FINORE MINING INC.

FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

PERIOD ENDED DECEMBER 31, 2013 AND YEAR ENDED JULY 31, 2013

Management's Responsibility for Financial Reporting

The accompanying financial statements of Finore Mining Inc. (the "Company") were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in Note 2 to the financial statements.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the years presented by the financial statements and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date and for the periods presented by the audited financial statements.

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

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

(signed)	(signed)
Peter Tegart	*Mohan Vulimiri*
Director	Director

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Finore Mining Inc.

We have audited the accompanying financial statements of Finore Mining Inc., which comprise the statement of financial position as at December 31, 2013 and July 31, 2013, and the statements of loss and comprehensive loss, changes in equity and cash flows for the year ended July 31, 2013 and the period from August 1, 2013 to December 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Finore Mining Inc. as at December 31, 2013 and July 31, 2013, and its financial performance and its cash flows for the year ended July 31, 2013 and the period from August 1, 2013 to December 31, 2013 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Finore Mining Inc.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada Chartered Accountants

April 29, 2014

FINORE MINING INC.
(Expressed in Canadian Dollars, unless stated otherwise)
STATEMENTS OF FINANCIAL POSITION

	Note	December 31, 2013 $	July 31, 2013 $
ASSETS			
Current			
Cash		220,511	341,298
Short-term investment		11,555	11,503
Receivables		7,335	6,694
Prepaid expenses		5,150	11,643
Total Current Assets		244,551	371,138
Exploration and evaluation assets	3	10,745,589	10,683,532
TOTAL ASSETS		10,990,140	11,054,670
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		268,853	188,769
Total Current Liabilities		268,853	188,769
Shareholders' Equity			
Share capital	4	16,656,886	16,606,986
Reserves	4	1,834,032	1,834,032
Deficit		(7,769,631)	(7,575,117)
Total Shareholders' Equity		10,721,287	10,865,901
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		10,990,140	11,054,670

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Approved and authorized by the Board on April 29, 2014:

"Peter Tegart", Director
Peter Tegart

"Mohan Vulimiri", Director
Mohan Vulimiri

The accompanying notes are an integral part of these financial statements.

FINORE MINING INC.
(Expressed in Canadian Dollars, unless stated otherwise)
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE PERIOD ENDED DECEMBER 31, 2013 AND YEAR ENDED JULY 31, 2013

	5 months ended December 31, 2013 $	Year ended July 31, 2013 $
EXPENSES		
Advertising and promotion	-	16,108
Consulting fees	104,947	65,461
Insurance	2,267	9,932
Office and general	91	2,756
Professional fees	29,340	48,790
Transfer agent and filing fees	18,191	32,990
Travel and entertainment	-	1,826
Operating Loss	**(154,836)**	**(177,863)**
Interest income	52	110
Foreign exchange loss	(52,064)	(6,739)
Gain on debt settlement	12,334	104,109
Loss and comprehensive loss for the period	**(194,514)**	**(80,383)**
Basic and diluted loss per share	**(0.00)**	**(0.00)**
Weighted average number of common shares outstanding – Basic and diluted	**153,943,604**	**100,420,357**

The accompanying notes are an integral part of these financial statements.

FINORE MINING INC.
(Expressed in Canadian Dollars, unless stated otherwise)
STATEMENTS OF CHANGES IN EQUITY

	Common Shares		Reserves					
	Number of Shares	Amount $	Option Reserve $	Warrant Reserve $	Other Reserve $	Deferred Share-based Payments $	Deficit $	Total Shareholders' Equity $
Balance – July 31, 2012	**40,007,983**	**11,182,216**	**1,511,157**	**322,875**	**6,149**	**-**	**(7,500,883)**	**5,521,514**
Issuance pursuant to mineral property amended option agreement	68,000,000	4,265,000	-	-	-	-	-	**4,265,000**
Share issuance cost	-	(17,730)	-	-	-	-	-	**(17,730)**
Non-brokered Private Placement	44,383,333	1,177,500	-	-	-	-	-	**1,177,500**
Transfer of other reserve to deficit	-	-	-	-	(6,149)	-	6,149	**-**
Loss and comprehensive loss for the year	-	-	-	-	-	-	(80,383)	**(80,383)**
Balance – July 31, 2013	**152,391,316**	**16,606,986**	**1,511,157**	**322,875**	**-**	**-**	**(7,575,117)**	**10,865,901**
Net loss for the period	-	-	-	-	-	-	(194,514)	(194,514)
Debt settlement	2,500,000	50,000	-	-	-	-	-	50,000
Share issue costs	-	(100)	-	-	-	-	-	(100)
Balance – December 31, 2013	**154,891,316**	**16,656,886**	**1,511,157**	**322,875**	**-**	**-**	**(7,769,631)**	**10,721,287**

The accompanying notes are an integral part of these financial statements.

FINORE MINING INC.
(Expressed in Canadian Dollars, unless stated otherwise)
STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 31, 2013 AND YEAR ENDED JULY 31, 2013

	5 months ended December 31, 2013 $	Year ended July 31, 2013 $
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Net loss for the period	(194,514)	(80,383)
Adjustment for items not involving cash:		
Gain on debt settlement	(12,334)	(104,109)
Foreign exchange loss	20,495	4,563
Changes in non-cash operating working capital:		
(Increase) Decrease in receivables	(641)	10,345
(Increase) Decrease in prepaid expenses	6,493	17,394
Increase (Decrease) in accounts payable and accrued liabilities	112,308	66,581
Net cash flows (used in) operating activities	**(68,193)**	**(85,609)**
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Short-term investment	(52)	-
Exploration and evaluation assets	(52,442)	(973,040)
Net cash flows used in investing activities	**(52,494)**	**(973,040)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Share issue cost	(100)	(240)
Proceeds from issuance of shares	-	1,177,500
Net cash flows from (used in) financing activities	**(100)**	**1,177,260**
Increase (Decrease) in cash and cash equivalents	**(120,787)**	**118,611**
Cash and cash equivalents, beginning of the period	**341,298**	**222,687**
Cash and cash equivalents, end of the period	**220,511**	**341,298**

Supplemental cash flow information (Note 5)

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Finore Mining Inc. (the "Company") was incorporated on November 29, 2006 pursuant to the *Business Corporations Act*, British Columbia. The Company's principal business activity is the exploration of exploration and evaluation assets. On September 26, 2011, the Company changed its name from Otterburn Ventures Inc. to Finore Mining Inc. and the Company's common shares began trading on Canadian National Stock Exchange ("CNSX") under the new symbol of "FIN." On April 9, 2012, the Company's shares have commenced trading in the United States on the OTC market's prestigious tier, OTCQX International under the symbol of "FNREF".

The head office, principal address and registered officer of the Company are located at Suite 2000, 1066 West Hastings Street, Vancouver, B.C., V6E 3X2.

The Company is in the process of exploring its exploration and evaluation assets interests and has not yet determined whether its exploration and evaluation assets interests contain mineral reserves that are economically recoverable. The Company's continuing operations, and the recoverability of the amounts shown for exploration and evaluation assets are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its exploration and evaluation assets interests, and on future profitable production or proceeds from the disposition of the exploration and evaluation assets interests.

The business of exploring for and mining of minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations

The financial information is presented in Canadian Dollars (CDN$), which is the functional currency of the Company.

The Company has a working capital deficit as at December 31, 2013 of $(24,302) (July 31, 2013 – working capital: $182,369) and an accumulated deficit of $7,769,631 (July 31, 2013 - $7,575,117). These financial statements have been prepared under the assumption of a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations and the ability of the Company to raise additional capital. Specifically, the recovery of the Company's investment in resource properties and related deferred expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to develop the properties and establish future profitable production from the properties, or from the proceeds of their disposition. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These factors may cast significant doubt upon the Company's ability to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Company's financial statements for the period ending December 31, 2013, including comparatives are presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were approved by the audit committee and Board of Directors on April 29, 2014.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of presentation

These financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting.

Foreign Currencies

The Company's reporting and functional currency is the Canadian dollar as no single currency was clearly dominant. The Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

Transactions in foreign currencies are initially recorded at the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange in effect at the end of the reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Financing Costs

The costs related to equity transactions are deferred until the closing of the equity transactions. These costs are accounted for as a deduction from equity. Transaction costs of abandoned equity transactions are expensed in the profit or loss.

Cash

Cash is comprised of cash deposited at Canadian banks and short-term money market instruments with an original maturity of three months or less when acquired, which are readily convertible into a known amount of cash. The cash is denominated in Canadian dollars.

Short-Term Investment

Short-term investment, which is a fixed term deposit held at the bank with a maturity of more than three months and less than twelve months at the time of issuance, is recorded at fair value. The Company has deposited $11,500 of principal, accruing $55 of interest, as a security deposit for the corporate credit card for the periods presented.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in exploration and evaluation assets and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims and crediting all revenues received against the cost of the related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral claims are charged to profit or loss at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditures are not expected to be recovered, they are charged to the results of profit or loss. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

Decommissioning and restoration liability

The Company recognizes the fair value of a decommissioning and restoration liability the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the decommissioning and restoration liability due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the profit or loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. The Company did not have any significant decommissioning and restoration obligations for the periods presented.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Share-based payments

The share option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based payments with a corresponding increase in equity. 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.

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payments. Otherwise, share-based payments are measured at the fair value of the goods or services received.

Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate exploration and evaluation assets. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction.

The Company uses the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

From time to time in connection with private placements, the Company issues compensatory warrants to agents ("Agent Warrants") as commission for services. Awards of Agent Warrants are accounted for in accordance with the fair value method of accounting and result in share issue costs and a credit to reserves when Agent Warrants are issued. Any consideration received upon exercise of Agent Warrants is credited to share capital. The application of the fair value based method requires the use of certain assumptions regarding the risk-free market interest rate, expected volatility in the price of the underlying stock, and expected life of the Agent Warrants.

Comprehensive loss

Comprehensive loss is defined as the change in equity (net assets) from transactions and other events from non-owner sources. Other comprehensive income is defined as revenues, expenses, gains and losses are recognized in comprehensive income, but excluded from net income. This would include holding gains and losses from financial instruments classified as available-for-sale. The Company does not have any items representing comprehensive income or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) attributable to common shareholders by the weighted average number of outstanding common shares for the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of the exercise of stock options and warrants. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. In periods where a net loss is reported outstanding options and warrants are excluded from the calculation of diluted loss per share, as they are anti-dilutive. Diluted loss per share is equal to the basic loss per share as net losses were reported during the periods presented.

Current and deferred income taxes

(a) Current Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of each reporting period.

(b) Deferred Tax

Deferred income tax is provided for based on temporary differences, at the end of each reporting period, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward or unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Current and deferred income taxes (continued)

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the profit or loss.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Financial instruments – recognition and measurement

All financial assets are initially recorded at fair value and designated upon inception into one of the following categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Held-to-maturity instruments, loans and receivables and financial liabilities not at FVTPL are measured at amortized cost using the effective interest rate method.

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

The Company has implemented the following classifications for its financial instruments:

a) Cash has been classified as FVTPL.
b) Short-term investments have been classified as FVTPL.
c) Receivables have been classified as loans and receivables.
d) Accounts payable and accrued liabilities have been classified as other financial liabilities.

Impairment of financial assets

The Company assesses at the end of each reporting period whether a financial asset is impaired.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment of financial assets (Cont'd)

In relation to trade and other receivables, a provision for impairment is made and an impairment loss is recognized in profit or loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

De-recognition of financial assets and financial liabilities

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the 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 assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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 profit or loss.

Where 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, however the increased carrying amount cannot 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.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Significant accounting judgments and estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. Financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both the current and future periods.

Critical accounting estimates
Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- whether or not an impairment has occurred in its exploration and evaluation assets;
- the inputs used in the accounting for share-based payments expense; and
- income taxes

Critical accounting judgments
Examples of significant judgments, apart from those involving estimation, include:

- the accounting policies for exploration and evaluation assets;
- classification of financial instruments; and
- determination of functional currency.

New accounting standards and interpretations

The adoption of the following IFRS pronouncements did not have an effect on the Company's financial statements:

- IFRS 10 — New standard to establish principles for the presentation and preparation of consolidated financial statements when an entity controls multiple entities
- IFRS 11 — New standard to account for the rights and obligations in accordance with a joint agreement
- IFRS 12 — New standard for the disclosure of interests in other entities not within the scope of IFRS 9/IAS 39
- IFRS 13 — New standard on the measurement and disclosure of fair value
- IAS 28 (Amendment) — New standard issued that supercedes IAS 28 (2003) to prescribe the accounting for investments in associates and joint ventures

The following new standards, amendments to standards and interpretations have been issued but are not effective during the period ended December 31, 2013:

- IFRS 9 — New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets. (i)
- IAS 32 (Amendment) — New standard that clarifies requirements for offsetting financial assets and financial liabilities.(ii)

(Expressed in Canadian Dollars, unless stated otherwise)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

New accounting standards and interpretations (Cont'd)

The Company has not yet assessed the impact of the future pronouncements.

(i) Mandatory effective date of January 1, 2015 has been deferred, with early adoption still permitted.
(ii) Effective for periods beginning on or after January 1, 2014.

3. EXPLORATION AND EVALUATION ASSETS

Läntinen Koillismaa Mineral Claims, North-eastern Finland

Beginning Balance as at July 31, 2012	**$**	**5,895,343**
Acquisition Costs		4,265,000
Exploration Costs		
Assay Sampling		43,761
Consulting – geological		5,401
Consulting - administrative and general		53,279
Office and general		130,388
Project administration		22,706
Reports		56,560
Surveying		174,567
Travel		36,527
Ending Balance July 31, 2013	**$**	**10,683,532**
Exploration Costs		
Assay Sampling		4,350
Consulting - geological		8,349
Consulting - administrative and general		48,480
Office and general		(21,112)
Project administration		8,540
Reports		12,066
Surveying		253
Travel		1,131
Ending Balance December 31, 2013	**$**	**10,745,589**

On July 21, 2011, the Company entered into a binding letter of intent with Nortec Mineral Corp. ("Nortec"), whereby Nortec will grant the Company the right to acquire up to an undivided 80% interest the Läntinen Koillismaa Project (the "Project"). The binding letter of intent was replaced and superseded by the option agreement with Nortec (the "Nortec Option Agreement") dated August 24, 2011. The effective date of the Nortec Option Agreement is September 6, 2011 (the "Effective Date"), which is the date the CNSX accepted the filing of the option agreement. On September 7, 2011, the Company issued 1,850,000 common shares at $0.45 per share for a total of $832,500 as finder fees in connection with the option.

3. EXPLORATION AND EVALUATION ASSETS (Cont'd)

On September 10, 2012, the Company entered into an amendment to the Nortec Option Agreement (the "Nortec Option Amendment"), whereby Nortec has granted the Company the right to acquire 70% interest in the Project by: a) issuing additional 27,000,000 shares of the Company (issued at a value of $3,240,000); b) paying in full amount owed by the Company on account of the conduct of exploration work within 60 days from the date of the Nortec Option Amendment (full amount not paid on time); and c) granting Nortec the right to nominate two persons for appointment or election to the Company's board of director. As the result, the remaining outstanding option obligations under the Nortec Option Agreement were not fulfilled.

On February 19, 2013, the Company entered into a second amendment agreement (the "Second Amendment Agreement") with Nortec, whereby Nortec and the Company agreed to such amendments that the Company has the sole and exclusive right and option to earn 100% interest in and to the Project for, among other things, 41,000,000 shares of the Company. On February 19, 2013, the Company issued 41,000,000 shares valued at $1,025,000 to Nortec. As at December 31, 2013, Nortec holds a total of 83,227,208 shares of the Company which equates to a 54% interest.

Furthermore, if the Company completes all of its obligations in the Second Amendment Agreement, and issues an additional 917,707 Shares to Nortec, the Company will be deemed to have exercised the option to acquire 100% interest in the Läntinen Koillismaa Project.

4. SHARE CAPITAL AND RESERVES

a) Authorized: Unlimited common shares without par value**.**

b) Issued and Outstanding: At December 31, 2013, there were 154,891,316 common shares issued and outstanding (July 31, 2013 – 152,391,316).

Details of common shares are as follows:

i. On September 11, 2012, the Company issued 27,000,000 common shares at a price of $0.12 for a total of $3,240,000 pursuant to the Nortec Option Amendment (Note 3).

ii. On February 19, 2013, the Company closed a non-brokered private placement. The private placement consisted of issuance of 30,800,000 common shares of the Company at a price of $0.025 per share, for gross proceeds of $770,000.

iii. On February 19, 2013, the Company issued 41,000,000 common shares at a price of $0.025 for a total of $1,025,000 to Nortec pursuant to the Second Amendment Agreement (Note 3).

iv. On March 28, 2013, the Company closed a non-brokered private placement. The private placement consisted of issuance of 13,583,333 common shares of the Company at a price of $0.03 per share, for gross proceeds of $407,500.

v. On September 28, 2013, the Company entered into a debt settlement agreement with a company with a common director. The Company issued 2,500,000 common shares at $0.02 per share on September 27, 2013 to to settle debt of $50,000.

(Expressed in Canadian Dollars, unless stated otherwise)

4. SHARE CAPITAL AND RESERVES (Cont'd)

c) Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	December 31, 2013		July 31, 2013	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Warrants outstanding, beginning of period	-	$ -	8,503,551	$ 0.64
Expired	-	$ -	8,503,551	$ 0.64
Warrants outstanding, end of period	-	$ -	-	$ -

d) Stock Options

The Company has a stock option plan (the "Stock Option Plan") whereby the Company is authorized to grant options to officers and directors, insiders, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the market price of the Company's shares as calculated on the date of grant. The options are exercisable for a maximum term of 5 years.

The continuity of stock options for the period and year ended December 31 and July 31, 2013 is as follows:

	December 31, 2013		July 31, 2013	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Options outstanding, beginning of period	1,750,000	$ 0.46	2,650,000	$ 0.46
Granted	-	-	-	-
Cancelled	(450,000)	$ 0.46	(900,000)	$ 0.46
Options outstanding and exercisable, end of the period	1,300,000*	$ 0.46	1,750,000	$ 0.46

* 150,000 options expired unexercised subsequent to the year-end.
* 125,000 options were cancelled subsequent to the year-end.

The options outstanding and exercisable at December 31, 2013 are as follows:

Range of Exercise Prices	Outstanding and Exercisable Options		
	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
$0.46	1,050,000	$0.46	2.36
$0.46	100,000	$0.46	2.38
$0.45	150,000	$0.45	0.09
	1,300,000	$0.46	2.27

(Expressed in Canadian Dollars, unless stated otherwise)

5. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Non-cash investing and financing includes:

	December 31, 2013	July 31, 2013
Shares issued for exploration and evaluation assets	$ -	$ 4,265,000
Exploration and evaluation assets in accounts payable	12,122	2,507
Shares issued for debt settlement	50,000	-
Share issue costs in accounts payable	17,490	17,490

6. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity. As at December 31, 2013, the Company's shareholders' equity was $10,721,287 (July 31, 2013 - $10,865,901). The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operations and business development. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company has not generated any revenues and cash flows since its inception; therefore, the Company is dependent on external financing to fund its future intended business plan. The capital structure of the Company currently consists of working capital and shareholders' equity. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended December 31, 2013. The Company is not subject to externally imposed capital requirements.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

At December 31 and July 31, 2013, the Company's financial instruments consist of cash, short-term investments, receivables and accounts payable and accrued liabilities. The fair values of cash, short-term investments, receivables and accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term to maturity. The Company classifies its cash and short-term investments as FVTPL, its receivables as loans and receivables and accounts payable and accrued liabilities as other financial liabilities.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at December 31, 2013 as follows:

	Fair Value Measurements Using				
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, December 31, 2013 $	Balance, July 31, 2013 $
Cash	220,511	–	–	220,511	341,298
Short-term investment	11,555	–	–	11,555	11,503

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest risk, liquidity risk, and foreign exchange rate risk.

(b) Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents balances. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada. The Company does not have any asset-backed commercial paper included in cash. Management believes that the credit risk with respect to receivables is remote.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash is limited because of its short-term investment nature.

(d) Foreign Exchange Rate Risk

The Company has certain consulting fees and exploration and evaluation assets that are denominated in US dollars, European Euro, Pounds Sterling, and other operating expenses that are mainly in Canadian dollars. The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian dollars, the US dollar, European Euro and Pounds Sterling. The exposure to foreign exchange rate risk is considered low. The Company has not entered into any derivative instruments to manage foreign exchange fluctuations.

(Expressed in Canadian Dollars, unless stated otherwise)

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

(d) Foreign Exchange Rate Risk (Cont'd)

At December 31 and July 31, 2013, the Company's US dollars, Pounds Sterling, and European Euros denominated monetary liabilities are as follows:

	December 31, 2013		July 31, 2013	
Monetary Liabilities				
Account payables and	USD $	4,000	USD $	4,000
accrued liabilities	GBP £	-	GBP £	6,995
	EURO €	43,433	EURO €	1,241

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient capital to meet liabilities when due after taking into account the Company's holdings of cash that might be raised from equity financings.

8. RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

		Period ended December 31 2013	**Year Ended July 31, 2013**
Consulting fees		$ 102,975	$ 50,904
Debt settlement	a, b	$ 50,000	$ 104,109
Total		$ 152,975	$155,013

a) During the year ended July 31, 2013, management and consulting fees of $104,109 were forgiven by an officer and former directors of the Company.

b) During the period ended December 31, 2013, the Company settled $50,000 of debt by issuing 2,500,000 common shares at $0.02 per share.

Related Party Accounts Payables and Accrued Liabilities to Key Management Personnel:

	December 31, 2013	**July 31, 2013**
Consulting	$ 104,000	$ 91,800

(Expressed in Canadian Dollars, unless stated otherwise)

9. SEGMENTED INFORMATION

The Company has one reportable operating segment, being the acquisition and exploration of exploration and evaluation assets. Geographic information of the Company's capital assets comprising exploration and evaluation assets and equipment is as follows:

	December 31, 2013	July 31, 2013
Exploration and evaluation assets		
Finland	$ 10,745,589	$ 10,683,532
	$ 10,745,589	$ 10,683,532

10. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	December 31, 2013	July 31, 2013
Earnings (loss) before income taxes	$ (194,514)	$ (80,383)
Expected income tax (recovery)	(50,000)	(20,000)
Change in statutory, foreign tax, foreign exchange rates and other	(13,000)	(93,000)
Change in unrecognized deductible temporary differences	63,000	113,000
Total income tax expense (recovery)	$ -	$ -

The Canadian income tax rate increased during the year due to changes in the law that increased corporate income tax rates in Canada.

The significant components of the Company's deferred tax assets that have not been included on the statement of financial position are as follows:

	December 31, 2013	July 31, 2013
Deferred income tax assets:		
Exploration and evaluation assets	$ 203,000	$ 181,000
Share issue costs	40,000	49,000
Non-capital losses available for future period	1,469,000	1,419,000
	1,712,000	1,649,000
Unrecognized deferred tax assets	(1,712,000)	(1,649,000)
Net deferred tax assets	$ -	$ -

(Expressed in Canadian Dollars, unless stated otherwise)

10. INCOME TAXES (Cont'd)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

		2013	Expiry Date Range
Temporary Differences			
Exploration and evaluation assets	$	781,000	No expiry date
Equipment		2,000	No expiry date
Share issue costs		152,000	2014 to 2017
Non-capital losses available for future period		5,649,000	2027 to 2033
Taxation Jurisdiction			
Canada		5,649,000	

Tax attributes are subject to review, and potential adjustment, by tax authorities.

11. SUBSEQUENT EVENTS

On April 8, 2014, pursuant to the annual general and special meeting, the shareholders of the Company approved the proposed consolidation of all of the issued and outstanding common shares on the basis of up to 10 old shares for one new share. The share consolidation requires the approval of all applicable regulatory authorities, including the CNSX.