MORGAN RESOURCES CORP.

FINANCIAL STATEMENTS

February 28, 2014

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Company have been prepared by management in accordance with International Financial Reporting Standards. These financial statements contain estimates based on management's judgment. Management maintains an appropriate system of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded, and proper records maintained.

Signed: ***Raniero Corsini***	Signed: ***Chris Carmichael***
Chief Executive Officer	Chief Financial Officer

Toronto, Ontario
April 29, 2014

NOTICE TO READER

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements as at and for the three and six months ended February 28, 2014 have not been reviewed by the Company's auditors.

MORGAN RESOURCES CORP.

BALANCE SHEET

		February 28 2014		August 31 2013
Assets				
Current assets				
Cash	$	823,745	$	73,085
Prepaid and sundry receivables		48,453		4,000
		872,198		77,085
Investment in Monterra		376,047		-
Mineral properties and deferred exploration costs (note 5)		478,449		204,284
	$	1,726,693	$	281,369
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	$	128,071	$	34,266
Premium paid on flow through shares		69,880		-
		197,951		34,266
Equity				
Share capital (note 6)		3,440,887		345,050
Deficit		(1,912,145)		(97,947)
		1,528,742		247,103
	$	1,726,693	$	281,369

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

Going Concern (Note 1)

Approved by the Board of Directors

Signed: *"Raniero Corsini"*
Director

Signed: " Carl DiPlacido"
Director

MORGAN RESOURCES CORP.

STATEMENT OF LOSS AND COMPREHENSIVE LOSS

For the three and six months ended February 28, 2014		Three months		Six months
Expenses				
Legal fees	$	25,000	$	55,000
Consulting fees		11,900		22,733
Audit fees		5,000		15,475
Travel & promotion		6,676		9,209
Office and general		12,381		15,080
Net loss before extraordinary items and comprehensive loss for the period	$	60,957	$	117,497
Other income –premium paid on flow through shares		126		126
Listing costs (net value of CPC shares issued)		1,696,826		1,696,826
Net loss and comprehensive loss for the period		1,757,658		1,814,198
Weighted average number of common shares outstanding – basic and diluted		28,149,702		15,631,110
Basic and fully diluted loss per share	$	0.06	$	0.12

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

MORGAN RESOURCES CORP.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended February 28, 2014	
Share capital	
Balance, beginning of period	$ 345,050
Shares issued on private placements (note 6)	881,461
Shares issued for property option payments (note 6)	80,000
Shares issued on exercise of warrants (note 6)	22,600
Value of shares issued on amalgamation (note 6)	1,875,000
Value of warrants issued (note 6)	393,586
Premium paid on flow through shares (note 6)	(70,005)
Share issue costs	(86,804)
Balance, end of period	3,440,887
Deficit	
Balance, beginning of period	(97,947)
Net loss for the period	(1,814,198)
Balance, end of period	(1,912,145)
Total shareholders' equity, end of period	$ 1,598,742

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

MORGAN RESOURCES CORP.

STATEMENT OF CASH FLOWS

For the six months ended February 28, 2014	
Cash flow from operating activities	
Net loss for the period	$ (1,814,198)
Listing costs (non-cash)	1,682,701
Other income	(126)
Changes in non-cash working capital:	
Prepaid and sundry receivables	(52,404)
Accounts payable and accrued liabilities	(71,992)
	(256,019)
Cash flow from investing activities	
Mineral property expenditures	(194,164)
	(194,164)
Cash flow from financing activities	
Proceeds from issue of common shares	1,200,843
	1,200,843
Increase in cash	750,660
Cash, beginning of period	73,085
Cash, end of period	$ 823,745

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

1. NATURE OF BUSINESS, GOING CONCERN AND QUALIFYING TRANSACTION

Nature of Business

Morgan Resources Corp. (the "Company" or "Morgan Resources") (formerly Gideon Capital Corp. ("Gideon")) carries on business in one segment, being the acquisition, exploration and development of properties for mining of precious and base metals. The Company has not earned any revenue to date from its operations and is therefore considered to be in the development stage. The amounts shown as mineral properties and deferred exploration costs do not necessarily represent present or future values.

Going Concern

These financial statements have been prepared on a going concern basis, which presumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations in the foreseeable future.

In order to meet future expenditures and cover administrative costs, the Company will need to raise additional financing. Although the Company has been successful in raising funds in the past, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. These financial statements have been prepared on a going concern basis that assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The recoverability of the amounts shown for mineral properties and deferred exploration costs is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in mineral properties, the ability of the Company to obtain the necessary financing to continue the development of its mineral properties, and upon future profitable production. These circumstances raise significant doubt as to the Company's ability to continue as a going concern and ultimately the appropriateness of the use of accounting principles applicable to a going concern.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to obtain adequate financing. Changes in future conditions could require material write-downs to the carrying value of the mineral properties and deferred exploration costs.

Qualifying Transaction

The Company was incorporated pursuant to the provisions of the Business Corporations Act (Ontario) on June 15, 2011 and was classified as a capital pool company as defined in Policy 2.4 of TSX Venture Exchange Inc. ("TSX-V").

On December 31, 2013, Gideon, 2396933 Ontario Inc., a wholly-owned subsidiary of Gideon ("2396933 OntCo") and Bathurst Resources Corp. ("Bathurst") completed a three-cornered amalgamation whereby Bathurst amalgamated with 2396933 OntCo and Gideon issued one common share for each common share of Bathurst outstanding ("Amalgamation"). The Amalgamation constituted Gideon's Qualifying Transaction for the purposes of Policy 2.4 of the TSX Venture Exchange Corporate Finance Manual. Upon completion of the Amalgamation, Gideon changed its name to Morgan Resources Corp. (the "Company").

The Amalgamation is considered to be a reverse takeover of Gideon by Bathurst. A reverse takeover transaction involving a non-public operating entity and a non-operating public company is in substance a share-based payment transaction, rather than a business combination. The transaction is equivalent to the issuance of shares by the non-public operating entity, Bathurst, for the net assets and the listing status of the non-operating public company, Gideon. The fair value of the shares issued was determined based on the fair value of the common shares issued by Gideon.

The Company's registered office is as follows: 201-55 York Street, Toronto, ON M5J 1R7.

The policies applied in these financial statements are based on IFRS policies effective as of April 29, 2014, the date the Board of Directors approved the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Basis of presentation

These financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. In the preparation of these financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the year. Actual results could differ from these estimates.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category of financial asset is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the statement of loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at the end of each reporting period. Financial assets are impaired when there is any objective evidence that the future cash flows associated with a financial asset or a group of financial assets have been negatively impacted. Different criteria to determine impairment are applied for each category of financial assets described above.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

The Company's accounting policy for each category of financial liability is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the statement of loss.

Other financial liabilities - This category includes accounts payables and accrued liabilities which are recognized at amortized cost.

Morgan Resources's financial instruments include cash and accounts payable and accrued liabilities. Cash is classified as fair value through profit or loss. Accounts payable and accrued liabilities are classified as other financial liabilities. The carrying value of these instruments approximates their fair values due to their short-term nature.

Mineral properties and deferred exploration costs

Mineral property acquisition costs and related direct exploration and development expenditures, net of recoveries, are deferred until the properties are placed into production. These net costs will be amortized against income using the unit-of-production method based on estimated recoverable reserves if the properties are brought into commercial production, or written off if the properties are abandoned or sold. The cost of mineral properties includes any cash consideration paid and the fair market value of shares issued, if any, on the acquisition of property interests. The recorded amounts of property acquisition costs and their related deferred exploration costs represent actual expenditures incurred and are not intended to reflect present or future values.

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

Impairment of mineral properties and deferred exploration costs

At the end of each reporting period the carrying amounts of Morgan Resources' mineral properties are reviewed to determine whether there is an indication that those assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted at a rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period, 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 temporary differences relating to 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. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, and the Company intends to settle tax liabilities and assets on a net basis or to realize the tax assets and liabilities simultaneously.

Deferred tax assets are recognized to the extent it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Flow-through shares

The Company finances a portion of its exploration activities through the issuance of flow-through shares. On the date of issuance of the flow-through shares, the premium (the proceeds received for the flow-through shares in excess of the closing market price of the Company's common shares) is allocated to liabilities.

Under the terms of the flow-through common shares, the tax attributes of the related expenditures are renounced to investors. The premium liability is reduced pro-rata based on the percentage of flow-through expenditures renounced and spent in comparison to renunciations required under the terms of the flow-through share agreement. The reduction to the premium liability in the period of renunciation is recognized through profit or loss as other income.

Upon renunciation of the related expenditures, the Company would normally recognize a deferred tax liability and expense with respect to the tax value of the costs renounced. Where the Company has unrecognized tax benefits from loss carry forwards and tax pools available for deduction, the Company will recognize these assets to offset the deferred tax liabilities resulting in an offsetting recovery of deferred income taxes being recognized through profit or loss in the reporting period.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The Company had no material provisions at February 28, 2014.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share based payment transactions

The fair value of share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

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

Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site restoration work, discounted to their net present value, are provided for and capitalized to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through depreciation using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

Loss per share

Basic loss per share is calculated using the weighted-average number of common shares outstanding during the year. Diluted loss per share is computed using the treasury stock method. Stock options and warrants outstanding are not included in the computation of diluted loss per share if their inclusion would be anti-dilutive.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting judgments and estimates

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an ongoing basis. The following are the key estimate and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

Critical judgments used in applying accounting policies

In the preparation of these financial statements management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the financial statements.

(i) Mineral properties under exploration

As at February 28, 2014 management has determined that there is no impairment on the mineral properties.

Segmented Reporting

The Company operates in a single reportable operating segment, the acquisition, exploration, and development of mineral projects in Canada.

Future Accounting Pronouncements

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

IFRS 9, Financial Instruments ("IFRS 9") was issued by the IASB on November 12, 2009 and subsequently revised October 2012, and will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2015, and has not yet considered the potential impact of the adoption of IFRS 9.

3. CAPITAL DISCLOSURES

Morgan Resources' capital is composed of shareholders' equity. Morgan Resources manages its capital structure and makes adjustments to it, based on the funds available to Morgan Resources, in order to support the acquisition, exploration and development of mineral properties. The properties in which Morgan Resources currently has an interest are in the exploration stage; as such Morgan Resources is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, Morgan Resources will spend its existing working capital and raise additional amounts as needed. Morgan Resources will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Morgan Resources is not subject to any externally imposed capital requirements other than its requirement to meet certain flow-through share expenditures, as explained in note 8.

4. FINANCIAL RISK FACTORS

Morgan Resources' risk exposure and the impact on its financial instruments are summarized below:

Credit Risk
Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment/contractual obligations. Morgan Resources has deposited the cash with reputable Canadian financial institutions, from which management believes the risk of loss is minimized.

Liquidity Risk
Morgan Resources' approach to managing liquidity risk is to ensure that it has sufficient liquidity to meet liabilities when due. As at February 28, 2014, Morgan Resources has current assets of $872,745 to settle current financial liabilities of $128,071.

Market Risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices.

Interest Rate Risk
Morgan Resources' current policy is to invest excess cash in investment-grade short term deposit certificates issued by its banking institutions. Morgan Resources monitors the investments it makes and is satisfied with the credit ratings of its banks. The risk the Company will realize a loss as a result of a decline in the fair value of short-term deposits is limited due to the short-term nature of these investments.

Commodity Price Risk
The ability of the Company to develop its mineral properties and the future profitability of the Company is directly related to the market price of precious metals.

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

		Six months Ended Feb 28, 2014		April 5, 2013 To Feb 28, 2014
Morgan Resources Property				
Balance, beginning of period	$	204,284	$	-
Acquisition costs		120,000		180,000
Claims payments		26,040		27,380
Consulting		57,107		65,039
Laboratory analysis		5,186		6,741
Geophysical survey		58,862		58,862
Reports		-		22,729
Transportation and accommodation		-		2,475
Airborne survey		-		108,252
Storage		6,696		6,969
Total expenditures during the period		273,891		478,449
Total mineral properties and deferred exploration costs		478,448	$	478,449

Morgan Resources Properties

(a) Chamberlain Property

a. On April 7, 2013, the Company purchased an option to earn a one hundred percent (100%) interest in certain mining claims in Bathurst, New Brunswick (the "Chamberlain Property"). Under the terms of the option agreement, the Company has made or must make the following payments and issuances to the optionors:

i. $5,000 paid on April 18, 2013;
ii. $20,000 paid on July 7, 2013;
iii. Incurred a minimum of $75,000 in exploration expenditures (in aggregate with the L'Or Bai – 1 Property (note 5 (b)) prior to the listing of the Company's shares on the TSX Venture Exchange (the "IPO Date" which occurred on December 31, 2013);
iv. $20,000 paid on the IPO Date and $40,000 worth of common shares issued at the common share opening price at the IPO Date ($0.15 per share);
v. $20,000 to be paid if the IPO Date has not occurred prior to April 18, 2014 and $20,000 on April 18 of each year until there is an IPO Date;
vi. $20,000 to be paid on the first anniversary date of the IPO Date and $40,000 worth of common shares to be issued at the volume weighted-average price ("VWAP") for the previous thirty (30) days;
vii. $20,000 to be paid on the second anniversary date of the IPO Date and $40,000 worth of common shares to be issued at VWAP for the previous thirty (30) days;
viii. $20,000 to be paid on the third anniversary date of the IPO Date and $40,000 worth of common shares to be issued at the VWAP for the previous thirty (30) days;
ix. a minimum of $2,000,000 in exploration expenditures (in aggregate with the L'Or Bai – 1 Property (note 5 (b)), including $800,000 in diamond drilling, to be incurred prior to the third anniversary of the IPO Date;
x. $20,000 to be paid on the fourth anniversary date of the IPO Date and $40,000 worth of common shares to be issued at the VWAP for the previous thirty (30) days;
xi. $20,000 to be paid on the fifth anniversary date of the IPO Date and $40,000 worth of common shares to be issued at the VWAP for the previous thirty (30) days;

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)

(a) Chamberlain Property (continued)

xii. a minimum of an additional $1,000,000 in exploration expenditures ($3,000,000 in aggregate with note 5(a)a(ix)) to be incurred prior to the fifth anniversary of the IPO Date.

b. Once the Company has acquired the 100% interest in the Chamberlain property (the “Acquisition Date”), the Company must make the following payments:
   i. $15,000 per annum on each anniversary of the Acquisition Date until the delivery of a positive feasibility study (the “Feasibility Date”);
   ii. $30,000 per annum on each anniversary of the Feasibility Date until the first anniversary following commercial production;
   iii. 2% net smelter royalty (“NSR) paid to the optionors; 1% of the NSR can be repurchased by the Company for $1,000,000.

c. Bonus Payments will be payable for the following:
   i. $25,000 and $50,000 worth of common shares issued at the VWAP for the previous thirty (30) days upon the discovery of volcanic-hosted massive sulphides in-situ greater than 5% lead-zinc-copper over 2 metres;
   ii. $125,000 and $150,000 worth of common shares issued at the VWAP for the previous thirty (30) days upon the delineation of a mineral deposit in excess of one million (1,000,000) tonnes greater than 5% zinc equivalent of zinc-lead-copper-silver.

(b) L’Or Bai – 1 Property

a. On April 7, 2013, the Company purchased an option to earn a one hundred percent (100%) interest in certain mining claims in Bathurst, New Brunswick (the “L’Or Bai – 1 Property”). Under the terms of the option agreement, the Company has made or must make the following payments and issuances to the optionors:
   i. $5,000 paid on April 18, 2013;
   ii. $20,000 paid on July 7, 2013;
   iii. incurred a minimum of $75,000 in exploration expenditures (in aggregate with the Chamberlain Property (note 5 (a)) prior to the IPO Date;
   iv. $20,000 paid on the IPO Date and $40,000 worth of common shares issued at the common share opening price at the IPO Date ($0.15 per share);
   v. $20,000 to be paid if the IPO Date has not occurred prior to April 18, 2014 and $20,000 on April 18 of each year until there is an IPO Date;
   vi. $20,000 to be paid on the first anniversary date of the IPO Date and $40,000 worth of common shares to be issued at the VWAP for the previous thirty (30) days;
   vii. $20,000 to be paid on the second anniversary date of the IPO Date and $40,000 worth of common shares to be issued at the VWAP for the previous thirty (30) days;
   viii. $20,000 to be paid on the third anniversary date of the IPO Date and $40,000 worth of common shares to be issued at the VWAP for the previous thirty (30) days;
   ix. a minimum of $2,000,000 in exploration expenditures (in aggregate with the Chamberlain Property (note 5 (a)), including $800,000 in diamond drilling to be incurred prior to the third anniversary of the IPO Date;
   x. $20,000 to be paid on the fourth anniversary date of the IPO Date and $40,000 worth of common shares to be issued at the VWAP for the previous thirty (30) days;
   xi. $20,000 to be paid on the fifth anniversary date of the IPO Date and $40,000 worth of common shares to be issued at the VWAP for the previous thirty (30) days;
   xii. a minimum of an additional $1,000,000 in exploration expenditures ($3,000,000 in aggregate with the note 5(b)a(ix)) to be incurred prior to the fifth anniversary of the IPO Date.

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (CONTINUED)

b. Once the Company has acquired the 100% interest in the L'Or Bai – 1 property (the "LB1 Acquisition Date"), the Company must make the following payments:
   i. $15,000 per annum on each anniversary of the LB1 Acquisition Date until the delivery of a positive feasibility study (the "LB1 Feasibility Date");
   ii. $30,000 per annum on each anniversary of the LB1 Feasibility Date until the first anniversary following commercial production;
   iii. 2% net smelter royalty ("NSR) paid to the optionors; 1% of the NSR can be repurchased by the Company for $1,000,000.

c. Bonus Payments will be payable for the following:
   i. $25,000 and $50,000 worth of common shares issued at the VWAP for the previous thirty (30) days upon the discovery of volcanic-hosted massive sulphides in-situ greater than 5% lead-zinc-copper over 2 metres;
   ii. $125,000 and $150,000 worth of common shares issued at the VWAP for the previous thirty (30) days upon the delineation of a mineral deposit in excess of one million (1,000,000) tonnes greater than 5% zinc equivalent of zinc-lead-copper-silver.

(c) L'Or Bai – 2 Property

a. On April 29, 2013, the Company purchased an option to earn a one hundred percent (100%) interest in certain mining claims in Bathurst, New Brunswick (the "L'Or Bai - 2 Property"). Under the terms of the option agreement, the Company has made or must make the following payments and issuances to the optionor:

   i. $10,000 paid on May 27, 2013;
   ii. incur a minimum of $10,000 in exploration expenditures prior to April 29, 2014;
   iii. $15,000 payable on April 29, 2014;
   iv. incur a further $10,000 in exploration expenditures prior to April 29, 2015;
   v. $25,000 payable on April 29, 2015;
   vi. Incur a further $30,000 in exploration expenditures prior to April 29, 2016.

b. Once the Company has acquired the 100% interest in the L'Or Bai – 2 property (the "LB2 Acquisition Date"), the Company:

   i. will be subject to a 3% NSR paid to the optionor; 2% of the NSR can be repurchased by the Company for $1,000,000.

6. SHARE CAPITAL

(a) Capital

Authorized: unlimited common shares

Issued:

Common Shares	Number of Shares		Value
Balance at April 5, 2013	-	$	-
Private placements (i)	5,000,000		50
Private placements (ii)	6,900,000		345,000
Balance at August 31, 2013	11,900,000	$	345,050
Private placements (iii)	3,100,000		155,000
Private placement (iv)	6,933,604		648,243
Premium paid on flow through shares			(70,005)
Value of warrants (iv)			375,000
Shares issued on amalgamation (v)	12,500,000		1,875,000
Value of warrants (v)			10,000
Shares issued for property option payments (viii)	533,332		80,000
Broker warrants exercised	226,000		22,600
Balance at February 28, 2014	35,192,936		3,440,887

(i) On April 5, 2013, the Company issued 5,000,000 common shares at a price of $0.00001 (for gross proceeds of $50).

(ii) On June 4, 2013, the Company issued 6,900,000 common shares a price of $0.05 per common share for gross proceeds of $345,000. 5,000,000 of the common shares were issued on a flow through basis.

(iii) In September 2013, the Company issued 3,100,000 common shares at a price of $0.05 per common share for gross proceeds of $155,000. 400,000 of the common shares were issued on a flow through basis.

(iv) On December 31, 2013, the Company issued 3,433,332 units at $0.15 per unit (each unit consisting of one common share and one warrant) for gross proceeds of $515,000 and 3,500,272 flow through units at $0.17 per share (each flow through unit consisting of one common share and one warrant) for gross proceeds of $595,047. Each warrant is exercisable for two years at a price of $0.30 per warrant. A value of $375,000 was attributed to the warrants. Share issue costs totaled $86,804. A premium of $70,005 was paid for the flow through units.

(v) On December 31, 2013, the Company issued 12,500,000 common shares at a value of $0.15 per share for a total value of $1,875,000 to the shareholders of Gideon Capital Corp. under the amalgamation.

(vi) On December 31, 2013, the Company issued 250,000 broker warrants at $0.10 per warrant exercisable until February 3, 2014 to Gideon Capital Corp. broker warrant holders. A value of $10,000 was attributed to the warrants. On February 3, 2014, 226,000 broker warrants were exercised for proceeds of $22,600. Also the Company issued 350,000 options to Gideon option holders exercisable at $0.10 until January 27, 2022.

(vii) On December 31, 2013, the Company issued 115,316 broker warrants at $0.17 per warrant exercisable until December 31, 2015.

(viii) On December 31, 2013, the Company issued 533,332 common shares at a value of $0.15 per share to the optionors of the Chamberlain property (as per Note 5(a)a(iv)) and of L'or Bai – 1 property (as per Note 5(b)a(iv)).

7. COMMITMENTS AND CONTINGENCIES

(a) The Company's mineral and exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

(b) The Company is committed to spending $565,047 associated with the flow-through offerings that were completed in 2013 (note 6) by December 31, 2014. The Company intends to fulfill all flow-through commitments by December 31, 2014.

8. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration expense of directors and other members of key management personnel during the period was as follows:

		2014
Salaries, consulting and benefits	$	32,500

9. SUBSEQUENT EVENTS

On April 14, 2014, the Company acquired the Armstrong base metal and precious metal property located in the Bathurst Mining Camp (the “BMC”), New Brunswick (the “Armstrong Property”). The Armstrong Property consists of 2 mining claim blocks, 5761 and 4362, composed of 157 claim units for a total of 3418 hectares, and adjoins the west side of the Company’s Gloucester Property. Morgan paid $15,000 and issued 134,000 common shares on signing the final agreement on or before April 19, 2014. Morgan Resources has the option to acquire 100% of the mining rights in the Armstrong property subject to additional cash payments, share issuances, and royalties held by the Optionor.