



**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the Six Months Ended June 30, 2014

(Unaudited - Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102, Icon Exploration Inc. (the "Company") discloses that the accompanying unaudited condensed interim consolidated financial statements for the six months ended, June 30, 2014, was prepared by and is the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements.

**Icon Exploration Inc.**

## Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

| As at:  | June 30<br>2014<br>\$ | December 31<br>2013<br>\$ |
|---|-----------------------|---------------------------|
| <b>Assets</b>                                     |                       |                           |
| <b>Current</b>                                    |                       |                           |
| Cash and cash equivalents                         | 20,599                | 2,087                     |
| Receivables                                       | 3,290                 | 2,150                     |
|   | 23,889                | 4,237                     |
| Property, plant and equipment - Note 4            | 13,430                | 13,106                    |
| Exploration and evaluation assets - Note 5        | 48,238                | 48,238                    |
|   | 85,557                | 65,581                    |
| <b>Liabilities</b>                                |                       |                           |
| <b>Current</b>                                    |                       |                           |
| Accounts payable and accrued Liabilities - Note 6 | 181,796               | 144,502                   |
| Contingent liability - Notes 5 and 11             | 180,000               | 180,000                   |
| Short-term loans – Note 7                         | 75,000                | -                         |
|   | 436,796               | 324,502                   |
| <b>Shareholders' Equity</b>                       |                       |                           |
| Share capital - Note 8(a)                         | 12,114,520            | 12,114,520                |
| Contributed surplus - Note 8(e)                   | 948,676               | 948,676                   |
| Accumulated deficit                               | (13,414,435)          | (13,322,117)              |
|   | (351,239)             | (258,921)                 |
|   | 85,557                | 65,581                    |

Nature of operations – Note 1

Going concern of operations – Note 2 (c)

Signed on behalf of the Board of Directors by:

“Nav Dhaliwal”  
Nav Dhaliwal

Director

“Hans Rasmussen”  
Hans Rasmussen

Director

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

**Icon Exploration Inc.**

Condensed Interim Consolidated Statements of Comprehensive Loss  
For the Three Months and Six Months Ended June 30, 2014 and 2013  
(Unaudited - Expressed in Canadian Dollars)

|   | Three Months Ended June 30 |                  | Six Months Ended June 30 |                  |
|---|----------------------------|------------------|--------------------------|------------------|
|   | 2014                       | 2013             | 2014                     | 2013             |
|   | \$                         | \$               | \$                       | \$               |
| <b>Expenses:</b>                                      |                            |                  |                          |                  |
| Accounting and audit                                  | 6,210                      | 16,212           | 6,210                    | 41,549           |
| Administration - Note 6                               | 19,500                     | 19,500           | 39,000                   | 39,000           |
| Depreciation  | 1,155                      | 2,089            | 2,127                    | 4,197            |
| Bank charges (net)                                    | 365                        | 820              | 684                      | 1,365            |
| Consulting  | -                          | 49,219           | -                        | 64,856           |
| Corporate development                                 | 180                        | 230              | 385                      | 2,325            |
| Filing and transfer fees                              | 10,011                     | 4,490            | 9,164                    | 8,406            |
| Foreign exchange loss (gain)                          | (749)                      | 249              | (583)                    | 220              |
| Insurance   | 3,019                      | 3,925            | 6,038                    | 6,925            |
| Legal   | 5,000                      | 3,008            | 22,375                   | 17,505           |
| Management fees - Note 6                              | -                          | (8,555)          | -                        | 20,287           |
| Office and general                                    | 2,547                      | 19,523           | 5,138                    | 43,287           |
| Rent  | -                          | 5,222            | -                        | 12,592           |
| Shareholders information                              | -                          | -                | -                        | 1,449            |
| Travel and promotion                                  | 1,357                      | 5,266            | 1,780                    | 14,346           |
| <b>Loss before other items</b>                        | <b>(48,595)</b>            | <b>(121,198)</b> | <b>(92,318)</b>          | <b>(278,309)</b> |
| <b>Other item:</b>                                    |                            |                  |                          |                  |
| Foreign exchange translation adjustment               | -                          | (10,953)         | -                        | (18,954)         |
| <b>Net loss and comprehensive loss for the period</b> | <b>(48,595)</b>            | <b>(132,151)</b> | <b>(92,318)</b>          | <b>(297,263)</b> |
| Basic Loss per common share                           | \$0.00                     | \$0.00           | (\$0.01)                 | (\$0.01)         |
| Weighted-average number of common shares outstanding  | 9,796,428                  | 48,782,147       | 9,796,428                | 48,782,147       |

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

**Icon Exploration Inc.**

Condensed Interim Consolidated Statements of Cash Flows

For The Six Months Ended June 30, 2014 and 2013

(Expressed in Canadian Dollars)

|  | 2014     | 2013      |
|--|----------|-----------|
|  | \$       | \$        |
| <b>Cash flows from operating activities</b>                                    |          |           |
| <b>Net loss for the period</b>   | (92,318) | (278,309) |
| <b>Adjustments to reconcile loss to net cash used in operating activities:</b> |          |           |
| Depreciation   | 2,127    | 4,197     |
| Net change in non-cash working capital items:                                  | (90,191) | (274,112) |
| Receivables  | (1,140)  | 4,425     |
| Prepaid expenses and deposits  | -        | 7,860     |
| Accounts payable and accrued liabilities                                       | 37,294   | (12,060)  |
| <b>Cash used in operating activities</b>                                       | (54,037) | (273,887) |
| <b>Investing activities</b>  |          |           |
| Acquisition of property, plant and equipment                                   | (2,451)  | -         |
| Deferred exploration costs   | -        | (12,527)  |
| <b>Cash used in investing activities</b>                                       | (2,451)  | (12,527)  |
| <b>Financing activities</b>  |          |           |
| Short-term loans   | 75,000   | -         |
| <b>Cash from financing activities</b>  | 75,000   | -         |
| Effect of exchange rate change on cash   | -        | (1,741)   |
| <b>Change in cash and cash equivalents during the period</b>                   | 18,512   | (288,155) |
| <b>Cash and cash equivalents, beginning of period</b>                          | 2,087    | 396,088   |
| <b>Cash and cash equivalents, end of period</b>                                | 20,599   | 107,933   |

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**Icon Exploration Inc.**

Condensed Interim Consolidated Statements of Changes in Equity

For the Six Months Ended June 30, 2014 and 2013

(Expressed in Canadian Dollars)

|   | Share Capital       |              | Contributed<br>Surplus<br>\$ | Foreign<br>Currency<br>Translation<br>Reserve<br>\$ | Accumulated<br>Deficit<br>\$ | Total<br>Shareholders'<br>Equity<br>\$ |
|---|---------------------|--------------|------------------------------|---|------------------------------|--|
|   | Number of<br>Shares | Amount<br>\$ |                              |   |                              |  |
| <b>Balance - December 31, 2012</b>        | 48,782,147          | 12,111,520   | 948,676                      | 3,193   | (11,132,417)                 | 1,930,972                              |
| Currency translation adjustment           | -                   | -            | -                            | (18,954)  | -                            | (18,954)                               |
| Loss for the period                       | -                   | -            | -                            | -   | (278,309)                    | (278,309)                              |
| <b>Balance - June 30, 2013</b>            | 48,782,147          | 12,111,520   | 948,676                      | (15,761)  | (11,410,726)                 | 1,633,709                              |
| Shares issued on property lease agreement | 200,000             | 3,000        | -                            | -   | -                            | 3,000                                  |
| Shares consolidated 5:1                   | (39,185,719)        | -            | -                            | -   | -                            | -                                      |
| Currency translation adjustment           | -                   | -            | -                            | 15,761  | -                            | 15,761                                 |
| Net loss for the year                     | -                   | -            | -                            | -   | (1,911,391)                  | (1,911,391)                            |
| <b>Balance - December 31, 2013</b>        | 9,796,428           | 12,114,520   | 948,676                      | -   | (13,322,117)                 | (258,921)                              |
| Net loss for the period                   | -                   | -            | -                            | -   | (92,318)                     | (92,318)                               |
| <b>Balance - June 30, 2014</b>            | 9,796,428           | 12,114,520   | 948,676                      | -   | (13,414,435)                 | (351,239)                              |

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

## **ICON EXPLORATION INC.**

Notes to the Condensed interim Consolidated Financial Statements

For the Six Months Ended June 30, 2014 and 2013

(Unaudited - Expressed in Canadian Dollars)

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### **1. Corporate Information**

Icon Exploration Inc. ("Icon" or "the Company") was incorporated pursuant to the Canada Business Corporations Act on February 5, 2008 and is in the business of acquiring, exploring and developing mineral properties. The Company is listed on the TSX Venture Exchange and currently is in the exploration stage with interests in mineral properties in Canada (formally also in Colombia and the USA). The Company's registered and records office is located at #430 – 609 Granville Street, Vancouver, Canada, V7Y 1G5.

### **2. Basis of Preparation and Summary of Significant Accounting Policies**

These condensed interim consolidated financial statements for the six month period ended June 30, 2014 have been prepared in accordance with IAS 34 Interim Financial Reporting. These condensed interim financial statements do not include all the information required for annual financial statements and should be read in conjunction with the Company's 2013 audited annual consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the Company's December 31, 2013 audited annual consolidated financial statements.

#### **a) Basis of Consolidation**

The consolidated financial statements include all subsidiaries of the Company. A subsidiary is an entity over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. A subsidiary is fully consolidated from the date on which control is acquired by the Company. They are de-consolidated from the date that control by the Company ceases. All significant inter-company transactions and balances have been eliminated.

On March 14, 2014, the Company completed the transfer of ownership of Grupo Mineros del Caribe, S.A.S., its Colombian subsidiary, to Carlos Marin Arias, a citizen of Colombia. The current unaudited condensed interim financial statements include only the accounts of Icon Exploration Inc. (the parent company) while as at December 31, 2013 and prior, the financial statements would also include its wholly owned subsidiary Grupo Mineros del Caribe, S.A.S. ("Grupo"), a company incorporated on April 19, 2010, under the laws of Colombia.

#### **b) Functional Currency**

The functional and presentation currency of the parent Company is the Canadian dollar and the functional currency of Grupo was the Colombian Peso. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

## **ICON EXPLORATION INC.**

Notes to the Condensed interim Consolidated Financial Statements

For the Six Months Ended June 30, 2014 and 2013

(Unaudited - Expressed in Canadian Dollars)

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### **2. Basis of Preparation and Summary of Significant Accounting Policies – (cont'd)**

#### **c) Going Concern of Operations**

These financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. At June 30, 2014, the Company had not yet achieved profitable operations, has an accumulated deficit of \$13,414,435 and expects to incur further losses in the development of its business. These conditions indicate the existence of material uncertainty which casts significant doubt about the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon economic and market factors which involve uncertainties including the Company's ability to raise adequate equity financing for continuing operations. Realization values may be substantially different from carrying values as shown and accordingly these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these financial statements.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 26, 2014.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

### **3. Critical Accounting Estimates and Judgements**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies and sources of estimation uncertainty that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed interim consolidated financial statements within the next financial year are the same as those that applied to the Company's December 31, 2013, audited annual consolidated financial statements.



**ICON EXPLORATION INC.**

Notes to the Condensed interim Consolidated Financial Statements

For the Six Months Ended June 30, 2014 and 2013

(Unaudited - Expressed in Canadian Dollars)

**4. Property, Plant and Equipment**

|                                 | Furniture<br>\$ | Computer<br>Equipment<br>\$ | Tooling<br>Equipment<br>\$ | Total<br>\$ |
|---------------------------------|-----------------|-----------------------------|----------------------------|-------------|
| <b>Cost</b>                     |                 |                             |                            |             |
| As at December 31, 2012         | 8,501           | 60,301                      | 3,258                      | 72,060      |
| Write-off                       | (7,094)         | (7,972)                     | (3,189)                    | (18,255)    |
| Foreign exchange movement       | (155)           | (173)                       | (69)                       | (397)       |
| As at December 31, 2013         | 1,252           | 52,156                      | -                          | 53,408      |
| Additions/dispositions          | -               | 2,451                       | -                          | 2,451       |
| As at June 30, 2014             | 1,252           | 54,607                      | -                          | 55,859      |
| <b>Accumulated depreciation</b> |                 |                             |                            |             |
| As at December 31, 2012         | 3,634           | 37,409                      | 1,294                      | 42,337      |
| Depreciation                    | 745             | 6,483                       | 433                        | 7,661       |
| Write-off                       | (3,526)         | (4,310)                     | (1,699)                    | (9,535)     |
| Foreign exchange movement       | (63)            | (70)                        | (28)                       | (161)       |
| As at December 31, 2013         | 790             | 39,512                      | -                          | 40,302      |
| Depreciation                    | 46              | 2,081                       | -                          | 2,127       |
| As at June 30, 2014             | 836             | 41,593                      | -                          | 42,429      |
| <b>Net book value</b>           |                 |                             |                            |             |
| As at December 31, 2013         | 462             | 12,644                      | -                          | 13,106      |
| As at June 30, 2014             | 416             | 13,014                      | -                          | 13,430      |

**5. Exploration and Evaluation Assets**

The Company's exploration property is currently located in Canada. Previously, the Company also held interest in properties in Colombia, Guinea and the USA.

The Company's exploration and evaluation assets are as follows:

**ICON EXPLORATION INC.**

Notes to the Condensed interim Consolidated Financial Statements

For the Six Months Ended June 30, 2014 and 2013

(Unaudited - Expressed in Canadian Dollars)

**5. Exploration and Evaluation Assets – (cont'd)**

|                                    | Colombia        |                         | Canada            | USA                     | Total       |
|------------------------------------|-----------------|-------------------------|-------------------|-------------------------|-------------|
|                                    | Guadalupe<br>\$ | Small<br>Frontino<br>\$ | Easy<br>Joe<br>\$ | Spanish<br>Canyon<br>\$ |             |
| <b>Costs:</b>                      |                 |                         |                   |                         |             |
| Balance - December 31, 2012        | 1,470,720       | 122,695                 | 25,000            | -                       | 1,726,506   |
| Acquisition costs                  | -               | -                       | -                 | 23,238                  | 23,238      |
| Exploration costs                  | 12,570          | 71                      | -                 | -                       | 12,641      |
| Foreign exchange movement          | (11,608)        | (324)                   | -                 | -                       | (11,932)    |
| Balance - December 31, 2013        | 1,471,682       | 122,442                 | 25,000            | 23,238                  | 1,750,453   |
| Acquisition/exploration costs      | -               | -                       | -                 | -                       | -           |
| Balance – June 30, 2014            | 1,471,682       | 122,442                 | 25,000            | 23,238                  | 1,750,453   |
| <b>Impairment write-offs:</b>      |                 |                         |                   |                         |             |
| Balance - December 31, 2012        | -               | -                       | -                 | -                       | (108,091)   |
| Write-offs                         | (1,471,682)     | (122,442)               | -                 | -                       | (1,594,124) |
| Balance - December 31, 2013        | (1,471,682)     | (122,442)               | -                 | -                       | (1,702,215) |
| Write-offs                         | -               | -                       | -                 | -                       | -           |
| Balance – June 30, 2014            | (1,471,682)     | (122,442)               | -                 | -                       | (1,702,215) |
| <b>Carrying values:</b>            |                 |                         |                   |                         |             |
| Carrying value - December 31, 2013 | -               | -                       | 25,000            | 23,238                  | 48,238      |
| Carrying value – June 30, 2014     | -               | -                       | 25,000            | 23,238                  | 48,238      |

Colombia:

## a) Guadalupe

The Guadalupe property was comprised of two thirty-year mineral exploration concession contracts granted on April 20, 2005. The property consisted of approximately 786 hectares located in the Municipality of Segovia, Colombia. On June 8, 2010, the Company entered into an assignment of mining rights agreement to acquire an undivided interest in the rights to these contracts in exchange for cash paid of US\$700,000 and a surface rental and environmental insurance policy payment of \$14,204.

Pursuant to participation in a production agreement dated June 4, 2010, the Company committed to pay a 15% net production royalty to a third party in exchange for finder's fees related to the property acquisition. The agreement also contained a US\$500,000 penalty provision for any default therein, subject to a force majeure exception. The Company could have reduced this royalty to nil in exchange for a cash payment of US\$5,000,000 to be paid before June 4, 2015.

## ICON EXPLORATION INC.

Notes to the Condensed interim Consolidated Financial Statements

For the Six Months Ended June 30, 2014 and 2013

(Unaudited - Expressed in Canadian Dollars)

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### 5. Exploration and Evaluation Assets – (cont'd)

Colombia: - (cont'd)

#### a) Guadalupe – (cont'd)

An alluvial minerals and NSR participation agreement dated April 23, 2010 was in effect for this property whereby all of the alluvial minerals extraction rights were owned by the vendor, subject to a 15% net production royalty in favour of the Company.

Also pursuant to this agreement, the vendor was granted a variable 1% to 4% NSR on all non-alluvial production, with actual NSR rates dependent upon the US\$ price of gold. The agreement contained a US\$10,000,000 penalty provision for any default therein.

Concession contracts related to exploration and mining in Colombia are governed by Colombian mining laws and have three phases which commence upon its registration in the National Mining Registry (Registro Minero Nacional): exploration, construction and exploitation. The contracts were in the exploration phase which was expected to terminate on April 25, 2016. Concessions ground fees (also known as “canons” in Colombia) were payable during the exploration and construction phases.

Due to a lack of funding and uncertainty of success in continuing on with the property, all previously deferred exploration and evaluation assets totalling \$1,471,682 have been written off as at December 31, 2013.

#### b) Small Frontino

Pursuant to a dispute settlement agreement dated December 3, 2010 and subsequently renegotiated in January 2011, the Company agreed to acquire two mineral concessions located in Colombia known as the Small Frontino properties in exchange for a cash payment of US\$135,000.

Due to a lack of funding and uncertainty of success in continuing on with the property, all previously deferred exploration and evaluation assets totalling \$122,695 have been written off as at December 31, 2013.

#### c) Transfer of Colombian Subsidiary

On March 14, 2014, the Company completed the transfer of ownership of Grupo Mineros del Caribe, S.A.S., its Colombian subsidiary, to Carlos Marin Arias, a citizen of Colombia. The Company currently holds no interest in any mineral properties in Colombia.

Canada:

Easy Joe

The Company owns the mineral rights for one small property located in British Columbia, Canada.

USA:

Spanish Canyon

On July 24, 2013, management signed a mineral property lease agreement (“Agreement”) for the Spanish Canyon Project (“Spanish Canyon”). The Spanish Canyon gold prospect, located in north central Nevada, USA, consists of 94 lode claims covering an area of about 1,900 acres. Subject to prior termination, the term of the Agreement is for a period of twenty years commencing on the Effective Date (“July 24, 2013”).

**ICON EXPLORATION INC.**

Notes to the Condensed interim Consolidated Financial Statements

For the Six Months Ended June 30, 2014 and 2013

(Unaudited - Expressed in Canadian Dollars)

**5. Exploration and Evaluation Assets – (cont'd)**

USA: - (cont'd)

Spanish Canyon – (cont'd)

The Company paid \$5,290 (US\$5,000) on execution of the agreement and in August 2013, \$14,948 (US\$14,151) was reimbursed to the owner for annual fees paid, and 200,000 common shares of the Company valued at \$3,000 were issued.

The Agreement required the Company to make Advanced Royalty Payments and issuance of its common stock as followed:

|  | <u>Advanced Royalty<br/>Payment - US\$</u> |  |
|--|--|--|
| On execution of Agreement - July 24, 2013        | 5,000                                      | (paid)                                     |
| On or prior to July 24, 2014                     | 15,000                                     | (not paid)                                 |
| Each year on or prior to July 24, 2015 - 2016    | 20,000                                     |  |
| On or prior to July 24, 2017                     | 30,000                                     |  |
| On or prior to July 24, 2018                     | 40,000                                     |  |
| Each year on or prior to July 24, 2019 - 2023    | 50,000                                     |  |
| Each year on or prior to July 24, 2024 - 2028    | 75,000                                     |  |
| Each year on or prior to July 24, 2029 - 2033    | 100,000                                    |  |
|  |  |  |
|  | <u>Number of<br/>Company Stock</u>         |  |
| Each year within 60 days of July 24, 2013 - 2017 | 200,000                                    | (issued re: 2013)<br>(not issued re: 2014) |

The Advanced Royalty Payments was to be credited against the royalty, but not mineral rights or the purchase price. Any Advanced Royalty Payments not paid or stock certificates not delivered to the owner when due shall render the Agreement to be null and void and Company shall have no rights, title or interest to this Agreement, unless modified and agreed upon in writing by both parties.

Work commitments by the Company under the Agreement are as follows:

|   | <u>Amount - US\$</u> |                |
|---|----------------------|----------------|
| 1st Lease year                                    | 10,000               | (not incurred) |
| 2nd Lease year                                    | 25,000               |                |
| 3rd Lease year                                    | 50,000               |                |
| 4th Lease year                                    | 75,000               |                |
| Each lease year: 5th lease year - 20th lease year | 100,000              |                |

In the event the Company was unable to fulfill the required work commitments within the required time frames, the difference between the actual expenditures made and the required work commitments would be paid to the owner in cash within 30 days of the delinquent date or this Agreement shall be null and void and the Company shall have no rights, titles or interests to this Agreement unless modified and agreed upon in writing by both parties.

The Company was obligated to pay to the owner a production royalty equal to three percent of the Net Smelter Returns ("NSR") from the production or sale of minerals from the Spanish Canyon properties ("Property") and a production royalty equal to one percent of the NSR or any other royalties from the production of sale of minerals from all third party properties within the Property.

## ICON EXPLORATION INC.

Notes to the Condensed interim Consolidated Financial Statements

For the Six Months Ended June 30, 2014 and 2013

(Unaudited - Expressed in Canadian Dollars)

### 5. Exploration and Evaluation Assets – (cont'd)

USA: - (cont'd)

Spanish Canyon – (cont'd)

The Company had the option to purchase one-third of the NSR for one million dollars (\$1,000,000), in accordance with the Agreement and terms of the Purchase of Production Royalty Quitclaim Deed (the "Royalty Deed"). The Company had the option to purchase an additional one percent (1%) of the NSR for three million dollars (\$3,000,000), in accordance with the Agreement and terms of the Royalty Deed. The Company could have exercised the option to purchase the royalty at any time within six months after it completed a positive, bankable, feasibility study and commits the development of the property as a mine.

Subsequent to the current reporting period, the Spanish Canyon project was terminated. All incurred costs relating to Spanish Canyon will be written off in the next quarter.

Guinea:

In July 2011, the Company acquired a 100% interest in Guinean Global Resources SA ("GGR"), which has an 80% ownership interest in Group Guinea Investment SA ("GGI"), both Guinea, West Africa companies.

Effective October 1, 2011 and amended October 21, 2011 and November 8, 2012, the Company entered into a share purchase option agreement ("Agreement") with Siguiri Gold Mining Corp. ("Siguiri") and Siguiri Mining Guinea Ltd. ("SMG"), whereby Siguiri agreed to purchase the Company's shares of wholly-owned GGR.

During the year ended December 31, 2012, the share transfer due by October 1, 2011 was completed and the initial payment of common shares and cash, consisting of \$125,000 plus a \$55,000 recovery of costs associated with the acquisition of the property, was received. The fair value of the Siguiri shares was determined to be nil due to the early stage of development of the property and because the fair value of the Siguiri shares could not be reliably determined. Pursuant to the terms of the agreement the GGR shares were to be transferred in four tranches as follows:

|                   | SMG cash payment | Siguiri share issuance   | SMG exploration expenditures to be incurred | GGR % of shares acquired | GGR cumulative % of shares acquired |
|-------------------|------------------|--------------------------|---|--------------------------|-------------------------------------|
| October 1, 2011   | 125,000          | 100,000                  |   | 3.5%                     | 3.5%                                |
| July 31, 2013     |                  |                          | 300,000                                     |                          | 3.5%                                |
| December 31, 2013 |                  | 200,000                  | 200,000                                     | 14.5%                    | 18%                                 |
| December 31, 2014 |                  | 200,000                  | 1,000,000                                   | 31.5%                    | 49.5%                               |
| December 31, 2015 |                  | 1,000,000 <sup>(1)</sup> | 1,000,000                                   | 51.5%                    | 100%                                |
|                   | 125,000          | 1,500,000                | 2,500,000                                   |                          |                                     |

(1) At SMG's sole option, this payment may be either cash of \$1,000,000 or 1,000,000 siguiridi shares.

The agreement specified that SMG was also required to complete a NI 43-101 compliant technical report. In addition, prior to or concurrent with the final payment, Icon would have been granted a 2% net smelter royalty ("NSR") on the property, 1% of which may have been purchased at any time by SMG for \$1,000,000.

On November 5, 2013, a letter from legal counsel for Siguiri and SMG was received asserting that title to the mineral properties purported to be held by GGR was not as represented by the Company. The letter claims the return of the \$180,000 payment and 100,000 common shares of Siguiri issued as per the Agreement along with expenses incurred by Siguiri and SMG with respect to the properties, which were estimated to be in excess of \$120,000.

**ICON EXPLORATION INC.**

Notes to the Condensed interim Consolidated Financial Statements

For the Six Months Ended June 30, 2014 and 2013

(Unaudited - Expressed in Canadian Dollars)

**5. Exploration and Evaluation Assets – (cont'd)**

Guinea: - (cont'd)

In May, 2014, the Company reached a settlement with Siguri whereby, as full settlement of all outstanding claims, Siguri will return to the Company the 70 GGR shares currently issued in its name, the Company will return to Siguri the 100,000 common shares of Siguri currently issued in the Company's name and the Company will issue to Siguri up to four million common shares of Icon (the "Icon Shares"). The Icon Shares will be issued and delivered to Siguri in such amounts and at such times as such issuances will not cause Siguri, or any other registered or beneficial recipient of the Icon Shares to become a "control person" of the Company, as such term is defined in section 1(1) of the *Securities Act* of British Columbia. All Icon Shares, when issued, will be subject to a four month hold period as required under applicable securities laws.

This settlement agreement was accepted by the TSX Venture Exchange ("Exchange") on August 18, 2014, and 2.4 million shares have been ordered for issuance.

**6. Related Party Transactions**

Key management personnel are persons responsible for the planning, directing and controlling activities of the entity. The Company's key management personnel included the CEO, Chairman, and CFO and their compensations are as follows:

|                           | For the Three Months Ended |               | For the Six Months Ended |                |
|---------------------------|----------------------------|---------------|--------------------------|----------------|
|                           | June 30                    |               | June 30                  |                |
|                           | 2014                       | 2013          | 2014                     | 2013           |
|                           | \$                         | \$            | \$                       | \$             |
| Administration/accounting | 19,500                     | 19,500        | 39,000                   | 39,000         |
| Consulting                | -                          | 24,706        | -                        | 39,706         |
| Management                | -                          | -             | -                        | 17,617         |
| Other                     | -                          | -             | -                        | 4,500          |
| <b>Total</b>              | <b>19,500</b>              | <b>44,206</b> | <b>39,000</b>            | <b>100,823</b> |

Related party liabilities included in trade and other payable are as follows:

|                                   | As at June 30 |               |
|-----------------------------------|---------------|---------------|
|                                   | 2014          | 2013          |
|                                   | \$            | \$            |
| <b>Amounts due to management:</b> |               |               |
| Administration/accounting         | 39,000        | 6,500         |
| Management                        | -             | 8,410         |
| Other                             | 1,950         | 2,878         |
| <b>Total</b>                      | <b>40,950</b> | <b>17,788</b> |

Transactions with related parties are recorded at the exchange amount, being the price agreed between the parties.

## ICON EXPLORATION INC.

Notes to the Condensed interim Consolidated Financial Statements

For the Six Months Ended June 30, 2014 and 2013

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### 7. Short-Term Loans

The Company entered into arrangements for three bridge loans of \$25,000 each, for a total of \$75,000 on the following terms:

Two of the loans (\$50,000) are repayable on demand without interest, at any time after October 31, 2014 and the third loan (\$25,000) is repayable on demand without interest, at any time after December 31, 2014.

As consideration for the loans, the Company will be applying to the Exchange to issue 300,000 common shares to the lenders. These shares will be subject to a four month hold period upon issuance.

### 8. Share Capital

#### a) Authorized:

Unlimited common shares without par value.

#### b) Issued:

On August 25, 2014, the Company ordered for issuance 2.4 million common shares (fair valued at \$120,000) pursuant to the terms of the Siguri settlement. The shares are subject to a four month hold period from time of issuance. See Note 5 above.

During the year ended December 31, 2013, the Company issued 200,000 common shares fair valued at \$3,000 (based on the closing trading price of the Company's common shares at the time of issuance) in accordance with the Spanish Canyon property lease agreement.

At June 30, 2014, 9,796,428 common shares were issued and outstanding. During the period 30,900 common shares were released from escrow, which represents the last of the remaining shares held by the transfer agent that were subject to escrow restrictions. At June 30, 2014, nil shares remained in escrow.

#### c) Stock options:

The continuity of share purchase options is as follows:

|   | Number of<br>Options | Weighted Average<br>Exercise Price \$ |
|---|----------------------|---------------------------------------|
| Balance - December 31, 2012                   | 3,297,500            | 0.37                                  |
| Cancelled/expired                             | (3,297,500)          | 0.37                                  |
| Balance - December 31, 2013 and June 30, 2014 | -                    | -                                     |

The options granted in 2012 and prior to former management (directors and officers) and other consultants were cancelled during the year ended December 31, 2013, due to resignations of prior management and consultants that are no longer providing services to the Company.

**ICON EXPLORATION INC.**

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**8. Share Capital – (cont'd)****d) Share Purchase Warrants Outstanding:**

The continuity of share purchase warrants is as follows:

|   | Number of Warrants | Weighted Average Exercise Price \$ |
|---|--------------------|------------------------------------|
| Balance - December 31, 2012                   | 3,764,000          | 0.44                               |
| Warrants expired                              | (1,160,000)        | 0.86                               |
| Balance - December 31, 2013 and June 30, 2014 | 2,604,000          | 0.50                               |

Details of share purchase warrants outstanding at June 30, 2014:

| Number of Warrants | Exercise Price \$ | Expiry Date      | Remaining Life (Years) |
|--------------------|-------------------|------------------|------------------------|
| 2,604,000          | 0.50              | October 21, 2017 | 3.33                   |

**e) Contributed Surplus:**

|   | Stock-based Compensation \$ | Brokers' Warrants \$ | Total \$ |
|---|-----------------------------|----------------------|----------|
| Balance December 31, 2013 – June 30, 2014 | 785,908                     | 162,768              | 948,676  |

Contributed Surplus' is used to recognize the value of stock option grants and share purchase warrants prior to exercise.

**9. Segmented Information****Geographic Information**

The Company's operations comprise one reportable segment, being the exploration of mineral resource properties. The carrying value of the Company's assets on a country-by-country basis is as follows:

|                                    | Canada \$     | Colombia \$ | USA \$        | Total \$      |
|------------------------------------|---------------|-------------|---------------|---------------|
| <b>June 30, 2014</b>               |               |             |               |               |
| Current assets                     | 23,889        | -           | -             | 23,889        |
| Property, plant and equipment      | 13,430        | -           | -             | 13,430        |
| Explorations & evaluation reserves | 25,000        | -           | 23,238        | 48,238        |
| <b>Total Assets</b>                | <b>62,319</b> | <b>-</b>    | <b>23,238</b> | <b>85,557</b> |



## ICON EXPLORATION INC.

Notes to the Condensed interim Consolidated Financial Statements

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### 9. Segmented Information – (cont'd)

#### Geographic Information – (cont'd)

| June 30, 2013                      | Canada<br>\$   | Colombia<br>\$   | USA<br>\$ | Total<br>\$      |
|------------------------------------|----------------|------------------|-----------|------------------|
| Current assets                     | 123,664        | 2,886            | -         | 126,550          |
| Property, plant and equipment      | 15,874         | 9,343            | -         | 25,217           |
| Explorations & evaluation reserves | 25,000         | 1,589,038        | -         | 1,614,038        |
| <b>Total Assets</b>                | <b>164,538</b> | <b>1,601,267</b> | <b>-</b>  | <b>1,765,805</b> |

### 10. Income Taxes

No income tax expense or recovery arises due to the losses incurred in the period. At December 31, 2013, the Company had accumulated capital losses of approximately \$1,548,000 and non-capital losses totalling approximately \$9,076,000 in Canada. The non-capital losses expire as follows:

| Year ending December 31, | Total<br>\$      |
|--------------------------|------------------|
| 2015                     | 355,000          |
| 2026                     | 339,000          |
| 2028                     | 1,813,000        |
| 2029                     | 1,389,000        |
| 2030                     | 2,206,000        |
| 2031                     | 1,451,000        |
| 2032                     | 1,052,000        |
| 2033                     | 471,000          |
|                          | <u>9,076,000</u> |

### 11. Contingencies

#### *Claim by a former director/consultant*

On March 4, 2013 a notice of civil claim against the Company was filed with the Supreme Court of British Columbia by a former director/consultant of the Company claiming an amount of \$133,097 for unpaid fees and expenses. On November 27, 2013, the Company was served with the notice of the civil claim.

On January 10, 2014 a response was filed disputing the claim as the director/consultant was terminated for just cause. On January 10, 2014, the Company also filed a counterclaim seeking certain monetary returns from the claimant.

#### *Siguiri Gold Mining Corp.*

Pursuant to the letter received from legal counsel of Siguiri Gold Mining Corp. ("Siguiri") and Siguiri Mining Guinea Ltd. ("SMG") on November 5, 2013 regarding the sale of Guinean subsidiary Guinean Global Resources SA, the circumstances of which are described in Note 5, the Company has accrued a contingent liability of \$180,000, representing probable repayment of the original \$180,000 received from Siguiri.

In May, 2014, a settlement agreement, subject to acceptance by the Exchange was reached to resolve the matter. Refer to Note 5.

**ICON EXPLORATION INC.**

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**12. Events after Reporting Period**

- The Spanish Canyon project was terminated in July, 2014.
- The Exchange accepted for filing the Company's proposal to issue 4,000,000 shares at \$0.05 per share to settle the Siguri debt (Note 5). 2,400,000 shares have been ordered for issuance with the balance of 1,600,000 shares to be issued at such time as the issuance will not result in Siguri becoming a control person holding 20% or more of the issued shares.

All shares issued are subject to a four month hold period from the date of issuance.