GIMUS RESOURCES INC.

Financial Statements
September 30, 2013

Content

Raymond Chabot Grant Thornton

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Independent Auditor's Report

To the Shareholders of
Gimus Resources Inc.

We have audited the accompanying financial statements of Gimus Resources Inc., which comprise the statements of financial position as at September 30, 2013 and 2012 and the statements of comprehensive loss, the statements of changes in equity and the statements of cash flows for the years ended at these dates and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Gimus Resources Inc. as at September 30, 2013 and 2012 and its financial performance and its cash flows for the years ended at these dates in accordance with International Financial Reporting Standards (IFRS).

Emphasis of Matter

Without qualifying our opinion, we draw your attention to Note 2 in the financial statements which indicates the existence of a material uncertainty that may cast a significant doubt regarding the Company's ability to continue as a going concern.

Raymond Chabot Grant Thornton LLP[1]

Montreal
November 6, 2013

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[1] CPA auditor, CA public accountancy permit no. A126822

GIMUS RESOURCES INC.

STATEMENTS OF FINANCIAL POSITION
Year ended September 30 (in Canadian dollars)

	Notes	**2013**	**2012**
		$	$
ASSETS			
Current			
Cash	18	156,104	867,930
Taxes receivable		129,528	26,269
Tax credits and credit on duties receivable		12,082	7,023
Prepaid expenses		6,279	1,567
		303,993	902,789
Non-current			
Exploration and evaluation assets	7	458,365	310,210
Equipment	8	1,385	-
		459,750	310,210
Total assets		763,743	1,212,999
LIABILITIES			
Current			
Trade and other payables		122,492	30,426
Other liabilities		-	133,165
Total liabilities		122,492	163,591
EQUITY			
Share Capital	9	1,310,400	1,310,400
Contributed surplus	10	77,232	77,232
Deficit		(746,381)	(338,224)
Total equity		641,251	1,049,408
Total liabilities and equity		763,743	1,212,999

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

These financial statements were approved and authorized for issue by the Board of Directors on November ??, 2013.

(s) Guy Girard,
President and Chief Executive Officer

(s) Marc Labrecque,
Chief Financial Officer

GIMUS RESOURCES INC.

STATEMENTS OF COMPREHENSIVE LOSS
Year ended September 30 (in Canadian dollars)

	Notes	2013	2012
		$	$
EXPENSES			
Exploration and evaluation expenses		69,693	24,378
Professional fees		67,627	42,366
Management fees		45,500	-
Shareholders relations		27,397	3,533
Rental expenses		9,000	-
Trustees and registration fees		5,056	15,090
Travel expenses		3,074	3,418
Part XII.6 income taxes		2,245	2,787
Bank charges		606	357
Office expenses		539	10,457
Impairment of exploration and evaluation assets		310,585	-
Share-based payments	10	-	67,500
Initial public fees		-	35,912
LOSS BEFORE INCOME TAXES		(541,322)	(205,798)
Deferred income taxes		133,165	8,285
NET LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(408,157)	(197,513)
LOSS PER SHARE			
Basic and diluted loss per share	12	(0.031)	(0.019)

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

GIMUS RESOURCES INC.
STATEMENTS OF CHANGES IN EQUITY
Years ended September 30, 2013 and 2012 (in Canadian dollars)

	Notes	Number of shares	Share capital	Contributed surplus	Deficit	Total equity
			$	$	$	$
Balance at September 30, 2011		3,000,000	300,000	-	-	300,000
Shares issued by private placement	9	3,700,000	370,000	-	-	370,000
Shares issued by flow-through private placements	9	6,404,000	640,400	-	-	640,400
Issuance cost of shares	9	-	-	9,732	(140,711)	(130,979)
Share-based payments	10	-	-	67,500	-	67,500
Transactions with owners		13,104,000	1,310,400	77,232	(140,711)	1,246,921
Net loss and total comprehensive loss for the year		-	-	-	(197,513)	(197,513)
Balance at September 30, 2012		13,104,000	1,310,400	77,232	(338,224)	1,049,408
Net loss and total comprehensive loss for the year		-	-	-	(408,157)	(408,157)
Balance at September 30, 2013		13,104,000	1,310,400	77,232	(746,381)	641,251

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

GIMUS RESOURCES INC.

STATEMENTS OF CASH FLOWS
Year ended September 30 (in Canadian dollars)

	Notes	2013	2012
		$	$
OPERATING ACTIVITIES			
Loss before income taxes		(541,322)	(205,798)
Adjustments for:			
Share-based payments		-	67,500
Impairment of exploration and evaluation assets		310 585	-
Depreciation of non-financial assets		215	-
Changes in working capital items			
Taxes receivable		(103,259)	(26,269)
Prepaid expenses		(4,712)	(1,567)
Trade and other payables		92,066	30,426
Cash flows from operating activities		(246,427)	(135,708)
INVESTING ACTIVITIES			
Additions to exploration and evaluation assets		(470,041)	(17,233)
Tax credits received		6,242	-
Acquisition of equipment		(1,600)	-
Cash flows from investing activities		(465,399)	(17,233)
FINANCING ACTIVITIES			
Issuance of shares by private placement		-	370,000
Issuance of shares by flow-through private placements		-	781,850
Issuance cost of shares		-	(130,979)
Cash flows from financing activities		-	1,020,871
Net change in cash		(711,826)	867,930
Cash, beginning of year		867,930	-
Cash, end of year		156,104	867,930
Additional information on cash flows	14		

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

1. *NATURE OF OPERATIONS*

Gimus Resources Inc. (hereinafter the «Company») specializes in the acquisition, exploration and development of mining properties in base metals and uranium in Canada.

2. *GOING CONCERN ASSUMPTION*

The financial statements have been prepared on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has neither yet generated income nor cash flows from its operations. As at September 30, 2013, the Company has a deficit of $746,381 ($338,224 as at September 30, 2012). This material uncertainty may cast a significant doubt regarding the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

In October 2013, the Company has completed a private placement for a total amount of $307,500. See details in Note 19.

The carrying amounts of assets, liabilities, revenues and expenses presented in the financial statements and the classification used in the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate.

3. *GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRSs*

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS).

The Company is incorporated under the Canada Business Corporations Act. Its head office is located at 28 -1002 rue Sherbrooke Ouest, Montréal, Québec, Canada. The Company's shares are listed on the TSX Venture Exchange.

4. *SUMMARY OF ACCOUNTING POLICIES*

4.1 Overall considerations

The significant accounting policies and measurement basis that have been applied in the preparation of these financial statements are summarized below.

4.2 Basis of evaluation

These financial statements were prepared using the historical cost method.

The financial statements are presented in Canadian currency, which is also the functional currency of the Company.

4.3 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Financial assets and financial liabilities are measured subsequently as described below.

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within Finance costs or Finance income, if applicable.

Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company’s cash fall into this category of financial instruments.

4. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

4.3 Financial instruments (Continued)

Impairment of financial assets

All financial assets, except for those at fair value through profit or loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

Objective evidence of impairment could include:

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

Financial liabilities

The Company's financial liabilities include trade and other payables.

Financial liabilities are measured subsequently at amortized cost using the effective interest method.

All interest-related charges are reported in profit or loss within Finance costs, if applicable.

4.4 Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to common equity holders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by adjusting loss attributable to common equity holders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares which include options and brokers options. Dilutive potential common shares shall be deemed to have been converted into common shares at the average market price at the beginning of the period or, if later, at the date of issue of the potential common shares.

4.5 Tax credits and credit on duties receivable

The Company is entitled to a refundable tax credit on qualified exploration expenditures incurred and refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as a reduction of the exploration costs incurred based on estimates made by management. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

4. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

4.6 Exploration and evaluation expenditures and exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of initial search for mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, the costs of acquiring mineral rights, expenses related to the exploration and evaluation of mining properties less refundable tax credits related to these expenses, are recognized as exploration and evaluation assets. Expenses related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expense is recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts (see Note 4.9); the difference is then immediately recognized in profit or loss.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment (see Note 4.9) and any impairment loss is recognized in profit or loss before reclassification.

To date, neither the technical feasibility nor the commercial viability of a mineral resource has been demonstrated.

Although the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

4. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

4.8 Property and equipment

Property and equipment are held at cost less accumulated depreciation and accumulated impairment losses.

Cost includes all costs incurred initially to acquire or construct an item of property and equipment, costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and costs incurred subsequently to add to or replace part thereof.

Upon the transfer of exploration and evaluation assets to property and equipment under Mining assets under construction, all subsequent expenditures on the construction, installation or completion of equipment and infrastructure facilities are capitalized within Mining assets under construction. When development stage is completed, all assets included in the mining assets under construction category are then transferred to Mining assets.

Depreciation is recognized on a declining basis to write down the cost to its estimated residual value, with a constant charge over the useful life of the asset. The rates are as follows:

	Rate
Equipment	20 %
Rolling stock	30 %

The depreciation expense for each period is recognized in profit or loss except for certain items of property and equipment related to exploration and evaluation activities where the depreciation expense is included in the carrying amount of an exploration and evaluation asset when it relates to a specific exploration and evaluation project.

The residual value, depreciation method and the useful life of each asset are reviewed at least at each financial year-end.

The carrying amount of an item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property and equipment is included in profit or loss when the item is derecognized.

4. *SUMMARY OF ACCOUNTING POLICIES* (Continued)

4.9 Impairment of exploration and evaluation assets and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

Impairment reviews for exploration and evaluation assets are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- the right to explore the areas has expired or will expire in the near future with no expectation of renewal;
- no further exploration or evaluation expenditures in the area are planned or budgeted;
- no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
- sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluations assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

An impairment charge is reversed if the asset’s or cash-generating unit’s recoverable amount exceeds its carrying amount.

4. *SUMMARY OF ACCOUNTING POLICIES* (Continued)

4.10 Provisions and contingent liabilities

Provisions are recognized when present legal or constructive obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with current laws and regulations. Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. No provisions are recorded in these reporting periods.

4.11 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

However, since the Company is in exploration phase and has no taxable income, tax expense recognized in profit or loss is currently comprised only of deferred tax.

4. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

4.11 Income taxes (Continued)

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

4.12 Equity

Share capital represents the amount received on the issue of shares. If shares are issued when options are exercised, the share capital account also comprises the compensation costs previously recorded as contributed surplus. In addition, if shares were issued as consideration for the acquisition of a mineral property or some other form of non-monetary assets, they were measured at their fair value according to the quoted price on the day immediately preceding the conclusion of the agreement.

4. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

4.12 Equity (Continued)

Flow-through placements

Issuance of flow-through shares represents in substance an issue of common shares and the sale of the right to tax deductions to the investors. When the flow-through shares are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the statement of financial position. The proceeds received from flow-through placements are allocated between share capital and the liability using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and the residual proceeds are allocated to the liability. The liability component recorded initially on the issuance of shares is reversed when the Company has the firm intention to renounce the right to tax deductions to the investors and when eligible expenses are incurred and recognized in profit or loss in reduction of deferred income tax expense. A deferred tax liability is also recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset and its tax basis.

Other elements of equity

Contributed surplus includes charges related to share options. When share options are exercised, the related compensation cost is transferred to share capital.

Deficit includes all current and prior year retained profits or losses and issue costs net of tax benefits related to these issue costs from current and prior years.

4.13 Equity-settled share-based payments

The Company operates an equity-settled share-based payment plan for its eligible directors, officers, employees, consultants and individuals providing investors relations’ services. None of the Company's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with others providing similar services, the Company measured the fair value of the services received by reference to the fair value of the equity instruments granted.

4. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

4.13 Equity-settled share-based payments (Continued)

All equity-settled share-based payments (except options to brokers) are ultimately recognized as an expense in the profit or loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to Contributed surplus, in equity. Equity-settled share-based payments to brokers, in respect of an equity financing, are recognized as issuance costs of the equity instruments with a corresponding credit to Contributed surplus, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

4.14 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company. These standards will be adopted at the effective date.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's financial statements.

4. *SUMMARY OF ACCOUNTING POLICIES (Continued)*

4.14 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company (Continued)

IFRS 9 *Financial Instruments* (IFRS 9)

The International Accounting Standards Board (IASB) aims to replace IAS 39 Financial Instruments: Recognition and Measurement (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning on or after January 1st, 2015. Chapters dealing with impairment methodology and hedge accounting are still being developed. Further, in November 2011, the IASB decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues. The Company's management has yet to assess the impact of this new standard on the Company's financial statements. Management does not expect to implement IFRS 9 until it has been completed and its overall impact can be assessed.

IFRS 13 *Fair Value Measurement* (IFRS 13)

IFRS 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect the items that are required to be fair-valued.

The scope of IFRS 13 is broad and applies for both financial and non-financial items for which other IFRSs require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances. IFRS 13 applies prospectively for annual periods beginning on or after January 1st, 2013. Its disclosure requirements need not be applied to comparative information in the first year of application.

Management reviewed its valuation methodologies and the application of the new standard did not have any effect on the fair value measurement.

5. *JUDGMENTS, ESTIMATES AND ASSUMPTIONS*

When preparing the financial statements, management makes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

5. *JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)*

5.1 Significant management judgment

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax asset in excess of existing taxable temporary differences expected to reverse within the carry-forward period (see Note 4.11).

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

5.2 Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases (see Note 4.9).

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated.

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recover from either future exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

5. *JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)*

5.2 Estimation uncertainty (Continued)

See Note 7 for the exploration and evaluation assets impairment analysis.

The total impairment loss of the exploration and evaluation assets recognized in profit or loss amounts to $310,585 for the year ended September 30, 2013 ($nil for the year ended September 30, 2012). No reversal of impairment losses has been recognized for the reporting periods.

Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and data and consideration as to the volatility of the Company's own share, the probable life of share options granted and the time of exercise of those share options. The model used by the Company is the Black-Scholes valuation model (see Note10).

Tax credits receivable

The calculation of the Company’s refundable tax credit on qualified exploration expenditure incurred and refundable tax credit involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until a notice of assessment has been issued by the relevant taxation authority and payment has been received. Difference arising between the actual results following final resolution of some of these items and the assumptions made could necessitate adjustments to the refundable tax credit and refundable credit on duties, exploration and evaluation assets, and income tax expense in future periods. See Note 4.5 for more information.

6. *SEGMENT REPORTING*

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the Chairman and the Board of Directors.

The Company has determined that there was only one operating segment being the sector of exploration and evaluation of mineral resources.

September 30, 2013 and 2012 (in Canadian dollars)

7. *EXPLORATION AND EVALUATION ASSETS*

The carrying amount can be analyzed as follows:

	Balance as at October 1st, 2012	Additions	Impairment	Refundable tax credits and credit on duties	Balance as at September 30, 2013
Quebec	$	$	$	$	$
Baie Johann-Beetz Property					
Mining rights	300,000	-	(300,000)	-	-
Exploration and evaluation	10,210	375	(10,585)	-	-
	310,210	375	(310,585)	-	-
Bouchard Property					
Mining rights	-	3,180	-	-	3,180
Exploration and evaluation	-	466,486	-	(11,301)	455,185
	-	469,666	-	(11,301)	458,365
Summary					
Mining rights	300,000	3,180	(300,000)	-	3,180
Exploration and evaluation	10,210	466,861	(10,585)	(11,301)	455,185
	310,210	470,041	(310,585)	(11,301)	458,365

	Balance as at October 1st, 2011	Additions	Refundable tax credits and credit on duties	Balance as at September 30, 2012
Quebec	$	$	$	$
Baie Johann-Beetz Property				
Mining rights	300,000	-	-	300,000
Exploration and evaluation	-	17,233	(7,023)	10,210
	300,000	17,233	(7,023)	310,210

All impairment charges (or reversals, if any) are included within Impairment of exploration and evaluation assets in the statement of comprehensive loss for the year.

September 30, 2013 and 2012 (in Canadian dollars)

7. *EXPLORATION AND EVALUATION ASSETS (Continued)*

Property Bay Johann Beetz

The Company acquired 32 mining claims located in the Bay Johann-Beetz in the north eastern province of Québec**.** During the year, the property was impaired because no further exploration and evaluation expenditures in the area are planned or budgeted. Furthermore, the claims were not renewed subsequent to year end.

Property Bouchard

The property consists of 64 mining claims and is located 50 km south-east of the Chibougamau-Chapais airport near the town of Chibougamau, Quebec.

8. *EQUIPMENT*

	Exploration		
	Equipment	Rolling stock	Total
	$	$	$
Gross carrying amount			
Balance at September 30, 2012	-	-	-
Additions	500	1,100	1,600
Balance at September 30, 2013	500	1,100	1,600
Accumulated depreciation			
Balance at September 30, 2012	-	-	-
Depreciation	50	165	215
Balance at September 30, 2013	50	165	215
Carrying amount at September 30, 2013	450	935	1,385

All depreciation charges are included within exploration and evaluation expenses in the statements of comprehensive loss.

9. *EQUITY*

Share capital

The share capital of the Company consists only of fully paid ordinary shares and an unlimited number of shares without par value. All shares are equally eligible to receive dividends and the repayment of capital, and represent one vote each at the shareholders' meeting of the Company.

Year ended September 30, 2013

No financing was completed during the year.

Year ended September 30, 2012

a) On October 19, 2011, the Company issued 3,700,000 common shares at a price of $0.10 per share for total proceeds of $370,000.

b) On December 30, 2011, the Company issued 2,829,000 flow-through common shares at a price of $0.15 per share for total proceeds of $424,350. A commission equal to 8% of the gross proceeds raised in the private placement was paid and 226,320 options were granted to the brokers. Each option to purchase shares allows its holder to purchase one share at a price of $0.15 per share until December 30, 2013. An amount of $9,732 representing the fair value was recorded as an increase to contributed surplus. An amount of $141,450 related to the portion of liability was recorded in other liabilities in the statement of financial position.

c) On March 14, 2012, the Company issued 3,575,000 flow-through common shares at a price of $0.10 per share for total proceeds of $357,500. A commission of $9,000 was paid to the brokers. No value was recorded in other liabilities.

10. *SHARE-BASED PAYMENTS*

The Company has adopted a share-based payments plan under which members of the Board of Directors may award options for common shares to directors, officers, employees, consultants and individuals providing investors relations services to the Company. The maximum number of shares issuable under the plan represents 10 % of the issued and outstanding capital stock of the Company. The exercise price of each option is equal to the market value of the common share on the attribution date. The options are vested at the date of the grant for a term of 10 years except for the options granted to brokers which have a term of 2 years. Amongst the outstanding options, none are subject to an escrow agreement.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options.

September 30, 2013 and 2012 (in Canadian dollars)

10. *SHARE-BASED PAYMENTS (Continued)*

The Company's share options are as follows for the reporting periods presented:

	September 30, 2013		September 30,2012	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Outstanding at beginning of year	976,320	0.11	-	-
Granted	-	-	976,320	0.11
Outstanding at end of year	976,320	0.11	976,320	0.11

The table below summarizes the information related to share options as at September 30, 2013:

		Outstanding options			Exercisable options	
	Exercise Price	Number of options	Weighted average exercise price	Remaining contractual life (years)	Number of options	Weighted average exercise price
	$		$			$
Broker	0.15	226,320	0.15	0.25	226,320	0.15
Directors	0.10	750,000	0.10	8.38	750,000	0.10

The weighted fair values of the granted options of $0.08 in 2012 for a total of $67,500 in 2012 to directors and $9,732 in 2012 to the broker was determined using the Black-Scholes option pricing model and based on the following weighted average assumptions:

September 30, 2013 and 2012 (in Canadian dollars)

10. *SHARE-BASED PAYMENTS (Continued)*

	Options to directors 2012	Options to the broker 2012
Average share price at date of grant	$0.10	$0.10
Dividend yield	-	-
Expected weighted volatility	100%	100%
Risk-free average interest rate	2.02%	0.95%
Expected average life	10 years	2 years
Average exercise price at date of grant	$0.10	$0.15

The underlying expected volatility was determined by reference to historical data of the shares of comparable mining exploration companies listed on the TSX Venture Exchange over the expected average life of the options. No special features inherent to the options granted were incorporated into measurement of fair value.

In total, an amount of $67,500 in 2012 of the share-based payment to directors and $9,732 in 2012 of the share-based payment to the broker (all of which related to equity-settled share-based payment transactions) were included in the comprehensive loss and the deficit for the reporting period ended September 30, 2012 and credited to contributed surplus.

11. *FINANCIAL ASSETS AND LIABILITIES*

Categories of financial assets and liabilities

The carrying amounts and fair values of financial instruments presented in the statement of financial position are as follows :

	September 30, 2013		September 30, 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Financial assets				
Loans and receivables				
Cash	156,104	156,104	867,930	867,930
Financial liabilities				
Financial liabilities measured at amortized cost				
Trade and other payables	122,492	122,492	30,426	30,426

September 30, 2013 and 2012 (in Canadian dollars)

11. *FINANCIAL ASSETS AND LIABILITIES (Continued)*

The carrying value of cash and trade and other payables are considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

See Note 4.3 for a description of the accounting policies for each category of financial instruments. The Company's financial instruments risks are detailed in Note 17.

12. *LOSS PER SHARE*

In calculating the diluted loss per share, dilutive potential common shares such as share options and warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be antidilutive. Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 9 and 10.

Both the basic and diluted loss per share have been calculated using the net loss as the numerator, i.e. no adjustment to the net loss was necessary in 2013 and 2012.

	September 30, 2013	September 30, 2012
Net loss and total comprehensive loss	(408,157)	(197,513)
Weighted average number of common shares	13,104,000	10,614,697
Basic and diluted loss per common share	(0.031)	(0.019)

There have been no other transactions involving common shares between the reporting date and the date of authorization of these financial statements.

September 30, 2013 and 2012 (in Canadian dollars)

13. *INCOME TAXES*

The effective income tax rate of the Company differs from the combined federal and provincial income tax rate in Canada. This difference results from the following items:

	2013	2012
	$	$
Loss before income taxes	(541,322)	(205,798)
Tax expense at combined statutory rates of 26.9% in 2013 and 27.28% in 2012	(145,616)	(56,142)
Increase (decrease) in taxes resulting from :		
Difference between current and deferred tax rates	-	526
Temporary differences not recorded	14,131	30,343
Tax impact of flow-through shares	131,295	6,860
Reversal of other liabilities of flow-through shares	(133,165)	(8,285)
Stock-based payments	-	18,413
Other and non-deductible elements	190	-
	(133,165)	(8,285)

The effective tax rate in 2013 was lower than the effective tax rate in 2012 because of a change in the federal tax rate that came into effect on January 1st, 2013.

	2013	2012
	$	$
Composition of deferred income taxes in the comprehensive loss		
Inception and reversal of temporary differences	(145,426)	(37,729)
Difference between current and deferred tax rates	-	526
Tax impact of flow-through shares	131,295	6,860
Reversal of other liabilities of flow-through shares	(133,165)	(8,285)
Temporary differences not recorded	14,131	30,343
	(133,165)	(8,285)

September 30, 2013 and 2012 (in Canadian dollars)

13. *INCOME TAXES (Continued)*

Deferred tax assets and liabilities and variation of recognized amounts during the year

The following differences between the carrying amounts and tax bases from timing differences, unused tax losses and unused tax credits give rise to the following recognized and unrecognized deferred taxes, and the following unrecognized timing differences, unused tax losses and unused tax credits:

	Balance as at September 30, 2012	Recognized in profit or loss	Balance as at September 30, 2013
	$	$	$
Exploration and evaluation assets	650	(28,801)	(28,151)
Tax credits receivable	(743)	(535)	(1,278)
Non-capital losses	93	29,336	29,429
	-	-	-
Reversal of other liabilities of flow-through shares	-	133,165	-
Variation of deferred income taxes according to the statement of comprehensive loss	-	133,165	-

As at September 30, 2013, the Company has the following deductible timing differences for which no deferred tax asset has been recorded.

	Federal	Quebec
	$	$
Deductible timing differences		
Intangible assets	2,138	2,138
Property and equipment	890	890
Issuance cost of shares	78,587	78,587
Non-capital losses	206,106	225,523
	287,721	307,138

September 30, 2013 and 2012 (in Canadian dollars)

13. *INCOME TAXES (Continued)*

Deferred tax assets and liabilities and variation of recognized amounts during the year (Continued)

As at September 30, 2013, the non-capital losses for which no deferred tax asset has been recorded expire as follows:

	Federal	Quebec
	$	$
2032	19,286	39,133
2033	186,820	186,390
	206,106	225,523

The Company has investment tax credits of $987 ($987 in 2012) that have not been recorded. These credits are available to reduce federal income taxes and expire as of 2032.

The following differences between the carrying amounts and tax bases from timing differences, unused tax losses and unused tax credits give rise to the following recognized and unrecognized deferred taxes, and the following unrecognized timing differences, unused tax losses and unused tax credits:

	Balance as at September 30, 2011	Recognized in profit or loss	Balance as at September 30, 2012
	$	$	$
Exploration and evaluation assets	-	650	650
Tax credits receivable	-	(743)	(743)
Non-capital losses	-	93	93
	-	-	-
Reversal of other liabilities of flow-through shares	-	8,285	-
Variation of deferred income taxes according to the statement of comprehensive loss	-	8,285	-

September 30, 2013 and 2012 (in Canadian dollars)

13. *INCOME TAXES (Continued)*

Deferred tax assets and liabilities and variation of recognized amounts during the year (Continued)

As at September 30, 2012, the Company has the following deductible timing differences for which no deferred tax asset has been recorded.

	Federal	Quebec
	$	$
Deductible timing differences		
Intangible assets	1,875	1,875
Issuance cost of shares	104,783	104,783
Non-capital losses	137,169	137,066
	243,827	243,724

14. *ADDITIONAL INFORMATION – CASH FLOWS*

	2013	2012
	$	$
Non-cash investing and financing activities:		
Tax credits receivable in reduction of exploration and evaluation assets	11,301	7,023
Value of options granted to brokers accounted for in the deficit and contributed surplus	-	9,732

15. *RELATED PARTY TRANSACTIONS*

The Company's related parties include its key officers and the companies of the key officers such as described below.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

September 30, 2013 and 2012 (in Canadian dollars)

15. *RELATED PARTY TRANSACTIONS (Continued)*

15.1 Transactions with key officers

The Company's key officers are the members of the Board of Directors. Key officers remuneration includes the following expenses:

	2013	2012
	$	$
Share-based payments (Net loss)	-	67,500
Fees	45,500	-
Rental expenses	9,000	-

As at September 30, 2013, trade and other payables include an amount payable to the officers of $28,546 ($nil in 2012).

Key officers also subscribed shares for a total amount of $345,850 in 2012 when financings were completed which was recorded in equity.

15.2 Transactions with a company controlled by the president

The Company incurred the following expenses with a company controlled by the president:

	2013	2012
	$	$
Exploration and evaluation expenses	39,845	19,816
Exploration and evaluation assets	162,656	-

As at September 30, 2013 and 2012, trade and other payables include an amount payable to a company controlled by the President, respectively of $75,779 and $19,816.

September 30, 2013 and 2012 (in Canadian dollars)

16. *CAPITAL MANAGEMENT POLICIES AND PROCEDURES*

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern, to increase the value of the assets of the business, and to provide an adequate return to owners of the Company.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means.

The Company monitors capital on the basis of the carrying amount of equity.

The Company is not exposed to any externally imposed capital requirements except when the Company issues flow-through shares for which an amount should be used for exploration work. See all the details in Notes 9 and 18.

The Company finances its exploration and evaluation activities principally by raising additional capital either through private placements or public offerings.

When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its activities or may slow its activities until conditions improve.

17. *FINANCIAL INSTRUMENT RISKS*

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 11. The main types of risks the Company is exposed to are credit risk and liquidity risk.

The most significant financial risks to which the Company is exposed are described below.

17.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

As at September 30, 2013 and 2012, the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date, as summarized below:

	September 30	
	2013	2012
	$	$
Cash	156,104	867,930

17. *FINANCIAL INSTRUMENT RISKS (Continued)*

17.1 Credit risk (Continued)

The Company has no trade accounts. The exposure to credit risk for the Company's receivables is considered immaterial. The Company continuously monitors defaults of counterparties. No impairment loss has been recognized in the periods presented.

The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. There are no past due assets not impaired in the periods presented.

None of the Company's financial assets are secured by collateral or other credit enhancements.

The credit risk for cash is considered negligible, since the counterparty is a reputable bank with high quality external credit ratings.

17.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

Over the past period, the Company has financed its exploration and evaluation programs, its working capital requirements through private and flow-through financings.

The following table presents contractual maturities (including interest payments where applicable) of the Company's liabilities:

	2013	2012
Within three months	$	$
Trade and other payables	122,492	30,426
Total	122,492	30,426

18. *CONTINGENCIES AND COMMITMENTS*

The Company is partially financed through the issuance of flow-through shares and, according to tax rules regarding this type of financing, the Company is engaged in realizing mining exploration work.

These tax rules also set deadlines for carrying out the exploration work, which must be performed no later than the earlier of the following dates:

- Two years following the flow-through placements;
- One year after the Company has renounced the tax deductions relating to the exploration work.

However, there is no guarantee that the Company's exploration expenses will qualify as Canadian exploration expenses, even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors.

During the previous year, the Company received $781,850 following flow-through placements for which the Company renounced tax deductions.

The Company has renounced tax deductions of $424,350 as at December 31, 2011 and $357,500 as at December 31, 2012 to the investors and management is required to fulfil its commitments within the stipulated deadline of one year from these dates.

As at September 30, 2013, the Company must spend $233,933 in qualifying exploration expenses.

19. *POST REPORTING DATE EVENTS*

1. On September 16, 2013, the Company entered into an agreement with Fancamp Exploration Ltd. and Champion Iron Mines Ltd. to purchase 29 mining claims located in the Fermont District known as the Lamelee Lake property. The consideration for this acquisition is that the Company agreed to :

   a) Deliver to Fancamp Exploration Ltd. 43,000,000 common shares;

   b) Deliver to Champion Iron Mines Ltd. 2,000,000 common shares;

   c) The assignment and transfer of a covenant from Fancamp Exploration Ltd. of a 1.5% net smelter royalty payable to a third party, of which 0.5% may be repurchased for an amount of $1,500,000.

   d) A 1.5% net smelter royalty payable to Fancamp Exploration Ltd. of which 0.5% may be repurchased for an amount of $1,500,000.

   At the date of this report, this transaction is still subject to regulatory approvals and other conditions that need to be respected. Once the transaction is closed and approved, the acquisition of the mining claims will be treated as an asset acquisition, as these mining claims do not have the mineral reserves and other inputs, nor any significant processes that would enable it of producing outputs and consequently be considered a business as defined in IFRS 3.

2. On October 30, 2013, the Company closed a private placement by issuing 3,075,000 units at a price of $0.10 per unit for gross proceeds of $307,500. Each unit is comprised of one common share and one half of one share purchase warrant. Each full warrant entitles the holder to subscribe to one common share at a price of $0.15 per share until October 2016. Key officers subscribed shares for a total amount of $40,000. No value was recorded to the warrants.