

BROOKEMONT CAPITAL INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

January 31, 2014

NOTICE OF NO AUDITOR REVIEW

The unaudited condensed interim financial statements, and accompanying notes thereto, for the periods ended January 31, 2014 and 2013 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>	January 31, <u>2014</u>	July 31, <u>2013</u>
Current assets		
Cash	\$ 20,398	\$ 69,696
Receivables – Note 4	21,338	21,619
Prepaid expenses	2,065	817
Total current assets	43,801	92,132
Non-current assets		
Equipment – Note 5	3,651	4,057
Rent deposit	6,475	6,475
Exploration and evaluation assets – Note 6	526,342	631,079
	536,468	641,611
Total assets	\$ 580,269	\$ 733,743
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities – Notes 7 and 10	\$ 960,497	\$ 744,478
Share subscriptions payable – Note 8	-	43,000
Total current liabilities	960,497	787,478
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital – Note 8	9,546,495	9,416,345
Reserves – Note 8	1,116,423	851,275
Accumulated deficit	(11,043,146)	(10,321,355)
	(10,321,355)	(10,321,355)
Total shareholders' deficiency	(380,228)	(53,735)
Total liabilities and shareholders' equity (deficiency)	\$ 580,269	\$ 733,743

Nature and Continuance of Operations (Note 1)
Subsequent Events (Note 6)

APPROVED BY THE DIRECTORS:

<u>“Conrad Clemiss”</u> Conrad Clemiss	Director	<u>“James Nelson”</u> James Nelson	Director
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BROOKEMONT CAPITAL INC.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Three months ended January 31,		Six months ended January 31,	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Operating expenses				
Consulting	\$ 90,000	\$ 90,000	\$ 181,735	\$ 180,000
Depreciation	203	253	406	506
Management fees – Note 10	22,500	22,500	51,562	45,000
Office and miscellaneous	7,531	8,035	15,705	16,157
Professional fees	10,258	16,168	17,868	22,816
Shareholder information	2,308	1,830	6,623	7,642
Share-based payments – Notes 8 and 10	-	-	265,148	-
Transfer agent and filing fees	6,295	3,886	9,313	5,195
Travel and promotion	2,022	-	2,022	1,094
Operating expenses	(141,117)	(142,672)	(550,382)	(278,410)
Write-down of exploration and evaluation assets (Note 6)	(171,409)	(2,878,695)	(171,409)	(2,878,695)
Net loss and comprehensive loss for the period	<u>\$ (312,526)</u>	<u>\$ (3,021,367)</u>	<u>\$ (721,791)</u>	<u>\$ (3,157,105)</u>
Loss per share – basic and diluted – Note 9	<u>\$ (0.004)</u>	<u>\$ (0.050)</u>	<u>\$ (0.009)</u>	<u>\$ (0.052)</u>
Weighted average number of shares outstanding – basic and diluted – Note 9	<u>82,457,610</u>	<u>60,757,871</u>	<u>81,551,289</u>	<u>60,342,109</u>

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

	Six months ended January 31,	
	<u>2014</u>	<u>2013</u>
Operating Activities		
Loss for the period	\$ (721,791)	\$ (3,157,105)
Adjustments for non-cash items:		
Depreciation	406	506
Share-based payments	265,148	-
Write-down of exploration and evaluation assets	171,409	2,878,695
Changes in non-cash working capital items:		
Receivables	281	(4,607)
Prepaid expenses	(1,248)	3,537
Accounts payable and accrued liabilities	214,475	247,511
Cash used in operating activities	(71,320)	(31,463)
Investing Activities		
Exploration and evaluation assets	(25,128)	(6,950)
Cash used in investing activities	(25,128)	(6,950)
Financing Activities		
Proceeds from issuance of share capital	90,150	125,000
Share issuance costs	-	(1,375)
Refund of share subscriptions	(43,000)	-
Cash provided by financing activities	47,150	123,625
Change in cash during the period	(49,298)	85,212
Cash, beginning of the period	69,696	77,021
Cash, end of the period	\$ 20,398	\$ 162,233

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		Reserves	Accumulated	Total
	Number of shares	Amount		Deficit	
Balance, July 31, 2012	57,350,262	\$ 8,962,170	\$ 851,275	\$ (6,222,196)	\$ 3,591,249
Shares issued for private placement	12,500,000	125,000	-	-	125,000
Share issue costs	-	(1,375)	-	-	(1,375)
For exploration and evaluation assets	3,000,000	75,000	-	-	75,000
Loss for the period	-	-	-	(3,157,105)	(3,157,105)
Balance, January 31, 2013	72,850,262	9,160,795	851,275	(9,379,301)	632,769
Share issue costs	-	(4,450)	-	-	(4,450)
For exploration and evaluation assets	6,500,000	260,000	-	-	260,000
Loss for the period	-	-	-	(942,054)	(942,054)
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
For exploration and evaluation assets	2,000,000	40,000	-	-	40,000
Stock options issued	-	-	265,148	-	265,148
Loss for the period	-	-	-	(721,791)	(721,791)
Balance, January 31, 2014	83,153,262	\$ 9,546,495	\$ 1,116,423	\$ (11,043,146)	\$ (380,228)

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

BROOKEMONT CAPITAL INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
January 31, 2014

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 January 31, 2014, 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 January 31, 2014, the Company had a working capital deficiency of \$916,696, had not yet achieved profitable operations and has an accumulated deficit of \$11,043,146 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 March 19, 2014.

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 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.

	January 31, <u>2014</u>	July 31, <u>2013</u>
Accounts receivable	\$ 13,177	\$ 14,524
GST / HST recoverable	<u>8,161</u>	<u>7,095</u>
Total receivables	<u>\$ 21,338</u>	<u>\$ 21,619</u>

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 January 31, 2014	<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>406</u>
Accumulated depreciation, January 31, 2014	<u>\$ 4,165</u>
Net book value, July 31, 2013	<u>\$ 4,057</u>
Net book value, January 31, 2014	<u>\$ 3,651</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	Ontario Kenagami Hydrothermal Graphite Prospect	Quebec Rare Earth	Quebec Gaspé 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	41,500	-	-	-	41,552
Deferred exploration expenditures							
Geological expenses	-	1,354	-	-	191	-	1,545
Claim maintenance fees	1,575	-	-	-	-	-	1,575
Survey costs	-	17,600	4,400	-	-	-	22,000
Write-down of exploration and evaluation assets	-	-	-	(171,409)	-	-	(171,409)
Balance, January 31, 2014	\$ 116,278	\$ 193,311	\$ 45,900	\$ -	\$ 170,853	\$ -	\$ 526,342

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 January 31, 2014, the Company had spent a total of \$21,759 in exploration expenditures on this property.

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>

6. EXPLORATION AND EVALUATION ASSETS (continued)

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

- 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 January 31, 2014, 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 six months ended January 31, 2014, 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.

As at January 31, 2014, the Company had spent a total of \$8,075 in exploration expenditures on the remaining Yukon Quartz claims.

Ontario Kenagami Hydrothermal Graphite Prospect – Staking and Purchase Agreement

- i) On November 13, 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 a cash payment and issue common shares as follows:

	<u>Cash</u>	<u>Common Shares</u>
Upon Approval (issued at a value of \$40,000)	\$ -	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>

- ii) Subsequent to January 31, 2014, the Company acquired a 100% interest in additional claims for staking costs of \$2,662.

As at January 31, 2014, the Company had spent a total of \$4,400 in exploration expenditures on this property.

6. EXPLORATION AND EVALUATION ASSETS (continued)

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 to defer the work commitments due to be spent on the prospect by two years. The Company was required to incur the following exploration costs:

	<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	<u>-</u>	<u>-</u>	<u>550,000</u>
	<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 during the year ended July 31, 2010.

Subsequent to January 31, 2014, the Company decided not to continue with these claims and will allow them to lapse when they become due. Accordingly, related acquisition costs of \$163,245 and carrying costs of \$8,164 were written off as of January 31, 2014.

- 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 six months ended January 31, 2014, 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.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	January 31, <u>2014</u>	July 31, <u>2013</u>
Trade payables	\$ 948,997	\$ 730,404
Accrued liabilities	<u>11,500</u>	<u>14,074</u>
Total payables	<u>\$ 960,497</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 was to consist of one common share and one share purchase warrant entitling 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 six months ended January 31, 2014, the Company cancelled the private placement and refunded \$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 January 31, 2014:

	<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, January 31, 2014	<u>20,255,189</u>	\$0.17

At January 31, 2014, 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>	\$0.10	January 28, 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.

8. SHARE CAPITAL AND RESERVES (continued)

(c) Share-based payments (continued)

The following is a summary of changes in share purchase options from July 31, 2012 to January 31, 2014:

	<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, January 31, 2014	<u>8,059,833</u>	\$0.06

At January 31, 2014, 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:

<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 six months ended January 31, 2014, 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 (six months ended January 31, 2013: Nil stock options were granted). The weighted average fair value of the options issued in the six months ended January 31, 2014 was estimated at \$0.04 per option at the grant date using the Black-Scholes option pricing model with the following assumptions:

	<u>Six months ended January 31, 2014</u>	<u>Six months ended January 31, 2013</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.

8. SHARE CAPITAL AND RESERVES (continued)

(c) Share-based payments (continued)

Total expenses arising from share-based payment transactions recognized during the six months ended January 31, 2014 were \$265,148 (six months ended January 31, 2013: \$Nil).

9. LOSS PER SHARE

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

	Six months ended January 31,	
	<u>2014</u>	<u>2013</u>
Net Loss	\$ 721,791	\$ 3,157,105
Weighted average number of common shares for the purpose of basic and diluted loss per share	<u>81,551,289</u>	<u>60,342,109</u>

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 six months ended January 31, 2014 and 2013.

The loss per share for the six months ended January 31, 2014 was \$0.009 (six months ended January 31, 2013: \$0.052).

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:

	Six months ended January 31,	
	<u>2014</u>	<u>2013</u>
Management fees	\$ 51,562	\$ 45,000
Share-based payments *	<u>34,283</u>	<u>-</u>
	<u>\$ 85,845</u>	<u>\$ 45,000</u>

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

10. RELATED PARTY TRANSACTIONS (continued)

Related party balances

At January 31, 2014, accounts payable and accrued liabilities include \$215,442 (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:

Six months ended January 31, 2014:

- a) The Company issued 2,000,000 common shares valued at \$40,000 pursuant to the Ontario Kenagami Hydrothermal Graphite Prospect purchase agreement.
- b) The Company accrued exploration and evaluation assets of \$5,708 in accounts payable and accrued liabilities.

Six months ended January 31, 2013:

- 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 \$18,221 in accounts payable and accrued liabilities.