the period | \$ (409,265) | \$ (135,738) |
| Adjustments for non-cash items: | | |
| Depreciation | 203 | 253 |
| Share-based payments | 265,148 | - |
| Changes in non-cash working capital items: | | |
| Receivables | 632 | (291) |
| Prepaid expenses | (615) | 3,757 |
| Accounts payable and accrued liabilities | 87,130 | 100,555 |
| | <hr/> | <hr/> |
| Cash used in operating activities | (56,767) | (31,464) |
| Investing Activities | | |
| Exploration and evaluation assets | (1,628) | (3,475) |
| | <hr/> | <hr/> |
| Cash used in investing activities | (1,628) | (3,475) |
| Financing Activities | | |
| Proceeds from issuance of share capital | 90,150 | - |
| Refund of share subscriptions | (43,000) | - |
| | <hr/> | <hr/> |
| Cash provided by financing activities | 47,150 | - |
| Decrease in cash during the period | (11,245) | (34,939) |
| Cash, beginning of the period | 69,696 | 77,021 |
| | <hr/> | <hr/> |
| Cash, end of the period | \$ 58,451 | \$ 42,082 |

Supplemental Disclosure with Respect to Cash Flows (Note 12)

BROOKEMONT CAPITAL INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)

| | Share Capital | | | Accumulated | Total |
|---------------------------------------|-------------------------|---------------|-----------------|--------------------|--------------|
| | Number of shares | Amount | Reserves | Deficit | |
| Balance, July 31, 2012 | 57,350,262 | \$ 8,962,170 | \$ 851,275 | \$ (6,222,196) | \$ 3,591,249 |
| For exploration and evaluation assets | 3,000,000 | 75,000 | - | - | 75,000 |
| Loss for the period | - | - | - | (135,738) | (135,738) |
| Balance, October 31, 2012 | 60,350,262 | 9,037,170 | 851,275 | (6,357,934) | 3,530,511 |
| Shares issued for private placement | 12,500,000 | 125,000 | - | - | 125,000 |
| Share issue costs | - | (5,825) | - | - | (5,825) |
| For exploration and evaluation assets | 6,500,000 | 260,000 | - | - | 260,000 |
| Loss for the period | - | - | - | (3,963,421) | (3,963,421) |
| Balance, July 31, 2013 | 79,350,262 | 9,416,345 | 851,275 | (10,321,355) | (53,735) |
| Share purchase warrants exercised | 1,803,000 | 90,150 | - | - | 90,150 |
| Stock options issued | - | - | 265,148 | - | 265,148 |
| Loss for the period | - | - | - | (409,265) | (409,265) |
| Balance, October 31, 2013 | 81,153,262 | \$ 9,506,495 | \$ 1,116,423 | \$ (10,730,620) | \$ (107,702) |

BROOKEMONT CAPITAL INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
October 31, 2013

1. NATURE AND CONTINUANCE OF OPERATIONS

Brookemont Capital Inc. (the “Company”) is an exploration stage public company and is listed on the TSX Venture Exchange (“Exchange”) under the symbol “BKT”. The Company’s principal business activities include acquiring and exploring exploration and evaluation assets. At October 31, 2013, the Company has exploration and evaluation assets located in Canada.

The Company’s head office and principal business address is Suite 1470, 701 West Georgia Street, Vancouver, British Columbia, V7Y 1C6. The Company’s registered and records office is located at 900 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

These condensed interim financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. At October 31, 2013, the Company had a working capital deficiency of \$753,727, had not yet achieved profitable operations and has an accumulated deficit of \$10,730,620 since its inception. The Company expects to incur further losses in the development of its business, all of which cast substantial doubt on the Company’s ability to continue as a going concern. The Company will require additional financing in order to conduct its planned work programs on exploration and evaluation assets, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these condensed interim financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company’s assets and liabilities on a liquidation basis could be material to these condensed interim financial statements.

2. BASIS OF PREPARATION

These condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS34”) as issued by the International Accounting Standards Board (“IASB”). Therefore, these condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company’s most recently issued audited financial statements for the year ended July 31, 2013, which includes information necessary or useful to understanding the Company’s business and financial statement presentation. In particular, the Company’s significant accounting policies, use of judgements and estimates were presented in Note 2 and Note 3 of these audited financial statements, and have been consistently applied in the preparation of these condensed interim financial statements.

These condensed interim financial statements were authorized for issue by the Board of Directors on December 23, 2013.

3. NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

Accounting Standards Issued and Effective for January 1, 2014

Amendments to IAS 32, *Financial Instruments: Presentation* clarifies the application of the offsetting rules and requires additional disclosure on financial instruments subject to netting arrangements.

Accounting Standards Issued and Effective January 1, 2015

IFRS 9 *Financial Instruments* replaces the current standard IAS 39 *Financial Instruments: Recognition and Measurement*, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

4. RECEIVABLES

The Company's receivables comprise of goods and services tax ("GST") / harmonized sales tax ("HST") receivables due from Canadian government taxation authorities and reimbursements from a public company for unpaid fees.

| | October 31, <u>2013</u> | July 31, <u>2013</u> |
|-----------------------|----------------------------|-------------------------|
| Accounts receivable | \$ 13,832 | \$ 14,524 |
| GST / HST recoverable | 7,155 | 7,095 |
| | <hr/> | <hr/> |
| Total receivables | \$ 20,987 | \$ 21,619 |
| | <hr/> | <hr/> |

All amounts are short-term and the net carrying value of receivables is considered a reasonable approximation of fair value. The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against receivables. The Company's receivables are all considered current and are not past due or impaired. The Company does not possess any collateral related to these assets.

5. EQUIPMENT

| | Computer and office equipment |
|--|----------------------------------|
| Cost, July 31, 2012 | \$ 7,816 |
| Additions | <u>-</u> |
| Cost, July 31, 2013 and October 31, 2013 | <u>7,816</u> |
| Accumulated depreciation, July 31, 2012 | 2,747 |
| Depreciation for the period | <u>1,012</u> |
| Accumulated depreciation, July 31, 2013 | 3,759 |
| Depreciation for the period | <u>203</u> |
| Accumulated depreciation, October 31, 2013 | <u>\$ 3,962</u> |
| Net book value, July 31, 2013 | <u>\$ 4,057</u> |
| Net book value, October 31, 2013 | <u>\$ 3,854</u> |

6. EXPLORATION AND EVALUATION ASSETS

The Company's exploration and evaluation assets consist of the following mineral properties:

| | Canada | | | | Tanzania | |
|---|------------------------|--|----------------------|---------------------|-----------------|--------------|
| | Yukon Quartz Claims | Ontario Albany E. Hydrothermal Graphite Prospect | Quebec Rare Earth | Quebec Gaspe Bay | Handeni Gold | Total |
| Balance, July 31, 2012 | \$ 715,975 | \$ - | \$ 175,769 | \$ 124,650 | \$ 2,803,695 | \$ 3,820,089 |
| Acquisition costs | - | 171,500 | - | 100,000 | 75,000 | 346,500 |
| Deferred exploration expenditures | | | | | | |
| Geological expenses | 432 | 2,805 | - | 25,135 | - | 28,372 |
| Geological report | 540 | - | - | - | - | 540 |
| Claim maintenance fees | - | - | - | 1,682 | - | 1,682 |
| Field supplies and equipment | 3 | - | - | 542 | - | 545 |
| Helicopter | 703 | - | - | - | - | 703 |
| Lab and assay | 47 | - | - | 1,090 | - | 1,137 |
| Sampling | - | - | - | 1,100 | - | 1,100 |
| Travel, accommodation and misc. | 563 | - | - | 12,327 | - | 12,890 |
| Prior year advance for exploration | - | - | - | (30,000) | - | (30,000) |
| Accrued restoration costs | - | - | - | - | (15,000) | (15,000) |
| Write-down of exploration and evaluation assets | (603,560) | - | (4,360) | (65,864) | (2,863,695) | (3,537,479) |
| Balance, July 31, 2013 | 114,703 | 174,305 | 171,409 | 170,662 | - | 631,079 |
| Acquisition costs | - | 52 | - | - | - | 52 |
| Deferred exploration expenditures | | | | | | |
| Geological expenses | - | 2,799 | - | 191 | - | 2,990 |
| Claim maintenance fees | 1,575 | - | - | - | - | 1,575 |
| Balance, October 31, 2013 | \$ 116,278 | \$ 177,156 | \$ 171,409 | \$ 170,853 | \$ - | \$ 635,696 |

6. EXPLORATION AND EVALUATION ASSETS (continued)

Title to Interests in Exploration and Evaluation Assets

Title to exploration and evaluation asset interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its interests are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers, and rights of ownership may be affected by undetected defects.

Ontario Albany East Hydrothermal Graphite Prospect - Purchase Agreement

On July 7, 2013, the Company entered into a purchase agreement with two arm's length vendors (the "Vendors") to acquire a 100% interest in certain mineral claims located in Ontario. In consideration, the Company paid \$10,000 cash and issued 4,000,000 common shares at a value of \$160,000 to the Vendors.

As at October 31, 2013, the Company had spent a total of \$5,604 in exploration expenditures on this property.

Quebec Rare Earth Prospect - Staking and Option Agreement

- i) On June 2, 2010, the Company entered into an option agreement with an arm's length vendor (the "Vendor") to acquire a 100% interest in certain mineral claims in Quebec.

On May 25, 2011, the Company amended the option agreement with the Vendor. The Vendor agreed to waive the work commitment of \$150,000 by June 17, 2011 until June 17, 2014. On June 11, 2012, the Company further amended the option agreement and the amendment dated May 25, 2011 with the Vendor. The Vendor agreed to amend the work commitments due to be spent on the prospect to the following:

| | <u>Cash</u> | <u>Common Shares</u> | <u>Exploration Costs</u> |
|--|------------------|----------------------|--------------------------|
| Upon Exchange approval (paid and issued at a value of \$130,000) | \$ 17,500 | 2,000,000 | \$ - |
| By June 17, 2014 | - | - | 150,000 |
| By June 17, 2015 | - | - | 150,000 |
| By June 17, 2016 | - | - | 550,000 |
| | <u>\$ 17,500</u> | <u>2,000,000</u> | <u>\$ 850,000</u> |

In addition, the Company issued 195,000 common shares as a finder's fee.

- ii) During the year ended July 31, 2012, the Company staked additional mineral claims adjacent to its previous claims in Quebec for a cost of \$4,360.

During the three months ended October 31, 2013, the Company decided not to continue with these claims and allowed them to lapse. Accordingly, related acquisition costs of \$4,360 were written off as of July 31, 2013.

6. EXPLORATION AND EVALUATION ASSETS (continued)

Quebec Gaspé Bay Aluminous Clay and Rare Earth Prospect - Staking and Option Agreement

- i) On June 8, 2012, the Company entered into an option agreement with an arm's length vendor (the "Vendor") to acquire a 100% interest in certain mineral claims in the Gaspé Bay Region of Quebec.

On June 3, 2013, the Company amended the option agreement with the Vendor. The Vendor agreed to defer the cash payment of \$20,000 by one year to July 20, 2014. On November 4, 2013, the Company further amended the option agreement with the Vendor. The Vendor agreed to defer the remaining work commitments due to be spent on the prospect by two years. The Company is now required to make a cash payment and incur the following exploration costs:

| | <u>Cash</u> | <u>Exploration Costs</u> | <u>Common Shares</u> |
|---|------------------|------------------------------|--------------------------|
| Upon Exchange approval (issued at a value of \$87,500) | \$ - | \$ - | 2,500,000 |
| On or before July 20, 2013 (issued at a value of \$100,000) | - | - | 2,500,000 |
| On or before December 20, 2013 (incurred) | - | 40,000 | - |
| On or before July 20, 2014 | 20,000 | - | - |
| On or before December 20, 2015 | - | 60,000 | - |
| On or before December 20, 2016 | - | 250,000 | - |
| On or before December 20, 2017 | - | 500,000 | - |
| | <u>\$ 20,000</u> | <u>\$ 850,000</u> | <u>5,000,000</u> |

- ii) During the year ended July 31, 2012, the Company acquired a 100% interest in additional claims for staking costs of \$4,164.

During the year ended July 31, 2013, the Company decided not to renew certain claims of the above two sets of Gaspé Bay claims and allowed them to lapse as they became due. Prior acquisition costs of \$65,864 associated with these claims were written off.

As at October 31, 2013, the Company had spent a total of \$42,067 in exploration expenditures on the Gaspé Bay Aluminous Clay and Rare Earth claims.

Yukon Quartz Claims – Purchase Agreement

During the year ended July 31, 2010, the Company acquired a 100% interest in certain quartz mineral claims located in the Yukon Territory.

During the year ended July 31, 2013, the Company decided not to continue with certain claims. During the three months ended October 31, 2013, the Company decided not to continue with certain other claims, and the Company allowed these claims to lapse. Accordingly, the related acquisition costs of \$577,085 and exploration costs of \$26,475 associated with these lapsed claims were written off as of July 31, 2013.

6. EXPLORATION AND EVALUATION ASSETS (continued)

Yukon Quartz Claims – Purchase Agreement (continued)

As at October 31, 2013, the Company had spent a total of \$8,075 in exploration expenditures on the remaining Yukon Quartz claims.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities recognized in the statement of financial position can be analyzed as follows:

| | October 31, <u>2013</u> | July 31, <u>2013</u> |
|---------------------|----------------------------|-------------------------|
| Trade payables | \$ 823,097 | \$ 730,404 |
| Accrued liabilities | <u>11,500</u> | <u>14,074</u> |
| Total payables | <u>\$ 834,597</u> | <u>\$ 744,478</u> |

All amounts are short-term. The carrying value of trade payables and accrued liabilities is considered a reasonable approximation of fair value.

8. SHARE CAPITAL AND RESERVES

Authorized: An unlimited number of common shares, without par value

(a) Private placement

In July 2013, the Company proposed a non-brokered private placement of up to 10,000,000 units at \$0.05 per unit for gross proceeds of up to \$500,000. Each unit consisted of one common share and one share purchase warrant which entitled the holder to purchase one additional common share of the Company at a price of \$0.10 for a period of five years. As of July 31, 2013, the Company had received a total of \$43,000 in share subscriptions. During the three months ended October 31, 2013, the Company cancelled this private placement and refunded the \$43,000 to the subscribers.

(b) Share purchase warrants

The following is a summary of changes in share purchase warrants from July 31, 2012 to October 31, 2013:

| | <u>Number</u> | <u>Weighted Average Exercise Price</u> |
|---------------------------|--------------------|--|
| Balance, July 31, 2012 | 9,558,189 | \$0.25 |
| Issued | <u>12,500,000</u> | \$0.05 |
| Balance, July 31, 2013 | 22,058,189 | \$0.14 |
| Exercised | <u>(1,803,000)</u> | \$0.05 |
| Balance, October 31, 2013 | <u>20,255,189</u> | \$0.15 |

8. SHARE CAPITAL AND RESERVES (continued)

(b) Share purchase warrants (continued)

At October 31, 2013, the Company had 20,255,189 share purchase warrants outstanding. Each warrant entitles the holder the right to purchase one common share as follows:

| <u>Number</u> | <u>Exercise Price</u> | <u>Expiry Date</u> |
|-------------------|-----------------------|-----------------------|
| 9,208,189 | \$0.25 | September 6, 2016 |
| 350,000 | \$0.30 | September 6, 2016 |
| <u>10,697,000</u> | \$0.05/\$0.10 | January 28, 2014/2018 |
| <u>20,255,189</u> | | |

(c) Share-based payments

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSX). Options vest at the discretion of the Board of Directors and may be granted for a maximum term of five years from the date of grant.

The following is a summary of changes in share purchase options from July 31, 2012 to October 31, 2013:

| | <u>Number</u> | <u>Weighted Average Exercise Price</u> |
|---|------------------|--|
| Outstanding and exercisable, July 31, 2012 | 5,484,166 | \$0.12 |
| Expired | (3,519,333) | \$0.14 |
| Forfeited | <u>(100,000)</u> | \$0.10 |
| Outstanding and exercisable, July 31, 2013 | 1,864,833 | \$0.10 |
| Granted | <u>6,195,000</u> | \$0.05 |
| Outstanding and exercisable, October 31, 2013 | <u>8,059,833</u> | \$0.06 |

At October 31, 2013, 8,059,833 employee and director share purchase options were outstanding and exercisable entitling the holders thereof the right to purchase one common share for each option held as follows:

8. SHARE CAPITAL AND RESERVES (continued)

(c) Share-based payments (continued)

| <u>Number</u> | <u>Exercise Price</u> | <u>Expiry Date</u> |
|------------------|-----------------------|--------------------|
| 143,333 | \$0.10 | April 1, 2014 |
| 187,500 | \$0.11 | September 8, 2014 |
| 306,000 | \$0.10 | October 9, 2014 |
| 120,000 | \$0.13 | August 31, 2015 |
| 1,050,000 | \$0.10 | January 13, 2017 |
| 58,000 | \$0.10 | October 11, 2017 |
| <u>6,195,000</u> | \$0.05 | September 3, 2018 |
| <u>8,059,833</u> | | |

During the three months ended October 31, 2013, the Company granted 6,195,000 stock options at an exercise price of \$0.05 per share with an expiry date of September 3, 2018 (three months ended October 31, 2012: Nil stock options were granted). The weighted average fair value of the options issued in the three months ended October 31, 2013 was estimated at \$0.04 per option at the grant date using the Black-Scholes option pricing model with the following assumptions:

| | <u>Three months ended October 31, 2013</u> | <u>Three months ended October 31, 2012</u> |
|--|--|--|
| Weighted average fair value per option | \$0.04 | N/A |
| Weighted average expected dividend yield | 0.0% | N/A |
| Weighted average expected volatility * | 176.26% | N/A |
| Weighted average risk-free interest rate | 2.01% | N/A |
| Weighted average expected term | 5.0 years | N/A |

* Expected volatility has been based on historical volatility of the Company's publicly traded shares.

Total expenses arising from share-based payment transactions recognized during the three months ended October 31, 2013 were \$265,148 (three months ended October 31, 2012: \$Nil).

9. LOSS PER SHARE

The calculation of basic and diluted loss per share was based on the following data:

| | <u>Three months ended October 31,</u> | |
|--|---|-------------------|
| | <u>2013</u> | <u>2012</u> |
| Net Loss | <u>\$ 409,265</u> | <u>\$ 135,738</u> |
| Weighted average number of common shares for the purpose of basic and diluted loss per share | <u>80,644,969</u> | <u>59,926,346</u> |

9. LOSS PER SHARE (continued)

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. All of the stock options and share purchase warrants currently issued (see Note 8) were anti-dilutive for the three months ended October 31, 2013 and 2012.

The loss per share for the three months ended October 31, 2013 was \$0.005 (three months ended October 31, 2012: \$0.002).

10. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management of the Company are directors and officers of the Company and their remuneration includes the following:

| | Three months ended October 31, | |
|------------------------|-----------------------------------|------------------|
| | <u>2013</u> | <u>2012</u> |
| Management fees | \$ 29,062 | \$ 22,500 |
| Share-based payments * | <u>34,283</u> | <u>-</u> |
| | <u>\$ 63,345</u> | <u>\$ 22,500</u> |

* Share-based payments are the fair value of options granted to key management personnel as at the grant date.

Related party balances

At October 31, 2013, accounts payable and accrued liabilities include \$187,201 (July 31, 2013: \$162,638) payable to a director of the Company, a private company controlled by a director, and a public company with two common directors for unpaid fees. These amounts are unsecured, non-interest bearing and payable on demand.

11. SEGMENTAL REPORTING

The Company operates in one business segment, being the acquisition and exploration of mineral properties located in Canada.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statement of cash flows. The following transactions were excluded from the statements of cash flows:

Three months ended October 31, 2013:

- a) The Company accrued exploration and evaluation assets of \$12,913 in accounts payable and accrued liabilities.

Three months ended October 31, 2012:

- a) The Company issued 3,000,000 common shares valued at \$75,000 pursuant to the amended Handeni Gold option agreement.
- b) The Company accrued exploration and evaluation assets of \$17,764 in accounts payable and accrued liabilities.

13. SUBSEQUENT EVENTS

Subsequent to October 31, 2013, the Company entered into a purchase agreement with an arm's length vendor to acquire a 100% interest in certain mineral claims located in Ontario. In consideration, the Company is required to make cash payments and issue common shares as follows:

| | <u>Cash</u> | <u>Common Shares</u> |
|-------------------------------------|------------------|--------------------------|
| Upon Approval (issued subsequently) | \$ - | 2,000,000 |
| On or before December 27, 2014 | <u>20,000</u> | <u>2,000,000</u> |
| | <u>\$ 20,000</u> | <u>4,000,000</u> |

This transaction has received Exchange approval.