FAIRMONT RESOURCES INC.

Condensed Interim Financial Statements

For the three and six months ended
April 30, 2014 and 2013

Expressed in Canadian Dollars

NOTICE OF NO AUDITOR REVIEW
OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED APRIL 30, 2014

The accompanying unaudited condensed interim financial statements of Fairmont Resources Inc. (the “Company”) for the period ended April 30, 2014, have been prepared by, and are the responsibility of, the Company’s management.

The Company’s independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of the condensed interim statements by an entity’s auditor.

FAIRMONT RESOURCES INC.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

Unaudited - Prepared by Management

(Expressed in Canadian Dollars)

	April 30, 2014	October 31, 2013
ASSETS		
CURRENT		
Cash	$ 16,959	$ 3,567
Amounts receivable	6,649	2,459
Prepaid expenses	1,198	1,198
TOTAL CURRENT ASSETS	24,806	7,224
Exploration and evaluation assets (Note 4)	237,516	845,106
TOTAL ASSETS	$ 262,322	$ 852,330
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 70,057	$ 73,695
Due to related parties (Note 7)	27,471	103,481
TOTAL CURRENT LIABILITIES	97,528	177,176
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	3,701,414	3,320,679
Equity reserves (Note 5)	696,935	696,935
Deficit	(4,233,555)	(3,342,460)
TOTAL SHAREHOLDERS' EQUITY	164,794	675,154
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 262,322	$ 852,330

Nature and continuance of operations (Note 1)

Subsequent events (Note 10)

Approved on behalf of the Board June 2, 2014:

“Greg Ball” Director

“Michael Dehn” Director

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

FAIRMONT RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

	Three Months ended April 30,		Six Months ended April 30,	
	2014	**2013**	**2014**	**2013**
EXPENSES				
Administration	$ 7,500	$ 7,500	$ 15,000	$ 15,000
Advertising and promotion	11,091	-	11,112	85
Audit and accounting	7,060	12,700	17,560	25,200
Consulting	7,500	7,500	15,000	15,000
Investor relations	-	30,000	465	67,000
Legal	3,947	2,737	11,764	4,677
Management	3,000	33,500	6,000	62,000
Office and miscellaneous	496	7,826	6,018	7,910
Rent	-	2,989	-	7,176
Registration and transfer fees	8,713	16,196	16,134	18,174
Share-based payments (Note 6)	-	(3,702)	-	2,243
Travel	-	913	-	1,905
Wages and benefits	-	(543)	-	(543)
Loss before other items and income taxes	(49,307)	(117,616)	(99,053)	(225,827)
Loss on write down of exploration and evaluation asset	(792,042)	-	(792,042)	-
Interest income	-	167	-	464
Comprehensive loss for the period	$ 841,349	$ (117,449)	$ 891,095	$ (225,363)
LOSS PER SHARE, basic and diluted	$ (0.06)	$ (0.02)	$ (0.08)	$ (0.04)
Weighted average number of shares outstanding	13,476,753	5,025,108	11,806,360	4,998,175

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

FAIRMONT RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
Unaudited - Prepared by Management
(Expressed in Canadian Dollars)

	Six months ended April 30,	
	2014	**2013**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (891,095)	$ (225,363)
Adjustments		
Share-based payments	-	2,243
Impairment of exploration and evaluation asset	792,042	-
Changes in non-cash working capital items		
Amounts receivable	(4,190)	27,669
Prepaid expenses	-	11,279
Accounts payable and accrued liabilities	(3,638)	15,109
Due to related party	(76,010)	(7,201)
Net cash used in operating activities	(182,891)	(176,264)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares	264,500	-
Share issuance cost	(765)	-
Net cash from financing activities	263,735	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation asset expenditures	(67,452)	(1,388)
Net cash used in investing activities	(67,452)	(1,388)
Change in cash and cash equivalents during the period	13,392	(177,652)
Cash and cash equivalents, beginning of the period	3,567	249,160
Cash and cash equivalents, end of the period	$ 16,959	$ 71,508
SUPPLEMENTAL INFORMATION		
NON CASH TRANSACTIONS		
Shares issued for exploration and evaluation asset (Note 5)	$ 117,000	$ 12,000
Finders units and warrants issued for private placement	$ 14,750	$ -
Exploration and evaluation assets included in accounts payable and accrued liabilities	$ -	$ 8,900
Exploration and evaluation assets included in due to related parties	$ -	$ 144

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

FAIRMONT RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE AND SIX MONTHS ENDED APRIL 30, 2014 AND 2013
Unaudited - Prepared by Management
(Expressed in Canadian Dollars)

	Number of shares	Share Capital	Equity Reserves	Deficit	Total equity
Balance at October 31, 2012	4,981,358	$ 3,306,679	$ 694,341	$ (1,975,267)	$ 2,025,753
Adjustment to shares due to consolidation	2	-	-	-	-
Shares issued for exploration and evaluation assets	75,000	12,000	-	-	12,000
Share-based payments	-	-	2,243	-	2,243
Comprehensive loss for the period	-	-	-	(225,363)	(225,363)
Balance at April 30, 2013	5,056,360	3,318,679	696,584	(2,200,630)	1,814,633
Shares issued for exploration and evaluation assets	50,000	2,000	-	-	2,000
Share-based payments	-	-	351	-	351
Comprehensive loss for the period	-	-	-	(1,141,830)	(1,141,830)
Balance at October 31, 2013	5,106,360	3,320,679	696,935	(3,342,460)	675,154
Private placement	5,290,000	264,500	-	-	264,500
Finders fees for private placement	295,000	14,750	-	-	14,750
Share issuance cost	-	(15,515)	-	-	(15,515)
Shares issued for exploration and evaluation assets	2,100,000	105,000	-	-	105,000
Shares issued on cancellation of property commitments	100,000	12,000	-	-	12,000
Comprehensive loss for the period	-	-	-	(891,095)	(891,096)
Balance at April 30, 2014	12,891,360	$ 3,701,414	$ 696,935	$ (4,233,555)	$ 164,794

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Fairmont Resources Inc. (the "Company") was incorporated on May 25, 2007 under the British Columbia Business Corporations Act as Strike Explorations Corp. On April 23, 2009, the Company changed its name to Fairmont Resources Inc. The Company's head office address is Suite 810 – 789 West Pender Street, Vancouver, BC V6C 1H2, Canada. The registered and records office address is Suite 704 – 595 Howe Street, Vancouver, BC V6C 2T5, Canada. The Company is listed on the TSX Venture Exchange under the symbol "FMR". The Company is primarily engaged in the acquisition, exploration and development of exploration and evaluation assets. At April 30, 2014, the Company had not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production from the exploration and evaluation assets or proceeds from the disposition of the exploration and evaluation asset.

At April 30, 2014 and October 2013, the Company had an accumulated deficit of $4,233,555 and $3,342,460 respectively, which has been funded by the issuance of equity. The Company expects to incur further losses in the development of its business, all of which cast significant doubt on the Company's ability to continue as a going concern. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These condensed interim financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying condensed interim financial statements.

	April 30, 2014	October 31, 2013
Working capital (deficiency)	$ (72,722)	$ (169,952)
Deficit	$ (4,233,555)	$ (3,342,460)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance and basis of presentation

The unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard IAS 34 – Interim Financial Reporting. The unaudited condensed interim financial statements, prepared in conformity with IAS 34, follow the same accounting principles and methods of application as the most recent audited annual financial statements. Since the unaudited condensed interim financial statements do not include all disclosures required by the International Financial Reporting Standards ("IFRS") for annual financial statements, they should be read in conjunction with the Company's audited annual financial statements for the year ended October 31, 2013. The unaudited condensed interim financial statements are presented in Canadian dollars, which is the functional currency of the Company..

These condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments classified at fair value through profit or loss which are stated at their fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Use of estimates

The preparation of condensed interim financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the condensed interim financial statements and the reported amount of expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of impairment of exploration and evaluation assets and deferred exploration costs, share-based payments and deferred tax valuation allowance.

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

1) the carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position;

2) the inputs used in the accounting for the deferred tax assets / liabilities; and

3) the inputs used in the accounting for share-based payment expense included in profit or loss.

c) Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less when purchased, or which are redeemable at the option of the Company, to be cash equivalents.

d) Exploration and evaluation assets

Pre-exploration costs are expensed in the period in which they are incurred.

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general and administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the farmee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction." Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

e) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. 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 substantially enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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.

f) Impairment

The carrying amounts of the Company's non-financial assets, other than deferred tax assets if any, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 its 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 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. A reversal of an impairment loss is recognized immediately in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Provision for closure and reclamation

The Company recognizes statutory, contractual or other legal obligations related to the retirement of its exploration and evaluation assets and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs are capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset. Management has determined that there was no provision required for closure and reclamation as at April 30, 2014 and October 31, 2013.

h) Share-based payments

The Company applies the fair value method to share-based payments and all awards that are direct awards of stock, that call for settlement in cash or other assets or are stock appreciation rights that call for settlement by the issuance of equity instruments. Compensation expense is recognized over the applicable vesting period with a corresponding increase in equity reserves. When the options are exercised, the exercise price proceeds together with the amount initially recorded in equity reserves are credited to share capital.

i) Basic and diluted loss per share:

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of the diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method. Since the Company has losses the exercise of outstanding options and warrants has not been included in this calculation as it would be anti-dilutive.

j) Flow-through shares

The Company will, from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and the premium is recognized as other income.

k) Share issue costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Financial instruments

Financial assets:

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

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The Company's cash and cash equivalents are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that provide objective evidence of impairment, which are recognized in earnings. The Company's receivables are classified as loans and receivables.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities:

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

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period or, where appropriate, a shorter period. The Company's financial liabilities consist of accounts payable, accrued liabilities and due to related parties, which are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including embedded derivatives, are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

Impairment of financial assets:

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. 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 assets, the estimated future cash flows of the investments have been impacted.

For all financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Financial instruments (continued)

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

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

m) Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

3. ACCOUNTING STANDARDS ISSUED FOR ADOPTION IN FUTURE PERIODS

Accounting Standards issued and effective January 1, 2013

IFRS 10 – *Consolidated Financial Statements* establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in SIC-12 – Consolidation – Special Purpose Entities and IAS 27 – Consolidated and Separate Financial Statements. The Company is currently evaluating the impact of IFRS 10 on its financial statements.

IFRS 11 – *Joint Arrangements* requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. The Company is currently evaluating the impact of IFRS 11 on its financial statements.

IFRS 12 *Disclosure of Involvement with Other Entities* requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13 *Fair Value Measurement* defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for: share-based payment transactions within the scope of IFRS 2 Share-based Payment; leasing transactions within the scope of IAS 17 Leases; measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

IAS 27 *Separate Financial Statements* has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

3. ACCOUNTING STANDARDS ISSUED FOR ADOPTION IN FUTURE PERIODS (continued)

IAS 28 *Investments in Associates and Joint Ventures* prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture).

Accounting Standards issued and effective January 1, 2015

IFRS 9 – Financial Instruments ("IFRS 9") will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

4. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets

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

Lac Elan Property (Quebec)

On November 26, 2013, the Company entered into a letter agreement with an arm's length party (the "Optionor") to earn a 40% interest in certain mineral claims known as the Lac Elan property in the province of Quebec. To acquire the 40% interest, the Company agreed to issue a total of 1,000,000 common shares and incur a total of $100,000 in exploration expenditures before the second anniversary of the agreement, with $25,000 of that being spent before the first anniversary. (Note 5)

Buttercup Property (Quebec)

On December 7, 2013 the Company entered into a letter of intent with an arm's length party (the "Vendor") to earn a 100% interest in certain mineral claims known as the Buttercup property in the province of Quebec. To acquire the 100% interest, the Company agreed to pay $50,000 to certain suppliers of the Vendor, issue a total of 1,000,000 common shares and pay a total of $150,000 to the Vendor. Further the net profits from production will be split 80% to the Vendor and 20% to the Company until the Vendor has received a total payment of $3,000,000. Thereafter the Vendor will receive 5% of the net profits and the Company will receive 95%. (Note 5)

Hearth Property (Quebec)

On February 20, 2014, the company announced that it acquired 96 claims, the Hearth Property, in the Buttercup-Lac Elan area, consolidating trends that may be extensions of known mineralization.

Clay and Powell Properties (Ontario)

On September 14, 2010, the Company entered into a Letter of Intent with Rainy Mountain Royalty Corp. and Mega Uranium Ltd. (the "Optionors") for an option to purchase a 70% undivided interest in certain mineral tenures comprising the Powell property and the Clay property (the "Properties") located near Thunder Bay, Ontario.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS
Clay and Powell Properties (Ontario) (continued)

Under the original agreement the Company may exercise the option by the issuance to the Optionors of 100,000 common shares in the capital stock of the Company, and by incurring a total of $1,000,000 in exploration and development expenditures on the properties. On March 31, 2014 the Company agreed to issue an additional 100,000 shares to extend the option to purchase the property December 31, 2014. Minimum expenditure obligations for the year ended October 31, 2013 were extended by the optionors to December 31, 2014. (Note 10)

Date of Completion	Number of Common Shares	Minimum Expenditures
Within 10 days of October 15, 2010 (shares issued at a value of $35,000)	25,000	$ -
Before October 15, 2011 (minimum expenditures of $250,000 incurred; shares issued at a value of $11,000)	25,000	250,000
Before October 15, 2012 (minimum expenditures of $250,000 incurred; shares issued at a value of $6,000)	25,000	250,000
Before May 2, 2014 (Note 10)	25,000	-
Within 10 days of approval by TSX Venture Exchange	100,000	-
Before December 31, 2014 (expenditures of $229,042 incurred)	-	500,000
	200,000	$ 1,000,000

In the event that the Company decides to abandon the Option and the Properties, the Company will provide thirty days prior written notice and will provide payment of rental fees for a period of at least six months from the effective date of such abandonment.

On April 30, 2014 the property was written down to a value of $1,000 pursuant to an agreement with the Optionors that the option on the property could be bought back by them for $1,000 if they find a bona fide third party offer for the property..

Pursuant to the Letter of Intent, the Clay and Powell properties are subject to a 2% net smelter return ("NSR") royalty of which 1% can be purchased for $500,000 and the other 1% for $1,000,000. The Company and the Optionors will pay the amount in proportion to their respective interest in the Properties.

Marmion South Contact Property (Ontario)

On January 7, 2011, the Company entered into a letter agreement with an arm's length party (the "Optionor") to earn a 100% interest in certain mineral claims known as the Marmion South Contact property. The property is located in the Thunder Bay Mining Division, Ontario.

On January 29, 2014 the Company abandoned its Marmion South Contact group of claims so that it could focus on those properties that showed more promising results. In order to abandon the property with no further obligations the Company agreed to issue the optionors 100,000 common shares.

Houghton Creek Property (Ontario)

On July 25, 2012, the Company entered into a letter agreement with an arm's length party (the "Optionor") to earn a 100% interest in certain mineral claims known as the Houghton Creek property. The property is located in the Patricia Mining Division, Ontario. To acquire the 100% interest, the Company agreed to pay $22,000, issue a total of 56,250 common shares and incur a total of $150,000 in exploration expenditures.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)
Houghton Creek Property (Ontario) (continued)

On July 31th, 2013, the original agreement was modified as per the table below. The $3,500 payment that was due July 25th was postponed to July 25, 2014 and in recompense a payment of 25,000 common shares (consisting of 100% of the original common shares, that were due on the first and second anniversary of the agreement) were issued on August 16, 2013 at a value of $1,000. (Note 5)

Date of Completion	Cash Payments	Number of Common Shares	Exploration Expenditures
By July 25, 2012 (paid)	$ 3,500	-	$ -
		6,250	
By August 7, 2012 (issued at a value of $1,750)	-		-
By August 16, 2013 (issued at a value of $1,000)	-	25,000	-
By July 25, 2014 (expenditures of $50,000 incurred)	8,500	-	50,000
By July 25, 2015 (expenditures of $1,028 incurred)	10,000	25,000	100,000
	$ 22,000	56,250	$ 150,000

The property is subject to a 2% NSR royalty. The Company has the right to acquire 50% of the royalty at any time prior to the commencement of commercial production on the property for $1,000,000.

Total exploration and evaluation assets

The following acquisition and deferred exploration costs were incurred on the Company's exploration and evaluation assets:

Current year	Lac Elan	Buttercup	Hearth
Acquisition costs, October 31, 2013	$ -	$ -	$ -
Additions during the period	50,000	107,672	4,380
Acquisition costs, April 30, 2014	50,000	107,672	4,380
Deferred exploration costs, October 31, 2013	-	-	-
Additions during the period	-	10,400	-
Deferred exploration cost April 30, 2014	-	10,400	-
Total exploration and evaluation assets, April 30, 2014	$ 50,000	$ 118,072	$ 4,380

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Total exploration and evaluation assets (continued)

Current year (continued)	Clay and Powell	Houghton Creek	Total
Acquisition costs, October 31, 2013	$ 52,000	$ 13,036	$ 65,036
Impairment during the period	(51,000)	-	(51,000)
Additions during the period	-	-	160,845
Acquisition costs, April 30, 2014	1,000	13,036	176,881
Deferred exploration costs, October 31, 2013	729,042	51,028	780,070
Impairment during the period	(729,042)	-	(729,042
Additions during the period	-	-	-
Deferred exploration costs, April 30, 2014	-	51,028	61,428
Total exploration and evaluation assets, April 30, 2014	$ 1,000	$ 64,064	$237,516

Prior year	Clay and Powell	Marmion South Contact	Houghton Creek	Total
Acquisition costs, October 31, 2012	$ 52,000	$ 142,000	$ 12,036	$ 206,036
Additions during the period	-	13,000	1,000	14,000
Write-off acquisition of properties	-	(155,000)	-	(155,000)
Acquisition costs, October 31, 2013	52,000	-	13,036	65,036
Deferred exploration costs, October 31, 2012	727,357	801,366	48,637	1,577,360
Additions during the period				
Administration	-	3,575	1,788	5,363
Assays	-	344	-	344
Field personnel and expenses	-	60	-	60
Geological consulting	585	2,716	603	3,904
Mapping	1,100	144	-	1,244
Write-off exploration of properties	-	(808,205)	-	(808,205)
Deferred exploration costs, October 31, 2013	729,042	-	51,028	780,070
Total exploration and evaluation assets, October 31, 2013	$ 781,042	$ -	$ 64,064	$845,106

5. SHARE CAPITAL

The authorized share capital consists of an unlimited number of common shares without par value.

Private Placements

Six months ended April 30, 2014

On November 21, 2013 5,290,000 common shares were issued in a private placement at a price of $0.05 per common share for gross proceeds of $264,500. In conjunction with the private placement 295,000 shares at a price of $0.05 per common shares were issued as a finder's fee.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

Private Placements (continued)

Six months ended April 30, 2014 (continued)

On November 26, 2013, the Company issued a total of 1,000,000 common shares at a price of $0.05 in payment for a 40% option on the Lac Elan property. (Note 4)

On December 7, 2013 the Company issued a total of 1,000,000 common shares at a price of $0.05 in payment for a 100% option on the Buttercup property. (Note 4).

On December 13, 2013 the Company issued a total of 100,000 common shares at a price of $0.05 as a finders fee for the Buttercup property. (Note 4).

On February 26, 2014 the company issued 100,000 common shares at a price of $0.12, to the optionors of the Marmion South Contact property. (Note 4)

Year ended October 31, 2013

On January 7, 2013, the Optionor of the Marmion property agreed to defer the cash payment of $60,000 that was due on January 7, 2013 until June 7, 2013. In exchange the 37,500 shares that were to be issued on January 7, 2014 were issued on January 15, 2013 at the same time as the current years share issuance was made. In total, on January 7, 2013, 75,000 shares were issued to the optionor at a price of $0.16 per share. (Note 4)

On April 25, 2013 the Company proceeded with its proposed share consolidation on the basis of four (4) pre-consolidation common shares for one (1) post-consolidation common share. All common shares and per share amounts have been adjusted to give retroactive effect to the 4 for 1 consolidation that took place April 25, 2013.

On July 31, 2013 25,000 common shares were issued at a deemed price of $0.04 per common share in payment for the Marmion Contact property.

On August 16, 2013 25,000 common shares were issued at a deemed price of $0.04 per common share in payment for the Houghton Creek property. (Note 4)

Stock options

The Company has a rolling stock option plan under which it is authorized to grant options to directors, employees and consultants, to acquire up to 10% of the issued and outstanding shares. The exercise price of each option is based on the market price of the Company's stock at the date of grant. The options can be granted for a maximum term of 10 years and vest as determined by the board of directors.

The following table summarizes the stock option activity:

	Number of Stock Options	Weighted Average Exercise Price
Balance at October 31, 2012	387,500	.60
Expired	(25,000)	.60
Exercised	-	-
Balance at October 31, 2013 and April 30, 2014	362,500	0.60
Exercisable at April 30, 2014	362,500	0.60

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

Stock Options (continued)

As at April 30, 2014, the following incentive stock options are outstanding:

Number of Stock Options	Exercise Price	Expiry Date
25,000	0.60	December 9, 2014
12,500	1.24	November 3, 2015
50,000	0.46	October 24, 2016
262,500	0.60	February 8, 2017
12,500	0.60	February 14, 2017
362,500		

Share-based payments

For the six months ended April 30, 2014 and 2013 there were no stock options granted. For the three and six months ended April 30, 2014, the Company expensed $nil and $nil (2013 - $(3,702) and 2,243) for the vesting portion of the stock options that were granted in prior periods.

Warrants

The following table summarizes the warrants and agent warrants activity.

	Number of Warrants	Weighted Average Exercise Price
Balance at October 31, 2012	1,878,916	$ 1.33
Expired warrants	(933,250)	1.80
Balance at October 31, 2013	945,666	0.80
Expired warrants	(945,666)	0.80
Balance at April 30, 2014	-	-

As at April 30, 2014, there are no warrants outstanding .

6. RELATED PARTY TRANSACTIONS

In the six months ended April 30, 2014 and 2013 the following amounts were paid or accrued to related parties:

a) Paid or accrued $6,000 (2013 – $6,000) in management fees to a director of the Company.
b) Paid or accrued $nil (2013 – $56,000) in management fees to a company controlled by two directors of the Company.
c) Paid or accrued $nil (2013 – $30,630) in deferred exploration expenses to a company controlled by two directors of the Company.

At April 30, 2014, the following amounts were outstanding to related parties:

a) $7,000 (October 31, 2013 – $9,000) in due to related parties was outstanding a director of the Company,
b) $20,111 (October 31, 2013 – $94,111) in due to related parties was outstanding to a company controlled by two directors of the Company,
c) $359 (October 31, 2013 – $nil) in due to related parties was outstanding a director of the Company,
d) $nil (October 31, 2013 – $370) in due to related parties was outstanding to an officer of the Company.

The amounts owing are unsecured, non-interest bearing and with no stated payment date.

(Expressed in Canadian Dollars)

6. RELATED PARTY TRANSACTIONS (continued)

The total remuneration for directors fees and to other key management personnel (included in amounts disclosed above) during the three and six months ended April 30, 2014 were $3,000 and $6,000 respectively (2013 $33,500 and $62,000).

7. CAPITAL MANAGEMENT

The Company considers its capital to be a component of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through debt and equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

8. FINANCIAL INSTRUMENTS

a) Fair Values

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities and due to related parties. The fair values of these financial instruments approximate their carrying values because of their current nature.

The following table summarizes the carrying values of the Company's financial instruments:

	April 30, 2014	October 31, 2013
Fair value through profit or loss (i)	$ 16,959	$ 3,567
Loans and receivables (ii)	$ 6,649	$ 2,459
Other financial liabilities (iii)	$ 97,528	$ 177,176

(i) Cash and cash equivalents
(ii) Amounts receivable
(iii) Accounts payable and accrued liabilities and amounts due to related parties

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

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

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

Assets	Level 1	Level 2	Level 3	Total
Cash	$ 16,959	-	-	$ 16,959

8. FINANCIAL INSTRUMENTS (continued)

b) Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. To minimize the credit risk the Company places these instruments with a high credit quality financial institution.

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 and financial leverage as outlined above.

The Company monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuances when required. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed deposits.

d) Foreign Exchange Risk

The Company does not have significant foreign exchange risk as most of its transactions are in Canadian dollars.

e) Interest Rate Risk

The Company is not exposed to significant interest rate risk.

f) Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company.

9. SEGMENT INFORMATION

The Company conducts all of its business activities in Canada, in one reportable operating segment, being the acquisition and exploration of exploration and evaluation assets.

10. SUBSEQUENT EVENTS

On May 2, 2014, the Company issued 25,000 common shares with a fair value of $0.15 per share or a total value of $3,750 to the optionors of the Clay Powell properties for past obligations. (Note 4)