CANADIAN OREBODIES

Condensed Interim Financial Statements

July 31, 2014

(expressed in Canadian dollars)

(Unaudited)

Responsibility for Financial Statements

The accompanying unaudited condensed interim financial statements for Canadian Orebodies Inc. ("Canadian Orebodies") have been prepared by management in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances. These unaudited condensed interim financial statements do not include all of the disclosures required for annual financial statements and therefore should be read in conjunction with Canadian Orebodies' audited annual financial statements and notes thereto for the year ended January 31, 2014. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgement. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these unaudited condensed interim financial statements have been fairly presented.

The auditors of Canadian Orebodies Inc. have not performed a review of the unaudited condensed interim financial statements for the six months ended July 31, 2014.

Canadian Orebodies Inc.
Condensed Interim Statements of Financial Position
(Unaudited)

	July 31, 2014	January 31, 2014
Assets		
Current assets		
Cash and cash equivalents	$ 218,829	$ 348,427
Accounts receivable	6,246	51,326
Prepaid expenses	10,900	11,205
Exploration advances	43,000	105,000
Marketable securities *(note 3)*	430,000	175,800
	708,975	691,758
Mineral properties and deferred exploration costs *(note 4)*	16,171,379	17,008,863
Total Assets	$ 16,880,354	$ 17,700,621
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 5,924	$ 38,031
Due to related party *(note 10)*	233,035	233,035
	238,959	271,066
Shareholders' Equity		
Share capital *(note 5)*	20,639,680	20,629,680
Contributed surplus *(note 6)*	4,898,210	4,552,962
Warrants *(note 7)*	-	236,898
Accumulated other comprehensive loss	(225,000)	(200,000)
Deficit	(8,671,495)	(7,789,985)
	16,641,395	17,429,555
Total Equity and Liabilities	$ 16,880,354	$ 17,700,621

See accompanying notes to the financial statements

Canadian Orebodies Inc.
Condensed Interim Statements of Operations and Comprehensive Loss
(Unaudited)

	Three months ended July 31, 2014	Three months ended July 31, 2013	Six months ended July 31, 2014	Six months ended July 31, 2013
Expenses				
Management and administrative services *(note 10)*	$ 88,976	$ 88,442	$ 183,089	$ 178,284
Office and administration	18,232	19,840	37,003	50,499
Shareholder information	12,423	35,290	24,758	57,022
Professional and consulting fees	10,911	25,152	13,872	55,399
Representation and travel	-	1,760	4,616	13,262
Share based compensation *(note 6 and 10)*	-	181,250	108,350	183,202
Write-off (recovery) of mineral properties and deferred exploration expenditures	40,484	-	440,484	-
Investment loss	50,000	17,600	70,800	17,600
Interest income	(645)	(2,584)	(1,462)	(2,589)
Premium on flow-through shares income *(note 9)*	-	(18,585)	-	(58,410)
	220,381	348,165	881,510	494,269
Net loss before other comprehensive loss	(220,381)	(348,165)	(881,510)	(494,269)
Comprehensive loss				
Items that will subsequently be reclassified to profit or loss:				
Unrealized gain (loss) on available-for-sale marketable securities arising during the period	(27,500)	(50,000)	(95,000)	-
Total comprehensive loss	$ (247,881)	$ (398,165)	$ (976,510)	$ (494,269)
Basic and diluted net loss per share *(note 8)*	$ (0.001)	$ (0.002)	$ (0.005)	$ (0.003)

See accompanying notes to the financial statements

Canadian Orebodies Inc.
Condensed Interim Statements of Cash Flows
(Unaudited)

Six months ended July 31,	2014	2013
Operating Activities		
Net loss	$ (881,510)	$ (494,269)
Items not affecting cash and cash equivalents from operating activities:		
Interest income	(1,462)	(2,589)
Share based compensation	108,350	183,202
Write-off (recovery) of mineral properties and deferred exploration activities	440,484	-
Investment loss	70,800	17,600
Premium on flow-through shares income	-	(58,410)
Changes in non-cash working capital items		
Accounts receivable	45,080	59,136
Prepaids and deposits	305	(169)
Exploration advances	62,000	45,000
Accounts payable and accrued liabilities	(32,107)	(99,014)
	(188,060)	(349,513)
Financing Activities		
Sale of marketable securities	50,000	-
Investing Activities		
Mineral properties and deferred exploration expenditures	7,000	(96,451)
Interest income	1,462	2,589
Net change in cash and cash equivalents	(129,598)	(443,375)
Cash and cash equivalents, beginning of period	348,427	2,070,814
Cash and cash equivalents, end of period	$ 218,829	$ 1,627,439
Supplemental cash flow information		
Issuance of common shares for property payment	$ 10,000	$ 17,500
Marketable securities received from disposition of mineral properties	$ 400,000	$ -

See accompanying notes to the financial statements

Canadian Orebodies Inc.
Condensed Interim Statements of Changes in Equity
(Unaudited)

	Share Capital		Reserves			Deficit	
	Number of shares	**Amount**	**Contributed surplus**	**Warrants**	**Accumulated other comprehensive (loss) income**	**Deficit**	**Total**
Balance, January 31, 2013	**162,545,290**	**$ 20,597,180**	**$ 2,295,068**	**$ 2,311,590**	**$ (175,000)**	**$ (7,254,910)**	**$ 17,773,928**
Issued for mineral properties	125,000	17,500	-	-	-	-	17,500
Fair value of warrants expired	-	-	298,100	(298,100)	-	-	-
Share-based compensation	-	-	183,202	-	-	-	183,202
Comprehensive loss for the period	-	-	-	-	-	(494,269)	(494,269)
Balance, July 31, 2013	**162,670,290**	**$ 20,614,680**	**$ 2,776,370**	**$ 2,013,490**	**$ (175,000)**	**$ (7,749,179)**	**$ 17,480,361**
Issued for mineral properties	500,000	15,000	-	-	-	-	15,000
Fair value of warrants expired	-	-	1,776,592	(1,776,592)	-	-	-
Share-based compensation	-	-	-	-	-	-	-
Unrealized gain (loss) on marketable securities	-	-	-	-	(25,000)	25,000	-
Comprehensive loss for the period	-	-	-	-	-	(65,806)	(65,806)
Balance, January 31, 2014	**163,170,290**	**$ 20,629,680**	**$ 4,552,962**	**$ 236,898**	**$ (200,000)**	**$ (7,789,985)**	**$ 17,429,555**
Issued for mineral properties	250,000	10,000	-	-	-	-	10,000
Fair value of warrants expired	-	-	236,898	(236,898)	-	-	-
Share-based compensation	-	-	108,350	-	-	-	108,350
Unrealized gain (loss) on marketable securities	-	-	-	-	(95,000)	95,000	-
Reclassification of realized (gain) loss on marketable securities	-	-	-	-	70,000	-	70,000
Comprehensive loss for the period	-	-	-	-	-	(976,510)	(976,510)
Balance, July 31, 2014	**163,420,290**	**$ 20,639,680**	**$ 4,898,210**	**$ -**	**$ (225,000)**	**$ (8,671,495)**	**$ 16,641,395**

See accompanying notes to the financial statements

1. Nature of Operations

Canadian Orebodies Inc. (the "Company") was incorporated pursuant to the provision of the Business Corporations Act (of Alberta) on January 28, 2008 ("Inception Date"). On July 21, 2008, the Company was authorized to continue its operations from the jurisdiction of Alberta to Ontario. Its principal business activity is the exploration of mineral properties. The address of the Company’s registered office is 141 Adelaide Street West, Suite 301, Toronto, Ontario M5H 3L5. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amount shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development, and upon future profitable production or proceeds from disposition of such properties.

2. Significant Accounting Policies

(a) Basis of presentation

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the IASB. Accordingly, they do not include all of the information required for full annual financial statements as required by IFRS. These condensed interim financial statements should be read in conjuction with the Company's audited annual financial statements for the year ended January 31, 2014.

The condensed interim financial statements were approved by the Board of Directors on September 22, 2014.

(b) Significant accounting estimates and judgements

The preparation of these financial statements requires management to make judgments and estimates 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 judgments and estimates. The financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and 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 also in future periods when the revision affects both current and future periods.

2. Significant Accounting Policies - continued

(b) Significant accounting estimates and judgements - continued

Significant assumptions about the future and other sources of judgments and estimates that management has made at the end of the reporting period 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:

(i) The estimated value of the mineral properties and deferred exploration costs recorded in the statements of financial position;

(c) Future changes in accounting standards not yet adopted

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The Company intends to adopt those standards when they become effective.

IFRS 9 - Financial Instruments

IFRS 9, Financial Instruments ("IFRS 9") was issued by the IASB on November 12, 2009 and will replace *IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39")*. IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

3. Marketable Securities

During the six months ended July 31, 2014 the Company sold a portion of its equity securities for gross proceeds of $50,000. The following is a summary of the Company's marketable securities:

	July 31, 2014	**January 31, 2014**
Equity securities	$ 430,000	$ 175,000
Share purchase warrants	-	800
	$ 430,000	**$ 175,800**

4. Mineral Properties and Deferred Exploration Expenditures

Management reviews property exploration costs to ensure deferred expenditures include only costs and projects that are eligible for capitalization. Specific changes to the Company's mineral property portfolio that occured during the six months ended July 31, 2014 are as follows:

	Belcher Islands Iron Project	Farley Lake Project	Lithium and Rare Metals Project	Trump & Hawkins Projects	Total
January 31, 2014	$ 14,202,007	$ 800,000	$ 1,261,372	$ 745,484	$ 17,008,863
Additions	-	-	10,000	-	10,000
Disposals	(7,000)	(400,000)	-	-	(407,000)
Write-offs	(5,500)	(400,000)	(34,984)	-	(440,484)
July 31, 2014	**$ 14,189,507**	**$ -**	**$ 1,236,388**	**$ 745,484**	**$ 16,171,379**

Belcher Islands Iron Project

On February 14, 2011 the Company entered into a non-arm's length Purchase Agreement (the "Agreement") to acquire up to a 100% legal and beneficial interest in the Inuit Owned Lands Mineral Exploration Agreement (the "NTI Agreement") with Nunavut Tunngavik Incorporated ("NTI") which covers the Haig Inlet Iron Project with an area of approximately 2,685 hectares, located on the Belcher Islands, Nunavut, Canada (the "Property"). On June 15, 2011, the Company acquired an initial 10% interest in the Property, which was increased to 25% on June 15, 2012, and on November 5, 2012, the Company acquired the remaining 75% interest in the Property. In total, the Company issued 28,000,000 common shares valued at $4,759,500 under the Agreement and now holds a 100% interest in the Property. The vendors retain a 3% Gross Overriding Royalty ("GOR"), of which one-third can be purchased by the Company for a maximum of $3,000,000.

In addition to the lands acquired under the Agreement, the Company applied for and acquired from NTI additional Inuit Owned Land packages totalling 4,938 hectares and staked 29 claims covering 21,816 hectares of Municipal Land, bringing the total area of the Belcher Islands Iron Project to 29,439 hectares.

4. Mineral Properties and Deferred Exploration Expenditures - continued

Farley Lake Project

On November 12, 2013, the Company executed an option agreement with Carlisle Goldfields Ltd. (TSX:CGJ) ("Carlisle") pursuant to which the Company was granted the option to acquire a 10% non-diluting interest in the mining claims and mining leases comprising the Farley Lake Mine Project located near the town of Lynn Lake, Manitoba, in which Carlisle held a 100% interest.

In order to acquire its interest in the property, the Company was required to incur aggregate exploration expenditures on the property of $800,000 by December 31, 2013 (completed). Upon the Company acquiring its interest, the parties entered into a joint venture agreement pursuant to which Carlisle shall incur all further expenditures on the property until it reaches commercial production.

At any time prior to April 30, 2016, the Company shall be entitled to transfer such interest back to Carlisle upon 15 days prior written notice (the "Put Right") in exchange for the issuance to the Company of Carlisle shares with an aggregate value of $800,000, with each Carlisle share being valued at the greater of $0.10 per Carlisle share and the volume weighted average trading price of the Carlisle shares traded on the TSX for the twenty (20) days where transactions have been recorded on those shares immediately preceding the date of the Back-In Notice or Put Notice (the "Reference Price"). Further, at any time after December 31, 2014 and on or prior to April 30, 2016, Carlisle shall have the right (the "Back-In Right") to require that the Company transfer such interest back to Carlisle upon 15 days prior written notice to the Company, in exchange for the issuance to the Company of Carlisle Shares with an aggregate value of $800,000, with each Carlisle share being valued at the Reference Price, provided that if: (a) the Reference Price of Carlisle's shares for purposes of such issuance is less than the minimum price permissible by the TSX; or (b) such issuance would result in the issuance to the Company of a number of Carlisle Shares that would be equal to 10% or more of the outstanding Carlisle Shares, Carlisle shall not be permitted to exercise the Back-In Right.

On April 28, 2014, the Company exercised its Put Right to transfer its interest back to Carlisle. As a result, the Company wrote down the Farley Lake Project by $400,000 to reflect the estimated value of the Carlisle shares to be received. The Company received 8,000,000 Carlisle shares on May 1, 2014 with an aggregate value of $400,000.

Lithium & Rare Metals

Falcon Lake Property

On November 20, 2009, the Company entered into an option agreement to acquire a 100% interest in various mining claims known as the Falcon Lake and Barbara Lake Properties that make up its lithium and rare metals properties, for 1,600,000 shares of the Company valued at $160,000 and 1,600,000 warrants of the Company valued at $104,000, all of which were exercised. The vendor retains a 2% Net Smelter Return Royalty ("NSR") on the property, one-half of which can be purchased for $1,000,000.

4. Mineral Properties and Deferred Exploration Expenditures - continued

Zig Zag Property

On March 3, 2010, the Company signed a property acquisition agreement with Ultra Lithium Inc. ("Ultra") and the underlying property owners (the "Owners") to acquire an 80% interest in 129 mining claim units located approximately 60 kilometers northeast of Armstrong, Ontario. On March 8, 2013, the Company made its final option payment to Ultra by issuing 125,000 shares valued at $17,500. The Company fulfilled its obligations under the option and acquired an 80% interest in the Zig Zag Property. On October 15, 2013, the Company acquired Ultra's remaining 20% interest in the Zig Zag Property in exchange for the issuance of 500,000 common shares of the Company, valued at $15,000. The Owners retain a 2% NSR, one-half of which can be purchased by the Company for $1,000,000. Commencing on the fourth anniversary, the Company will be required to pay $10,000 per annum in pre-production royalties in either cash or shares.

Hawkins Property

The Hawkins property is comprised of 111 claim units covering 1,776 hectares located in the Hawkins and Walls Townships, approximately 200 kilometers east of Timmins.

Trump Property (Webequie)

Trump Property

On July 8, 2008, the Company announced it had entered into a letter of intent with Rainy Mountain Royalty Corp. ("Rainy Mountain", formally East West Resource Corporation) granting the Company the option to acquire an 80% legal and beneficial interest in 96 claim units comprising more than 1,536 hectares in the James Bay Lowlands. In order to earn its 80% legal and beneficial interest, the Company was required to:

1. Pay to Rainy Mountain $10,000 (paid);
2. Issue to Rainy Mountain an aggregate amount of 280,000 common shares of Orebodies (issued);
3. Commission a VTEM airborne survey on the property (completed);
4. Rainy Mountain will hold a 20% carried interest in the property until a Bankable Feasibility study is produced.

Webequie Property

On May 11, 2010, the Company completed a purchase and assumption agreement with Noble Mineral Exploration Inc. ("NOB", formerly Ring of Fire Resources Inc. and Hawk Uranium Inc.) whereby NOB acquired the 100% legal and beneficial interest in the Company’s eight 100% owned properties (subject to a 10% Net Profits Interest "NPI" retained by the Company), and 100% interest in the Company’s seven 50% owned properties (subject to a 10% NPI retained by

4. Mineral Properties and Deferred Exploration Expenditures - continued

Webequie Property - continued

the Company on the portion of those properties to be acquired by NOB, which would be converted to a 0.15% NSR if NOB's interest in those properties is reduced to less than 10% and therefore converted to a net smelter returns royalty) held through a joint venture with MacDonald Mines Exploration Ltd. and Temex Resources Corp. The Properties in total consist of 444 (100% owned) claim units comprising 7,104 hectares and 891 (50% owned) claim units comprising 14,256 hectares, all of which are located in the James Bay Lowlands 'Ring of Fire', Ontario. As consideration for the sale, the Company received 5,000,000 common shares of NOB, and 4,000,000 warrants of NOB to purchase shares at a price of $0.15 for four years valued at $547,400. The expiry can be accelerated in year three if the share price trades above $0.30 for 10 consecutive days and in year four if the share price trades above $0.40 for 10 consecutive days. These warrants expired during the period (note 3).

5. Share Capital

Authorized share capital

At July 31, 2014, the authorized share capital consisted of an unlimited number of common shares and the issued share capital amounted to $ 20,639,680. The common shares do not have a par value. All issued shares are fully paid.

Exercise of Warrants

No warrants were exercised during the six months ended July 31, 2014 or 2013.

6. Share Options

The Company has a Share Option Plan (the "Plan") under which it is authorized to grant options to purchase common shares of the Company to directors, senior officers, employees and/or consultants of the Company. The aggregate number of shares of the Company which may be issued and sold under the Plan will not exceed 10% of the total number of common shares issued and outstanding from time to time. Share options are granted with a maximum term of five years with vesting requirements at the discretion of the Board of Directors.

The Company records a charge to the statements of operations and comprehensive loss using the Black-Scholes fair valuation option pricing model with respect to a share option grant. The valuation is dependent on a number of estimates, including the risk free interest rate, the level of share volatility, together with an estimate of the level of forfeiture. The level of share volatility is calculated with reference to the historic traded daily closing share price at the date of issue.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

6. Share Options - continued

The following table reflects the continuity of share options for the period ended July 31, 2014:

	Options	Weighted Avg. Exercise Price
Balance, January 31, 2013	8,325,000	0.19
Granted	3,125,000	0.10
Expired	(2,675,000)	0.17
Balance, January 31, 2014	8,775,000	0.16
Granted	4,925,000	0.05
Expired	(400,000)	0.25
Balance, July 31, 2014	**13,300,000**	**0.12**

On April 28, 2014, the Company granted to Directors, Officers and consultants of the Company 4,925,000 share options vesting immediately, and exercisable at $0.05 per share for a period of five years from the date of issuance. The value ascribed to the 4,925,000 share options granted was estimated at $108,350 using the Black-Scholes model for option pricing. The assumptions used to determine the value were: stock price - $0.03; expected dividend yield - 0%; weighted expected volatility - 114%; risk-free interest rate - 1.05% and an expected life of 5 years.

The following table reflects the actual share options issued and outstanding as at July 31, 2014.

	Options	Exercise Price	Expiry Date
*	1,000,000	$ 0.100	September 17, 2014
	1,625,000	0.100	July 28, 2015
	925,000	0.335	March 24, 2016
	200,000	0.265	August 5, 2016
	1,500,000	0.250	April 5, 2017
	3,125,000	0.100	May 22, 2018
	4,925,000	0.050	April 28, 2019
	13,300,000	**$ 0.117**	

** Expired subsequent to period end*

7. Warrants

A summary of the Company's outstanding warrants, for the six months ended July 31, 2014 and year ended January 31, 2014 are as follows:

	July 31, 2014	January 31, 2014
Balance, beginning of period	8,070,000	30,424,914
Issued	-	-
Exercised	-	-
Expired	(8,070,000)	(22,354,914)
Balance, end of period	**-**	**8,070,000**

8. Loss Per Common Share

The following table sets forth the computation of basic and diluted earnings per share for the three and six months ended July 31, 2014 and 2013.

	Three months ended July 31, 2014	Three months ended July 31, 2013	Six months ended July 31 2014	Six months ended July 31 2013
Loss attributable to common shareholders	$ (220,381)	$ (348,165)	$ (881,510)	$ (494,269)
Weighted-average common shares outstanding - basic and diluted	163,420,290	162,670,290	163,295,290	162,607,790
Basic and diluted loss per common share	**$ (0.001)**	**$ (0.002)**	**$ (0.005)**	**$ (0.003)**

Diluted loss per share did not include the effect of the share options and warrants outstanding respectively as their effect was anti-dilutive.

9. Deferred Premium on Flow-through Shares

The premium paid for flow-through shares in excess of the market value of the shares without the flow-through features is initially recognized as a liability. The liability is reduced and the reduction of premium liability is recorded in loss from operations on a pro-rata basis based on the corresponding eligible expenditures that have been incurred when it is the Company's intention to file the appropriate renunciation forms with the Canadian taxation authorities. Accordingly, during the six months ended July 31, 2014, $Nil (2013 - $Nil) was deferred and $Nil (2013 - $58,410) was recognized as income in the statements of operations and comprehensive loss.

As at July 31, 2014, the Company has no outstanding flow-through expenditure commitments.

Balance, January 31, 2013	**$ 318,600**
Premium recognized in loss from operations	(318,600)
Balance, January 31, 2014	**$ -**
Balance, July 31, 2014	**$ -**

10. Related Party Transactions

(a) Director and Executive Management Compensation

Directors and executive management's compensation for the three and six months ended July 31, 2014 and 2013 consisted of the following:

	Three months ended July 31,		**Six months ended July 31,**	
	2014	**2013**	**2014**	**2013**
Cash compensation	$ 88,950	$ 81,150	$ 177,900	$ 170,100
Fair value of stock options	-	181,250	108,350	181,250
	$ 88,950	**$ 262,400**	**$ 286,250**	**$ 351,350**

Directors and executive management received the following stock options during the six months ended July 31, 2014:

Expiry date	**Number of options**	**Exercise price**	**Stock price at grant**	**Risk-free interest rate**	**Expected life**	**Volatility factor**	**Fair value**
April 28, 2019	4,850,000	$ 0.05	$ 0.03	1.05 %	5.0	114 %	$ 0.022

10. Related Party Transactions - continued

(b) Director and Executive Management Transactions

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

		Transaction value Six months ended July 31,		Balance outstanding as at July 31,	
Account	**Note**	**2014**	**2013**	**2014**	**2013**
Due to related party	(i)	$ -	$ -	$ 233,035	$ 233,035

(i) The Company has a loan from 695202 Ontario Limited, a corporation controlled by a relative of Gordon McKinnon, the Chief Executive Officer and a director of the Board, in the amount of $233,035 and is due on demand as at July 31, 2014. The loan is interest free and unsecured.

11. Capital Risk Management

The Company's capital is composed of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. 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 properties in which the Company currently has an interest are in in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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 three months ended July 31, 2014. The Company is not subject to externally imposed capital requirements.

11. Capital Risk Management - continued

Financial Risk Factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

The Company's credit risk is primarily attributable to accounts receivable which consist primarily of Harmonized Sales Tax receivable. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is remote.

(b) Liquidity risk

The Company is currently in the exploration stage and has not commenced commercial operations. As at the date of issue of these financial statements, the Company has an accumulated deficit of $ 8,671,495.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to fund its liabilities as they become due. As at July 31, 2014, the Company is not yet generating operating cash flows, but has a working capital of $ 470,016. Within this amount, it has a cash balance of $ 218,829 (January 31, 2014: $ 348,427) to settle current liabilities of $ 238,959 (January 31, 2014: $ 271,066). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company will be required to obtain additional capital to continue its progress toward recovering the carrying amount of its mineral properties, and although success in this regard is not assured, management is of the opinion that additional capital can be raised as required for the foreseeable future.

(c) Market risk

(i) Interest rate risk

The Company has cash balances and no interest-bearing debt. Interest rate risk is remote.

(ii) Price risk

The Company is indirectly exposed to price risk with respect to the price of base metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Price risk is remote since the Company is not a producing entity.

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

11. Capital Risk Management - continued

(d) Fair Value

The fair values of the Company's cash and cash equivalents, accounts receivable and accounts payables approximate their carrying values because of the short term-nature of these instruments.

(e) Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve month period. The Company's investments in public companies are sensitive to a plus or minus 50% change in Canadian equity prices which would affect comprehensive income (loss) by approximately $215,000.

12. Subsequent Events

On August 11, 2014 the Company signed an Exploration Agreement with the Missanabie Cree First Nation ("MCFN"), relating to the Company's continuing exploration work on the Hawkins Property. Pursuant to the agreement, the company issued 200,000 common shares valued at $3,000 to the MCFN and contributed $2,000 toward the MCFN's legal fees as consideration for unobstructed access to certain portions of the MCFN's traditional lands.