Josephine Mining Corp

Consolidated financial statements

As at and for the years ended December 31, 2013 and 2012

(Financial information expressed in Canadian dollars unless otherwise noted)

To the Shareholders of Josephine Mining Corp.:

We have audited the accompanying consolidated financial statements of Josephine Mining Corp. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2013 and 2012 and the consolidated statements of comprehensive loss, changes in equity, and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of 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 consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes assessing the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Josephine Mining Corp. and its subsidiaries as at December 31, 2013 and 2012 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter - Going Concern
Without qualifying our opinion, we draw attention to Note 2 of the consolidated financial statements which indicates that the Company has negative working capital and cash flows from operating activities. This condition indicates the existence of a material uncertainty which may cast doubt about the Company's ability to continue as a going concern.

MNP LLP

Calgary, Alberta
April 30, 2014

Chartered Accountants

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Josephine Mining Corp.
Consolidated statements of financial position
At December 31, 2013 and 2012
(Presented in Canadian dollars)

	Notes		December 31, 2013		2012
Assets					
Current assets					
Cash and cash equivalents		$	14,147	$	4,596
Prepaid and other current assets			130		9,289
Deferred interest expense	7(g)		-		41,385
Total current assets		$	14,277	$	55,270
Non-current assets					
Property and equipment	4		-		39,323
Mineral properties	5		2,243,293		7,847,658
Investment in associate	6		1,882,327		-
Deposits			-		1,492
Total non-current assets			4,125,620		7,888,473
Total assets		**$**	**4,139,897**	$	**7,943,743**
Liabilities and shareholders' equity					
Current liabilities					
Accounts payable		$	90,093	$	427,559
Due to related parties	7(j)		165,110		228,096
Note payable to related party	7(g)		-		454,984
Convertible note payable to related party	7(h)		-		50,448
Total current liabilities		$	255,203	$	1,161,087
Shareholders' equity					
Share capital	8(b)	$	7,276,901	$	7,276,901
Contributed surplus	8(c)		167,722		167,722
Option reserves	8(d)		798,574		750,087
Warrant reserves	8(e)		3,609,239		3,609,239
Accumulated other comprehensive loss attributable to shareholders			124,541		(64,781)
Accumulated deficit			(8,092,283)		(4,956,512)
Total shareholders' equity			3,884,694		6,782,656
Total liabilities and shareholders' equity		**$**	**4,139,897**	$	**7,943,743**

Going concern	2
Events after the reporting period	13

Approved on behalf of the Board of Directors:

"SIGNED"
Robert L. Russell
Director

"SIGNED"
James O'Neil
Director

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

Josephine Mining Corp.
Consolidated statements of comprehensive loss
Years ended December 31, 2013 and 2012
(Presented in Canadian dollars)

		Year ended December 31,	
	Notes	**2013**	**2012**
Operating expenses			
General and administrative		$ 429,740	988,289
Exploration		12,501	72,959
Share-based payments	8(d)	48,487	258,514
Depreciation	4	21,409	23,912
Total operating expenses		$ 512,137	1,343,674
Other income and expense			
Other income		$ -	445,670
Interest expense		(142,905)	(14,122)
Foreign exchange gain (expense)		6,433	39,383
Loss on sale of deconsolidation of associate	7(f)	(2,487,162)	-
Total other (loss) income		$ (2,623,634)	470,931
Net loss		$ **(3,135,771)**	**(872,743)**
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**189,322**	**(163,571)**
Total comprehensive loss		$ **(2,946,449)**	**(1,036,314)**
Net loss per common share, basic and diluted	9	$ (0.12)	(0.03)
Weighted average common shares outstanding, basic and diluted		25,551,010	25,451,010

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

Josephine Mining Corp. (an exploration stage company)
Consolidated statements of changes in equity
Years ended December 31, 2013 and 2012
(Presented in Canadian dollars)

	Notes	Shares	Share capital	Contributed surplus	Option reserves	Warrant reserves	Accumulated deficit	Accumulated other comprehensive income (loss)	Total
Balance, January 1, 2012		25,451,010	$ 7,264,401	$ 167,722	$ 504,073	$ 3,509,439	$ (4,083,769)	$ 98,790	$ 7,460,656
Share-based payments	7(h)	100,000	12,500	-	246,014	-	-	-	258,514
Warrants issued for loan fee	7(g)	-	-	-	-	99,800	-	-	99,800
Net loss for the year		-	-	-	-	-	(872,743)	-	(872,743)
Other comprehensive loss for the year		-	-	-	-	-	-	(163,571)	(163,571)
Balance, December 31, 2012		25,551,010	$ 7,276,901	$ 167,722	$ 750,087	$ 3,609,239	$ (4,956,512)	$ (64,781)	$ 6,782,656
Share-based payments	8(d)	-	-	-	48,487	-	-	-	48,487
Net loss for the year		-	-	-	-	-	(3,135,771)	-	(3,135,771)
Other comprehensive income for the year		-	-	-	-	-	-	189,322	189,322
Balance, December 31, 2013		25,551,010	$ 7,276,901	$ 167,722	$ 798,574	$ 3,609,239	$ (8,092,283)	$ 124,541	$ 3,884,694

(Presented in Canadian dollars)

		Year ended December 31,	
	Notes	**2013**	**2012**
Cash flows from operating activities			
Net loss		$ (3,135,771)	$ (872,743)
Share-based payments	8(d)	48,487	258,514
Foreign currency translation		238,998	(163,722)
Depreciation	4	21,409	23,912
Gain on sale of equipment		-	(4,242)
Loss on sale of mineral rights	7(f)	2,487,162	-
Changes in assets and liabilities			
Increase in prepaid and other current assets		-	51,861
Reversal of undeclared bonus and vacation accruals		-	(407,847)
Increase in due to related parties		(62,986)	159,911
Accrued interest expense, unpaid		142,905	-
Return of operating deposits		-	77,357
Receipt of insurance proceeds		262,800	-
Net cash used by operating activities		$ 3,004	$ (876,999)
Cash flows from investing activities			
Payments toward mineral properties		$ (42,544)	$ (554,581)
Changes in non-cash working capital		47,599	122,872
Disposal of property and equipment		-	19,279
Receipt of deposits	5(a)	1,492	-
Net cash provided (used) by investing activities		$ 6,547	$ (412,430)
Cash flows from financing activities			
Interest expense		$ -	$ 14,122
Short-term debt financing	7	-	551,631
Net cash provided by financing activities		$ -	$ 565,753
Increase (decrease) in cash		9,551	(723,676)
Cash and cash equivalents, beginning of year		4,596	728,272
Cash and cash equivalents, end of year		$ **14,147**	**$ 4,596**

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

1. Nature and continuance of operations

Josephine Mining Corp. (the "Company" or "JMC") was incorporated on June 4, 2007, under the Business Corporations Act of British Columbia and is in the exploration stage. The registered office of the Company is 1000 - 595 Burrard Street - P.O. Box 49290 - Vancouver, British Columbia, Canada V7X 1S8.

The Company's activities relate to the retention and exploration of mineral properties known as the Turner Gold Property (the "Project"), located in southern Oregon, and other assets as management identifies new opportunities.

2. Going concern

These consolidated financial statements, prepared at and for the years ended December 31, 2013 and 2012 ("Financial Statements") have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and discharge of liabilities in the normal course of business. The Company earns no operating revenues and has incurred an accumulated deficit of $8,092,283 through December 31, 2013 (December 31, 2012- $4,956,512). Further, the Company had a working capital deficit of $240,926 at December 31, 2013 (December 31, 2012 – $1,105,817). These and other factors raise doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon obtaining necessary financing to complete exploration activities and placement of a mineral property into commercial production. Management intends to complete additional financing, but while the Company has been successful in raising funds from related parties and other private parties in the past, there can be no assurance that it will be able to do so in the future. There can be no objective reliance on continuing support from related parties, which has been essential for the Company's development. The Financial Statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

In 2013, as a result of the Company's insolvency and inability to raise funds in public markets, the Company sold 79% of its sole potential cash generating unit, at a material loss, to companies owned and operated by officers, owners and directors who are also officers, owners and directors of the Company (Note 7(f)). The transaction resulted in a loss of control deconsolidation and accounting for the retained interest as investment in an associate.

3. Significant accounting policies

(a) *Statement of compliance*

These Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") prevailing as of December 31, 2013, as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee in effect as of December 31, 2013.

These Financial Statements were approved by the Company's board of directors on April 30, 2014.

(b) *Basis of preparation*

These Financial Statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. References to United States dollars are indicated by "US$."

(c) *Basis of consolidation*

(i) Subsidiaries
The Financial Statements include the accounts of the Company; 0890810 B.C. Ltd. ("0890810"), the Company's wholly-owned subsidiary. Intercompany balances and transactions are eliminated in the preparation of the Financial Statements.

Significant accounting policies (continued)

(ii) Loss of control
If the Company loses control over a subsidiary, the Company derecognized the assets, liabilities and non-controlling interest in the subsidiary. The Company recognizes the fair value of consideration received and the fair value of the Company's remaining interest in the former subsidiary on the date control is lost. Any difference between the derecognized and recognized items is recorded as a gain or loss on the consolidated statements of comprehensive loss.

(d) *Significant accounting estimates, judgments and assumptions*

The preparation of these Financial Statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and reported amounts of income and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses.

Management uses historical experience and other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The most significant estimates relate to the following:

(i) *Share-based payments*
Share based payment values are calculated based on volatility, risk free interest rates, the fair value of the Company's shares on the grant date, exercise price, expected dividend yield, expected forfeiture rate and expected life of the instrument.

(ii) *Deferred taxes*
Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(iii) *Impairment assessment of investment in mineral properties*
Management determines at each reporting period whether there are any indicators of impairment. If there are indicators, the carrying value of the investment in mineral properties is compared to the recoverable amount to calculate the amount of the impairment. If no indicators of impairment are identified, no impairment test is performed.

(iv) *Depreciation and impairment of property and equipment*

Management estimates the useful life of property and equipment for depreciation. Indicators of impairment are subject to management's evaluation of the impact of various events.The most significant judgments relate to the following:

(i) *Determination of cash generating units*
Cash generating units ("CGU") are identified at the smallest group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Since inception, the Company has not generated cash from operations; its sole potential CGU is its interest in the Project mineral asset.

Significant accounting policies (continued)

(ii) *Significant influence over associate*
Management deems the Company to have significant influence over an associate when the Company is able to influence the financial and operating decisions of the associate.

(e) *Functional and presentation currency*

The Company's functional and presentation currency is the Canadian dollar. The functional currency the sole subsidiary is the U.S. dollar ("US$").

(f) *Foreign currency*

(i) *Foreign currency transactions*

The effects of changes in foreign currency exchange rates are booked upon settlement of the foreign currency transaction, if the exchange rate has changed from the date of record of the underlying transaction.

(ii) *Foreign currency translation*

Foreign currency denominated accounts are translated into the Canadian dollar presentation currency at the average exchange rate for statement of comprehensive loss accounts, at the period-end exchange rate for assets and liabilities and at historical exchange rates for equity accounts. Foreign currency differences arising on translation are recognized in other comprehensive loss in the period in which they arise.

The functional currency of the Company's subsidiary is the US dollar. Transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate in existence at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the period end date exchange rates. Non-monetary items which are measured using historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(g) *Income taxes*

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the consolidated statement of comprehensive loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates and laws enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates at the end of the period, and which are expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

Significant accounting policies (continued)

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(h) *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, deposits held on call with banks, and other short term highly liquid investments with original maturities of three months or less.

(i) *Property and equipment*

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of property and equipment is related to the actual costs and expenses associated with placing the property in service. Property and equipment is classified by type. All property and equipment has been depreciated on a straight-line basis over the useful life of the asset. When components of an item of property and equipment have different useful lives, they are depreciated separately. The gain or loss on disposal of any item of property is determined by comparing the proceeds from disposal with the carrying amount of the property and any gain or loss is recognized in the consolidated statements of comprehensive loss. The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each reporting period, and adjusted prospectively, if appropriate.

(j) *Mineral properties*

Direct costs related to the acquisition, development and exploration of the Project are capitalized until the viability of the property is determined. Once economic viability is established, qualifying expenditures will be capitalized in accordance with relevant standards until production commences. Management periodically reviews the recoverability of the capitalized value of the Project, taking into consideration the results of exploration activities, estimated mineral market prices, reports of experts and other relevant information. If the Project is to be abandoned or is determined to be impaired, the mineral properties will be adjusted to fair value.

(k) *Investment in associate*

If the Company has significant influence over an investee as defined under IAS 28 – Investments in Associates and Joint Ventures, the investment is initially recognized at cost and is adjusted periodically to reflect the Company's portion of the investees' comprehensive profit or loss through the Company's consolidated statement of comprehensive loss. The Company's share of profit or loss of an associate is shown on the face of the consolidated statement of comprehensive loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of losses of an associate' in the consolidated statement of comprehensive loss.

Significant accounting policies (continued)

If the Company is party to a joint arrangement, an assessment is made as to whether the relationship is a joint venture or a joint operation. This determination is driven by the Company's rights and obligations under the agreement that formed the joint arrangement. Joint operations are recognized by the Company to the extent of the Company's share of the assets, liabilities, revenues and expenses relating to its involvement in the joint operation. Joint ventures are accounted for using the equity method.

Upon loss of significant influence over the associate, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(l) *Impairment of non-financial assets*

The carrying amounts of the Company's non-financial assets or CGU to which it belongs are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's or CGU recoverable amount is estimated.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to dispose. 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. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's or CGU's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) *Financial instruments*

All financial instruments are measured at fair value at initial recognition and classified into one of the following categories; loans and receivables; assets held to maturity; assets available for sale; fair value through profit or loss and other financial liabilities.

Financial instruments are measured at fair value and categorized into one of three hierarchy levels (Note 12).

(i) *Loans and receivables*

Loans and receivables are subsequently carried at amortized cost using the effective interest rate less impairment losses. Impairment losses are based on a review of all outstanding amounts at period end. Bad debts are written off during the period in which they are identified. Interest income is recognized by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method calculates the amortized cost of loans and receivables and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the loan and receivable, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

At December 31, 2013, the Company does not have any financial instruments in the class.

Significant accounting policies (continued)

(ii) *Financial assets at fair value through profit or loss ("FVTPL")*

FVTPL include financial assets held for trading and financial assets designated upon initial recognition at FVTPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes cash and cash equivalents. FVTPL are carried in the consolidated statements of financial position at fair value, with changes in fair value recognized in the consolidated statement of comprehensive loss.

(iii) *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments;
- it has become probable that the borrower will enter bankruptcy or financial reorganization; or,
- a significant or prolonged decline in the fair value of an available for sale security below its cost.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

(iv) *Derecognition of financial assets*

A financial asset is derecognized when:

- the contractual right to the asset's cash flows expire; or,
- the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

(v) *Equity and financial liabilities*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the appropriate reporting standard.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities include contractual obligations to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities under potentially unfavourable conditions. Financial liabilities also include contracts which may be settled in an entity's equity instruments.

Significant accounting policies (continued)

Other financial liabilities

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

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company has classified accounts payable due to related parties, note payable and convertible note payable to related parties as other financial liabilities.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when the Company's obligations are discharged, cancelled or they expire.

(n) *Share-based payments*

The stock option plan allows the Company's management, consultants and other qualified individuals to acquire shares of the Company. The fair value of share purchase options granted is recognized as compensation expense or capitalized to investment in mineral property depending on the nature of the services provided, with a corresponding increase in equity. The fair value of share-based payments is calculated using the Black-Scholes model. Equity attributable to share-based compensation is reclassified as share capital equity upon exercise.

The cost of equity-settled transactions is recognized, together with a corresponding increase in share option reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognized for awards that do not ultimately vest. When the terms of an equity-settled award are modified, the minimum expense recognized is the expense had the terms not been modified, if the original terms of the award are met. Additional charges are recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. If a new award is substituted for a cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

(o) *Loss per share*

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed in a manner similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Significant accounting policies (continued)

(p) *Leases as lessee*

The Company accounts for leases for which it is the lessee as either finance or operating leases. The primary factor in classifying a lease is whether the agreement between the lessee and lessor transfers substantially all the risks and rewards incidental to ownership. The following factors which would classify a lease as a finance lease under IAS 17 - Leases:

- The lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;
- the lease term is for the major part of the economic life of the asset even if title is not transferred;
- at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and
- the leased assets are of such a specialized nature that only the lessee can use them without major modifications.

Finance leases are initially recognized as assets and liabilities at fair value, and the minimum lease payments are subsequently adjusted for the apportionment between finance charges and the outstanding liability. Operating leases are recognized on a straight-line basis over the life of the lease, unless another systematic basis is more representative of the time pattern of the lessee's benefit.

(q) *Provisions*

The Company reports provisions when the following conditions are met:

- an entity has a present obligation (legal or constructive) as a result of a past event;
- it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Whether or not a present obligation exists is determined by examining all available evidence, and whether the evidence suggests that an obligation is more likely than not present.

(r) *Recent accounting pronouncements*

(i) *International Financial Reporting Interpretations Committee ("IFRIC") Interpretation 21 - Levies*

In May 2013, the IASB issued IFRIC 21 – Levies ("IFRIC 21"), an interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event").

IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The Company is currently evaluating the impact of applying IFRIC 21 on its consolidated financial statements.

(ii) *IAS 32 - Financial Instruments Offsetting Financial Assets and Financial Liabilities*

The amendment provides further clarification on the application of the offsetting requirements. The Company will adopt the amendments to IAS 32 in the financial statements effective January 1, 2014. Management is currently evaluating the impact of the changes to result from the adoption of IAS 32 and does not expect a material impact to the Company's financial statements.

Significant accounting policies (continued)

(iii) *IAS 36 Recoverable Amount Disclosures for Non-Financial Assets — Amendments to IAS 36*

The amendments are effective for annual periods beginning on or after January 1, 2014. The amendments clarify the disclosure requirements in respect of fair value less costs of disposal. When IAS 36 Impairment of Assets was originally changed as a consequence of IFRS 13, the IASB intended to require disclosure of information about the recoverable amount of impaired assets if that amount was based on fair valueless costs to sell. An unintended consequence of the amendments was that an entity would be required to disclose the recoverable amount for each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit was significant in comparison with the entity's total carrying amount of goodwill or intangible assets within definite useful lives. This requirement has been deleted by the amendment. Management is currently evaluating the impact of the changes to result from the adoption of IAS 36 and does not expect a material impact to the Company's financial statements.

(iv) *IFRS 9 - Financial Instruments*

This guidance was issued as the first step in its project to replace IAS 39 - Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets and new rules for hedge accounting. As a result of amendments in the current year they are not in effect until January 1, 2018. However, early adoption is permitted. The IASB intends to expand IFRS 9 during the intervening period to add new requirements for classifying and measuring financial liabilities, de-recognition of financial instruments, impairment and hedge accounting.

(s) *Application of new and revised accounting standards*

(i) *IFRS 7 – Financial Instruments Disclosures*

This guidance requires adoption of amendments for annual periods beginning January 1, 2013. These amendments require an entity to disclose information about rights to set-off and related arrangements.

(ii) *IFRS 10 - Consolidated Financial Statements*

This guidance supersedes the consolidation requirements in SIC-12 - Consolidation – Special Purpose Entities and IAS 27 - Consolidated and Separate Financial Statements effective for annual periods beginning on or after January 1, 2013, with early application permitted. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard also provides additional guidance to assist in the determination of control where this is difficult to assess.

(iii) *IFRS 11 - Joint Arrangements*

This guidance supersedes the existing standard IAS 31 - Joint Ventures effective for annual periods beginning on or after January 1, 2013, with early application permitted. IFRS 11 provides for the accounting of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard also eliminates the option to account for jointly controlled entities using the proportionate consolidation method.

(iv) *IFRS 13 - Fair Value Measurement*

This guidance sets out in a single IFRS a framework for measuring fair value. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This definition of fair value emphasizes that fair value is a market-based measurement, not an entity-specific measurement. In addition, IFRS 13 also requires specific disclosures about fair value measurement. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

(Financial information is presented in Canadian dollars unless otherwise noted)

Significant accounting policies (continued)

(v) *IAS 1 – Presentation of Items of Other Comprehensive Income – Amendments to IAS 1*

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Company's financial position or performance. The amendment became effective for annual periods beginning on or after July 1, 2012.

The application of these new and revised accounting standards did not cause material changes to the Financial Statements except as disclosed in the notes to the Financial Statements.

4. Property and equipment

	Software	Equipment	Vehicles	Total
Cost				
Balance, December 31, 2011	$ 46,533	$ 26,803	$ 26,512	$ 99,848
Disposals	-	(23,335)	-	(23,335)
Balance, December 31, 2012	$ 46,533	$ 3,468	$ 26,512	$ 76,513
Disposals	(46,533)	(3,468)	(26,512)	(76,513)
Balance, December 31, 2013	$ -	$ -	$ -	$ -
Accumulated depreciation				
Balance, December 31, 2011	$ 10,341	$ 5,503	$ 3,977	$ 19,821
Depreciation expense	15,207	3,507	5,198	23,912
Disposals	-	(6,543)	-	(6,543)
Balance, December 31, 2012	$ 25,548	$ 2,467	$ 9,175	$ 37,190
Depreciation expense	15,028	924	5,457	21,409
Disposals	(40,576)	(3,391)	(14,632)	(58,599)
Balance, December 31, 2013	$ -	$ -	$ -	$ -
Net book value, December 31, 2012	**$ 20,985**	**$ 1,001**	**$ 17,337**	**$ 39,323**
Net book value, December 31, 2013	**$ -**	**$ -**	**$ -**	**$ -**

All property and equipment was held by GCM prior to the Company's loss of control of GCM (Note 7(f)).

(Financial information is presented in Canadian dollars unless otherwise noted)

5. Mineral properties

(a) *Additions to mineral properties*

The following changes were made during the years ended December 31, 2013 and 2012:

	December 31, 2013	December 31, 2012
Balance, beginning of period	$ 7,847,658	$ 7,293,077
Option and land payments	-	497,450
Exploration expenditures	-	179,946
Exchange rate variances	386,993	(122,815)
Derecognition upon loss of control of subsidiary (i)	(5,991,358)	-
Balance, end of period	$ 2,243,293	$ 7,847,658

(i) During 2013, the Company sold 79% of its interest in the Turner by way of the sale of 79% of its shares in its wholly owned subsidiary, Gold Coast Mining Inc. ("GCM") to related parties (Note 7(f)).

Management identified indicators of impairment at December 31, 2013, but based on a comparison of the carrying value to the recoverable value of the underlying mineral asset, no impairment expense was recognized.

(b) *Option to purchase agreement ("Turner Option") from General Moly, Inc. ("GMI")*

On June 26, 2009, the Company entered into the Turner Option agreement with GMI for land, patented mining claims and unpatented mining claims at the Turner Gold Property in Josephine County, Oregon, USA for US$2,000,000, originally to be paid by December 2011.

The agreement was amended and extended through subsequent agreements; the following table summarizes these payments:

		Payment to GMI, US$			
Payment	Date	Extension fee	Credit to purchase price	Total	Balance of purchase price due, US$
Intial balance due					**$ 2,000,000**
Initial payment	June 2009	$ -	$ 100,000	$ 100,000	1,900,000
1st extension payment	December 2010	-	300,000	300,000	1,600,000
2nd extension payment	December 2011	50,000	250,000	300,000	1,350,000
3rd extension payment	September 2012	50,000	-	50,000	1,350,000
4th extension payment	October 2012	50,000	-	50,000	1,350,000
5th extension and payment	December 2012	50,000	350,000	400,000	1,000,000
6th extension and payment	May 2013	-	400,000	400,000	600,000
Final payment	December 2013		600,000	600,000	-
Total		$ 200,000	$ 2,000,000	$ 1,600,000	$ -

Following the final payment to GMI, the Company received title to the Turner Gold Property and all relevant mining rights. GMI retains a production royalty of 1.5% of net smelter return on future production from the Turner Gold Property. All property and mining rights are held by GCM (Note 6, Note 7(f)).

(c) *Option to purchase agreement ("Wagner Option") from Wagner Timber Enterprises, LLC ("Wagner")*

On June 30, 2009, the Company acquired an exclusive option to purchase approximately 333 acres of land in Josephine County, Oregon, for a 12 month period commencing June 18, 2011. The Company paid US$25,000 for this option, which applies against the purchase price of US$925,000.

Mineral properties (continued)

(Financial information is presented in Canadian dollars unless otherwise noted)

Following the loss of control of GCM (Note 7(f)), GCM's payments against the commitment under the amended agreement are as follows:

Payment	Scheduled due date	Date paid	Extension fee, US$	Scheduled credit to purchase price	Total payments remitted through December 31, 2013, US$	Balance of purchase price due at December 31, 2013
Initial purchase price						**$ 925,000**
Initial payment	June 30, 2011	June 2011	$ -	$ 25,000	$ 25,000	900,000
1st extension	January 30, 2013	January 2013	5,000	25,000	30,000	875,000
2nd extension	December 5, 2013	December 2013	-	10,000	10,000	865,000
3rd extension	March 1, 2014		-	10,000	-	865,000
4th extension	June 1, 2014		-	10,000	-	865,000
5th extension	September 1, 2014		-	10,000	-	865,000
6th extension	December 1, 2014		-	10,000	-	865,000
7th extension	March 1, 2015		10,000	-	-	865,000
Purchase payment	September 30, 2015		-	825,000	-	865,000
Total			$15,000	$ 925,000	$ 65,000	$ 865,000

6. Investment in associate

Due to the disposition of 79% interest in the Company's formerly consolidated subsidiary GMC, the Company now maintains a 21% interest in this associate. GMC was incorporated in Washington State, and is involved in the exploration and retention of mineral properties. (Note 7(f)).

At December 31, 2013 the fair value of JCM's investment in GMC is $1,882,327.

The aggregate financial information in respect of the Company's associate is set out below:

As at December 31, 2013	
Total assets	$369,060
Total liabilities	$620,091
Net assets	($251,031)
Company's share of net assets of associate	($52,717)

7. Related party transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

The following entities transacted with the Company in the reporting period of these Financial Statements. The terms and conditions of the transactions with key management personnel and their related parties were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities at an arm's length basis.

(Financial information is presented in Canadian dollars unless otherwise noted)

Related party transactions (continued)

(a) *Russell Mining Corporation ("RMC")*

RMC is a private corporation which owns 10,600,010 shares in the Company and owns 51% of the Turner mineral rights (Note 7(f)). RMC's management has owners, officers and directors in common with the Company and BRH (Note 7(b)).

(b) *Big Rock Holdings ("BRH")*

BRH is a private corporation which owns 28% of the Turner mineral rights (Note 7(f)). BRH has owners, officers and directors in common with the Company and RMC.

(c) *St. Augustine Gold and Copper Limited ("SAGC")*

SAGC is a Toronto Stock Exchange registrant which has owners, officers and directors in common with the Company, RMC and BRH. Further, the Company utilizes the services of SAGC's corporate staff, which is billed by SAGC to the Company at terms which approximate market terms for similar services.

(d) *Norton Rose Canada LLP ("NRC")*

NRC is the Company's securities counsel, and a principal of the firm is the Company's corporate secretary.

(e) *Transactions with key management and directors*

The aggregate value of transactions with key management was as follows:

	Year ended December 31,			
		2013		**2012**
Officer compensation and director fees (i)	$	160,158	$	397,755
Reversal of accrued officer bonus (ii)		-		(257,618)
Share-based payments		41,536		227,740
Total	$	201,694	$	367,877

(i) The expenses incurred during the year ended December 31, 2013 had not been paid as at the end of the year.

(ii) Employee bonuses accrued in 2011 were reversed during 2012.

(f) *Disposition of 79% of Turner*

Effective December 31, 2013, management finalized the reduction of 79% of the Company's interest in Turner by way of the sale of 51% of the common shares of the Company's previously wholly owned subsidiary; GCM and a settlement of debt for 28% of the common shares in GCM (see noted 7(g)). The sale of GCM shares was made to companies owned and operated by individuals who are also officers and owners of the Company. A loss of $2,487,162 was reported as a result of the loss of control of GCM. The Company's interest in GCM is reported as an investment in associate at December 31, 2013, at a value of $1,882,327.

The Company received total consideration of US$1,605,421 under the terms of this transaction. Consideration from this transaction was used to cause GCM to own an undivided interest in the Turner. The warrants issued to BRH in 2012 (Note 7(g)) were cancelled as part of this transaction.

(g) *Notes payable to BRH*

The Company's note payable to BRH of US$600,521 was settled in exchange for 28% of Turner in December 2013 (Note 7(f)). The Company issued 2,200,000 warrants, valued at $99,800, as part of the consideration for the note in 2012. The Company committed to a minimum of $41,385 in interest payments against the note payable, which was fully amortized into the note.

(Financial information is presented in Canadian dollars unless otherwise noted)

Related party transactions (continued)

(h) *Convertible note payable to RMC*

On September 26, 2012, the Company issued a note payable to RMC for US$50,000. The principal and accrued interest totaled approximately $56,000 at December 31, 2013, when it was derecognized, following the Company's loss of control of GCM (Note 6(f)).

RMC was issued 100,000 shares ("Finance Shares"), fair-valued on the grant date at $12,500 as part of consideration for the note.

(i) *Finder's Agreement*

On June 22, 2009, the Company entered into a finder's agreement with RMC for mining claims located in Josephine County, Oregon. Pursuant to this agreement, Russell Mining and Minerals, ULC ("RMMU") agreed to advance the Company funds and provide the technical support to complete a reserve study on the claims. The agreement also contemplates RMC and the Company entering into a management agreement for RMMU to provide technical and administrative services to the Company (Note 7(c)).

When production begins on the Turner Gold Property, US$1,500,000 is due to RMC, an entity which has replaced RMMU in all material respects, in 24 equal installments.

(j) *Summary of other related party transactions*

	Amounts payable as at December 31,		Expenses incurred during the years ended December 31,	
	2013	**2012**	**2013**	**2012**
SAGC	$ 42,517	$ 132,911	$ 43,134	$ 116,995
RMC	26,360	20,578	162,741	(76,789)
Norton Rose	96,233	74,607	1,998	89,565
Totals	$ 165,110	$ 228,096	$ 207,873	$ 129,771

8. Share capital and reserves

(a) *Authorized share capital*

As at December 31, 2013, the Company's authorized share capital was comprised of an unlimited number of common shares and preferred shares without par value.

(b) *Common shares and share capital*

No shares were issued during the year ended December 31, 2013. During the year ended December 31, 2012, the Company issued 100,000 shares to a related party as part of a note payable agreement (Note 7(h)). In 2011, 10,500,010 common shares were placed into escrow in 2011; of these shares, 1,575,002 shares remain to be released as at December 31, 2013 (2012 – 4,725,000). The following schedule summarizes the release of these escrowed shares.

(Financial information is presented in Canadian dollars unless otherwise noted)

Share capital and reserves (continued)

Number	Scheduled release date	Release %	Escrow balance
10,500,010			10,500,010
1,050,001	March 24, 2011	10%	9,450,009
1,575,002	September 24, 2011	15%	7,875,008
1,575,002	March 24, 2012	15%	6,300,006
1,575,002	September 24, 2012	15%	4,725,005
1,575,002	March 24, 2013	15%	3,150,003
1,575,002	September 24, 2013	15%	1,575,002
1,575,002	March 24, 2014	15%	-

(c) *Contributed surplus*

There were no changes to contributed surplus during the years ended December 31, 2013 or 2012.

(d) *Option reserves*

The Company has a stock option plan (the "Plan"), under which it is authorized to grant options to directors, officers, consultants or employees of the Company. The number of options granted under the Plan is limited to 10% in the aggregate of the number of issued and outstanding common shares of the Company at the date of the grant of the options. The board of directors has discretion over the vesting of options.

Option reserves increased from $750,087 to $798,574 during the year ended December 31, 2013, an increase of $48,487 (2012 - $258,514); the increases are attributable to vesting of share options issued under the Plan.

Option continuity schedule	**Exercise price range**	**Number**
Balance, January 1, 2012	$0.30 - $1.00	3,154,000
Forfeited	$0.50 - $1.00	(600,000)
Balance, December 31, 2012	$0.30 - $0.75	2,554,000
Balance, January 1, 2013	$0.30 - $0.60	2,554,000
Expired	$0.30 - $0.50	(754,000)
Balance, December 31, 2013	$0.50 - $0.60	1,800,000

Summary of options outstanding and exercisable as at December 31 2013:

Exercise prices	Number outstanding	Weighted average exercise price	Weighted average remaining years
$ 0.50	1,400,000	$ 0.50	2.23
$ 0.60	400,000	0.60	2.45
Totals	**1,800,000**	**$ 0.52**	**2.28**

(Financial information is presented in Canadian dollars unless otherwise noted)

Share capital and reserves (continued)

(e) *Warrant reserves*

There were no changes to warrant reserves during the year ended December 31, 2013; warrant reserves increased by $99,800, the value of 2,200,000 warrants issued to BRH (Note 7(g)) during the year ended December 31, 2012.

Warrant continuity schedule	Exercise price range	Number
Balance, January 1, 2012	$0.75 - $2.00	17,530,500
Finance warrants	$0.10	2,220,000
Balance, December 31, 2012	$0.75 - $2.00	19,750,500
Balance, January 1, 2013	$0.10 - $2.00	19,750,500
Expired/cancelled	$0.10 - $0.75	(9,250,500)
Balance, December 31, 2013	$0.10 - $2.00	10,500,000

Summary of warrants outstanding and exercisable as at December 31, 2013:

Exercise price	Number exercisable	Expiry date	Weighted average exercise price	Weighted average remaining years
1.50	5,250,000	June 24, 2016	1.50	2.23
2.00	5,250,000	June 24, 2016	2.00	2.23
	10,500,000		**1.75**	**2.23**

Of the issued warrants, 10,500,000 warrants are subject to the same escrow release schedule, on a percent basis, as the shares discussed at Note 8(b). There were 1,575,000 warrants in escrow at December 31, 2013 (December 31, 2012 – 4,725,000).

9. Earnings (loss) per share ("EPS")

(a) *Basic EPS*

Basic EPS is computed by dividing net loss for a year by the weighted average number of common shares outstanding during that period.

(b) *Diluted EPS*

Diluted EPS is computed by dividing net loss for a year by the diluted number of common shares. Diluted common shares includes the effects of instruments, such as share options and warrants, which could cause the number of common shares outstanding to increase.

The Company reported net losses for the years ended December 31, 2013 and 2012; the Company has accordingly presented basic and diluted EPS, which are the same, on a single line in the statements of comprehensive loss. Diluted loss per share did not include the effect of share purchase options and warrants as they were anti-dilutive.

(Financial information is presented in Canadian dollars unless otherwise noted)

10. Capital risk management

The following table summarizes capital under the Company's capital management program:

	December 31, 2013	December 31, 2012
Cash and cash equivalents	$ 14,147	4,596
Prepaid and other current assets	130	9,289
Accounts payable	90,093	427,559
Due to related parties	165,110	228,096
Note payable to related party	-	454,984
Convertible note payable to related party	-	50,448
Share capital	7,276,901	7,276,901
Option reserves	798,574	750,087
Contributed surplus	167,722	167,722
Warrant reserves	3,609,239	3,609,239

The Company's objectives when managing capital are to safeguard the Company's ability to continue exploration of its mineral property and to maintain a flexible capital structure which optimizes the costs of capital.

The Company is not subjected to any internally or externally imposed capital requirements.

Management implements adjustments according to changes in economic conditions and risk characteristics of capital instruments. To maintain or adjust the capital structure, the Company may attempt to issue new shares and acquire or dispose of assets.

When available cash permits, the Company invests in highly liquid, short-term interest-bearing investments.

11. Financial instruments

The fair values of the Company's cash and cash equivalents, prepaid and other current assets, accounts payable, due to related parties approximate their carrying values because of the short-term nature of these instruments.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and cash equivalents are measured using level 1 inputs. The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, and commodity price risk.

(a) *Currency risk*

The Company's property interests in the United States make it subject to foreign currency fluctuations which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and the U.S. dollar. The Company does not invest in foreign currency contracts to mitigate the risks.

(b) *Credit risk*

The Company's cash and cash equivalents are held with large Canadian financial institutions. The Company does not have any asset-backed commercial paper in its short-term investments, nor receivables from customers.

(Financial information is presented in Canadian dollars unless otherwise noted)

Financial instruments (continued)

(c) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. The Company's financial obligations include accounts payable and due to related parties totaling $255,203, all of which is due within normal trade terms.

(d) *Commodity price risk*

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of gold and other precious metals. The Company has not hedged any of its potential future sales.

12. Taxes

(a) *Federal corporate income taxes*

	December 31, 2013	2012
Current tax expense	$ -	-
Deferred tax expense	-	-
Income tax expense	$ -	-

Taxation in the Company's operational jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation between tax expense and the accounting loss multiplied by the Company's domestic tax rate for the years ended December 31, 2013 and 2012 is as follows:

	December 31, 2013	2012
Loss before tax	$ (3,135,771)	$ (872,473)
Income tax at local statutory rates – 25%	(783,972)	(218,454)
Foreign income taxed at other than Canadian statutory rates	(89,197)	(35,454)
Non-deductible expense	12,195	74,137
Derecognized for Gold Coast Mining	835,482	-
Change in unrecognized deferred tax assets	25,492	(166,119)
Change in estimates	-	346,250
Income tax recovery on loss	$ -	$ -

(Financial information is presented in Canadian dollars unless otherwise noted)

Taxes (continued)

(b) *Deferred tax assets and liabilities*

The nature and tax effect of the temporary differences giving rise to the deferred tax assets at December 31, 2013 and 2012 are summarized as follows:

	December 31, 2013	2012
Non-capital losses	463,893	1,981,669
Undeducted financing costs	246,675	264,752
Resource properties	(560,823)	(1,260,132)
Other	26,933	87,977
Deferred tax asset not recognized	(176,678)	(1,074,266)
	-	

The Company had no deferred tax liabilities at either December 31, 2013 or 2012.

As of December 31, 2013, the Company had estimated non-capital losses in Canada of $1,240,000 for income tax purposes that may be carried forward to reduce taxable income derived in future years. No deferred tax asset was recognized for these amounts at December 31, 2013 and 2012. The non-capital losses may be carried forward for 20 years, and begin expiring in 2027.

The non-capital loss and other deferred tax assets in the United States of approximately $4,000,000 at December 31, 2012 was de-recognized as a fully reserved tax asset on the loss of control of GCM (Note 7f).

13. Events after the reporting period

In April 2014, the Company received approximately $60,000, which was utilized to maintain the Company's regulatory requirements and settle limited trade accounts payable. The terms of the loan were not finalized at the filing of these Financial Statements. When finalized, the terms are expected to approximate arms-length commercial terms for a similar loan.