Rheingold Exploration Corp.
(An Exploration Stage Company)

Financial Statements
(Expressed in Canadian Dollars)
31 January 2014

JAMES STAFFORD

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Rheingold Exploration Corp.

We have audited the accompanying financial statements of Rheingold Exploration Corp. which comprise the statements of financial position as at 31 January 2014 and 2013, and the statements of loss and comprehensive loss, cash flows and changes in equity for the years then ended, 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, 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 Rheingold Exploration Corp. as at 31 January 2014 and 2013 and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Rheingold Exploration Corp. to continue as a going concern.

James Stafford

Chartered Accountants

Vancouver, Canada
29 May 2014

Rheingold Exploration Corp.
Statements of Financial Position
(Expressed in Canadian Dollars)

	As at 31 January 2014 $	As at 31 January 2013 $
Assets		
Current		
Cash and cash equivalents	187,647	351,182
Amounts receivable (Note 5)	25,862	21,574
Prepaid expenses and advances (Notes 6 and 10)	3,139	5,340
	216,648	378,096
Exploration and evaluation properties (Note 7)	187,014	178,534
	403,662	556,630
Liabilities		
Current		
Trade payables and accrued liabilities (Note 8)	23,990	22,962
Equity		
Share capital (Note 9)	772,103	766,103
Reserves (Note 9)	90,290	90,290
Contributed surplus (Note 9)	3,160	3,160
Deficit	(485,881)	(325,885)
	379,672	533,668
	403,662	556,630

Nature and Continuance of Operations (Note 1), **Commitment** (Note 14) and **Subsequent Events** (Note 15)

Approved and Authorized by the Board 29 May 2014:

"Paul Pedersen" Director *"Richard Robins"* Director

Rheingold Exploration Corp.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	For the year ended 31 January 2014 $	For the year ended 31 January 2013 $
Expenses		
Bank charges and interest	116	112
Filing fees	27,185	6,584
Investor relations	-	11,963
Management fees (Note 10)	60,000	17,000
Meals and entertainment	-	2,038
Office and miscellaneous	10,469	13,979
Professional fees	40,804	96,882
Salaries and benefits (Note 10)	-	26,705
Share-based payments (Notes 9 and 10)	-	52,611
Travel	3,422	10,842
Net loss before other item	(141,996)	(238,716)
Other item		
Write-down of exploration and evaluation property (Note 7)	(18,000)	(5,292)
Net loss and comprehensive loss for the year	(159,996)	(244,008)
Loss and comprehensive loss per share, basic and diluted	(0.01)	(0.03)
Weighted average number of common shares outstanding	11,274,205	8,752,551

Rheingold Exploration Corp.

Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the year ended 31 January 2014 $	For the year ended 31 January 2013 $
Cash flows used in operating activities		
Net loss for the year	(159,996)	(244,008)
Share-based payments	-	52,611
Write-down of exploration and evaluation property	18,000	5,292
Changes in operating assets and liabilities		
Increase in amounts receivable	(4,288)	(19,472)
Decrease (increase) in prepaid expenses and advances	2,201	(5,340)
Increase in trade payables and accrued liabilities	1,028	17,257
	(143,055)	(193,660)
Cash flows used in investing activities		
Exploration and evaluation properties	(20,480)	(21,377)
Cash flows from financing activities		
Shares issued for cash	-	502,500
Share issuance costs	-	(129,781)
Cash contributed by related party	-	3,160
	-	375,879
Increase (decrease) in cash and cash equivalents	(163,535)	160,842
Cash and cash equivalents, beginning of year	351,182	190,340
Cash and cash equivalents, end of year	187,647	351,182

Supplemental Disclosures with Respect to Cash Flows (Note 12)

Rheingold Exploration Corp.

Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Common Shares	Share Capital $	Stock Option Reserve $	Warrant Reserve $	Contributed Surplus $	Deficit $	Total Equity $
Balance at 29 July 2010 (inception)	-	-	-	-	-	-	-
Common shares issued on incorporation ($0.001 per share) (Note 9)	10	-	-	-	-	-	-
Common shares issued for cash ($0.001 per share) (Note 9)	1,650,000	1,650	-	-	-	-	1,650
Net loss for the period	-	-	-	-	-	(149)	(149)
Balance at 31 January 2011	1,650,010	1,650	-	-	-	(149)	1,501
Common shares issued for cash ($0.05 per share) (Note 9)	2,840,000	142,000	-	-	-	-	142,000
Common shares issued for cash ($0.08 per share) (Note 9)	3,156,250	252,500	-	-	-	-	252,500
Common shares issued for exploration and evaluation properties ($0.05 per share) (Notes 7, 9 and 12)	200,000	10,000	-	-	-	-	10,000
Share-based payments	-	-	20,913	-	-	-	20,913
Net loss for the year	-	-	-	-	-	(81,728)	(81,728)
Balance at 31 January 2012	7,846,260	406,150	20,913	-	-	(81,877)	345,186
Common shares issued for cash ($0.15 per share) (Note 9)	3,350,000	502,500	-	-	-	-	502,500
Common shares issued for exploration and evaluation properties ($0.08 per share) (Notes 7, 9 and 12)	50,000	4,000	-	-	-	-	4,000
Contributions to capital by related party (Notes 9 and 10)	-	-	-	-	3,160	-	3,160
Share issuance costs (Note 9):							
- Cash	-	(129,781)	-	-	-	-	(129,781)
- Warrants		(16,766)	-	16,766			-
Share-based payments (Notes 9 and 10)	-	-	52,611	-	-	-	52,611
Net loss for the year	-	-	-	-	-	(244,008)	(244,008)
Balance at 31 January 2013	11,246,260	766,103	73,524	16,766	3,160	(325,885)	533,668
Common shares issued for exploration and evaluation properties ($0.12 per share) (Notes 7, 9 and 12)	50,000	6,000	-	-	-	-	6,000
Net loss for the year	-	-	-	-	-	(159,996)	(159,996)
Balance at 31 January 2014	**11,296,260**	**772,103**	**73,524**	**16,766**	**3,160**	**(485,881)**	**379,672**

1. Nature and Continuance of Operations

Rheingold Exploration Corp. (the "Company") was incorporated under the laws of the province of British Columbia on 29 July 2010.

The Company is a mining exploration company that is exploring for gold and other precious metals in the Rainy River district of northwestern Ontario. The Company's current objective is to maximize shareholder value by exploring and developing its Pattullo mineral project in a cost effective and technically sound manner.

The Company's registered and records office is 600 - 1090 West Georgia Street, Vancouver, BC, V6E 3V7.

The Company's financial statements for the years ended 31 January 2014 and 31 January 2013 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The continuing operations of the Company are dependent upon the Company being able to satisfy its liabilities as they become due and to obtain the necessary financing to acquire, explore and develop its mineral property interests, the attainment of profitable mining operations or the receipt of proceeds from the disposition thereof. The Company had a net loss of $159,996 for the year ended 31 January 2014 (2013 - $244,008) and had working capital of $192,658 as at 31 January 2014 (2013 - $355,134).

The Company had cash and cash equivalents of $187,647 at as 31 January 2014 (2013 - $351,182) but management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. If the Company is unable to raise additional capital in the future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

2. Basis of preparation

The financial statements of the Company were approved and authorized for issue by the Audit Committee of the Board of Directors on 29 May 2014.

Basis of presentation

The Company's financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in Note 4, and are presented in Canadian dollars except where otherwise indicated.

Statement of compliance

The financial statements of the Company, including comparative, have been prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards (“IFRS”) and International Accounting Standards (“IAS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Changes in accounting policies

A number of standards and amendments were issued effective for accounting periods beginning on or after 1 January 2013. Many of these updates are not applicable to the Company. As of 1 February 2013, the Company adopted the following IFRS standards and amendments:

IFRS 13 ‘*Fair Value Measurement’* is a new standard effective for annual periods beginning on or after 1 January 2013 that replaces fair value measurement guidance in other IFRSs.

IAS 1 (Amendment) ‘*Presentation of Financial Statements*’ includes amendments regarding presentation of items of other comprehensive income and clarification of the requirements for comparative information, respectively.

IAS 19 (Amendment), *“Employee Benefits”*, revises recognition and measurement of post-employment benefits.

The adoption of the above standards did not have a significant impact on the Company’s financial statements.

Accounting standards issued but not yet effective

At the date of authorization of these financial statements, the IASB and IFRIC have issued the following new and revised standards, amendments and interpretations which are not yet effective during the year ended 31 January 2014.

IFRS 9 ‘*Financial Instruments: Classification and Measurement’* is a new financial instruments standard effective for annual periods beginning on or after 1 January 2015 that replaces IAS 39 and IFRIC 9 for classification and measurement of financial assets and financial liabilities.

IAS 32 (Amendment) *‘Financial Instruments: Presentation’* is effective for annual periods beginning on or after 1 January 2014 and revises certain aspects of the requirements on offsetting.

The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

3. Summary of Significant Accounting Policies

Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and share-based payments, the recoverability and measurement of deferred tax assets and liabilities, and ability to continue as a going concern. Actual results may differ from those estimates and judgments.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and may also include short term money market instruments from time to time with an original maturity of three months or less, which are readily convertible into a known amount of cash.

Exploration and evaluation properties

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Option payments received are treated as a reduction of the carrying value of the related exploration and evaluation properties and deferred costs until the receipts are in excess of costs incurred, at which time they are credited to income. Option payments are at the discretion of the optionee, and accordingly, are recorded on a cash basis.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Decommissioning, restoration and similar liabilities

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties and retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future cost estimates arising from the decommissioning of plant, site restoration work and other similar retirement activities is added to the carrying amount of the related asset, and depreciated on the same basis as the related asset, along with a corresponding increase in the provision in the period incurred. Discount rates using a pre-tax rate that reflect the current market assessments of the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the provision.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period. The net present value of reclamation costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of reclamation projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation properties.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the stock option reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

Taxation

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the reporting date.

Financial Assets

Financial assets are classified as financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity, loans and receivables, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognized initially at fair value. The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at FVTPL

Financial assets are classified as held for trading and are included in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives, other than those designated as effective hedging instruments, are also categorized as held for trading. These assets are carried at fair value with gains or losses recognized in profit or loss. Transaction costs associated with financial assets at FVTPL are expensed as incurred. Cash and cash equivalents are included in this category of financial assets.

Held-to-maturity and loans and receivables

Held-to-maturity and loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in profit or loss when the financial asset classified in this category are derecognized or impaired, as well as through the amortization process. Transaction costs are included in the initial carrying amount of the asset.

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are not classified as loans and receivables. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognized within other comprehensive income. Accumulated changes in fair value are recorded as a separate component of equity until the investment is derecognized or impaired. Transaction costs are included in the initial carrying amount of the asset.

The fair value is determined by reference to bid prices at the close of business on the reporting date. Where there is no active market, fair value is determined using valuation techniques. Where fair value cannot be reliably measured, assets are carried at cost.

Derivatives designated as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

Financial Liabilities

Financial liabilities are classified as financial liabilities at FVTPL, derivatives designated as hedging instruments in an effective hedge, or as financial liabilities measured at amortized cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification, as follows:

Financial liabilities at FVTPL

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated by management on initial recognition. Transaction costs on financial liabilities at FVTPL are expensed as incurred. These liabilities are carried at fair value with gains or losses recognized in profit or loss.

Financial liabilities measured at amortized cost

All other financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest, other revenues and finance costs. Trade payables are included in this category of financial liabilities.

Derivatives designated as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

Impairment of financial assets

Financial assets, other than financial assets at FVTPL, are assessed for indicators of impairment at each period end.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost have been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognized in profit or loss.

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

Available-for-sale

If an available-for-sale financial asset is impaired, the cumulative loss previously recognized in equity is transferred to profit or loss. Any subsequent recovery in the fair value of the asset is recognized within other comprehensive income.

Derecognition of financial assets and liabilities

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Impairment of non-financial assets

The carrying amount of the Company's assets is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(Expressed in Canadian Dollars)

4. Financial Instruments and Risk Management

Fair values

As at 31 January 2014, the Company's carrying values of cash and cash equivalents and trade payables approximate their fair values due to their short term maturity.

	Fair value hierarchy	FVTPL, at fair value	Other liabilities, at amortized cost
As at 31 January 2014			
Cash and cash equivalents	Level 1	187,647	-
Trade payables	N/A	-	5,511
As at 31 January 2013			
Cash and cash equivalents	Level 1	351,182	-
Trade payables	N/A	-	8,483

Disclosure of a three-level hierarchy for fair value measurements based upon transparency of inputs to the valuation of financial instruments carried on the statement of financial position at fair values is as follows:

Level 1: inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability.

Level 3: inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Credit risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and amounts receivable. The Company manages its credit risk relating to cash and cash equivalents by dealing only with high-related financial institutions as determined by rating agencies. As at 31 January 2014, amounts receivable of $25,862 are comprised of Goods and Services Tax/Harmonized Sales Tax ("GST/HST") receivable (2013 - $21,574). As a result, credit risk is considered insignificant.

Liquidity risk

The Company manages liquidity risk by maintaining an adequate level of cash and cash equivalents to meet its ongoing obligations. The Company has been successful in raising equity financing in the past; however, there is no assurance that it will be able to do so in the future. As at 31 January 2014, the Company had working capital of $192,658 (2013 - $355,134). Liquidity risk is considered insignificant.

(Expressed in Canadian Dollars)

Other risks

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant currency risk, interest rate risk and commodity price risk arising from financial instruments.

5. Amounts Receivable

The Company's amounts receivable arise from GST/HST receivable due from the government taxation authorities. This amount is non-interest bearing, unsecured and have settlement dates within one year.

6. Prepaid Expenses and Advances

The Company's prepaid expenses and advances are as follows:

	As at 31 January 2014 $	As at 31 January 2013 $
Prepaid insurance	-	1,834
Prepaid administration expenses	-	341
Advances to related parties (Note 10)	3,139	3,165
	3,139	5,340

7. Exploration and Evaluation Properties

Pattullo Property

On 17 June 2011, the Company entered into an option agreement to acquire a one hundred percent (100%) undivided interest in 4 unpatented mining claims located in the Pattullo and Tait townships of the Province of Ontario, Canada (the "Pattullo Property"). The Company acquired its option in the Pattullo Property through an Option Agreement with Perry Vern English, acting on behalf of Rubicon Minerals Corporation, ("Rubicon"), dated 13 June 2011, effective 17 June 2011 (the "Pattullo Agreement"). In connection with the Pattullo Agreement, the Company issued 50,000 common shares valued at $2,500 ($0.05 per common share) to an unrelated third party as a finder's fee (Notes 9 and 12). Pursuant to the Pattullo Agreement, the Company agreed to, (a) over a four year period, make cash payments to Perry Vern English for his subsequent delivery to Rubicon in the aggregate amount of $105,000; and (b) over a two year period, issue Rubicon 150,000 common shares of the Company, as follows:

(Expressed in Canadian Dollars)

a) Pay $15,000 in cash upon signing the agreement (paid);
b) Issue 50,000 common shares of the Company by 23 June 2011 (issued and valued at $2,500) (Notes 9 and 12);
c) Pay $15,000 in cash on 17 June 2012 (paid);
d) Issue 50,000 common shares of the Company on 23 June 2012 (issued and valued at $4,000) (Notes 9 and 12);
e) Pay $20,000 in cash on 12 June 2013 (paid) (Note 15);
f) Issue 50,000 common shares of the Company on 12 July 2013 (issued and valued at $6,000) (Notes 9 and 12);
g) Pay $25,000 in cash on 17 June 2014 (Note 14); and
h) Pay $30,000 in cash on 17 June 2015 (Note 14).

The Company has granted a 2% net smelter royalty to Rubicon, 1% of which can be purchased back by the Company for $1,000,000.

Expenditures related to Pattullo Property can be summarized as follows:

	For the year ended 31 January 2014 $	For the year ended 31 January 2013 $	Cumulative amounts from the date of incorporation on 29 July 2010 to 31 January 2014 $
Exploration and evaluation expenditures			
Consulting fees	480	-	15,662
Geological	-	-	27,252
Geophysical	-	-	79,100
	480	-	122,014
Acquisition costs	26,000	19,000	65,000
	26,480	19,000	187,014

Millen Mountain Property

The Company currently holds a 100% interest in exploration rights to approximately 3,222 hectares of land located approximately 20 km east of Stewiacke, Nova Scotia (the “Millen Mountain Property”). The Company staked these claims through the Nova Scotia Department of Natural Resources during June of 2011 at a cost of $1,342. In connection with the staking of the Millen Mountain Property, the Company issued 100,000 common shares valued at $5,000 ($0.05 per common share) to a director of the Company as a finder’s fee (Notes 9, 10 and 12).

(Expressed in Canadian Dollars)

Expenditures related to Millen Mountain Property can be summarized as follows:

	For the year ended 31 January 2014 $	For the year ended 31 January 2013 $	Cumulative amounts from the date of incorporation on 29 July 2010 to 31 January 2014 $
Exploration expenditures			
Consulting fees (Note 10)	-	4,550	15,123
Acquisition costs	-	1,827	8,169
	-	6,377	23,292

During the year ended 31 January 2014, the Company recorded a write-down in the amount of $18,000 (2013 - $5,292) in relation to the Millen Mountain Property (Note 12).

Total costs included in exploration and evaluation properties related to Millen Mountain Property is $Nil (2013 - $18,000) as at 31 January 2014.

8. Trade Payables and Accrued Liabilities

Trade payables and accrued liabilities are non-interest bearing, unsecured and have settlement dates within one year.

The Company's trade payables and accrued liabilities are as follows:

	As at 31 January 2014 $	As at 31 January 2013 $
Trades payable	5,511	8,483
Accrued liabilities	13,000	9,000
Payroll liabilities	5,479	5,479
	23,990	22,962

(Expressed in Canadian Dollars)

9. Share Capital

Authorized

The total authorized capital is unlimited common shares with no par value.

Issued and Outstanding

As of 31 January 2014, the total issued and outstanding share capital consists of 11,296,260 (2013 - 11,246,260) common shares with no par value.

As of 31 January 2014, 2,902,026 (2013 – 4,353,040) shares were held in escrow. The shares held in escrow are to be released according to the following schedule:

Date	Number of shares held (Note 15)
30 April 2014	725,507
31 October 2014	725,506
30 April 2015	725,507
31 October 2015	725,506
Total	**2,902,026**

On 12 July 2013, the Company issued 50,000 common shares of the Company at $0.12 per common share for a total value of $6,000 related to the Pattullo Property (Notes 7 and 12).

On 31 October 2012, the Company completed an initial public offering (the "Offering") to issue 3,350,000 common shares at $0.15 per share for gross proceeds of $502,500. Under the terms of an agency agreement, the Company paid the agent a commission of 8% of the aggregate gross proceeds pursuant to the Offering, a corporate finance fee of $30,000 in cash and paid additional share issuance costs of $59,581 in relation to the Offering. The Company also issued share purchase warrants equal to 8% of the number of shares sold pursuant to the Offering, exercisable at a price of $0.15 per warrant for a period of 24 months from the date of issuance.

On 18 June 2012, the Company issued 50,000 common shares of the Company at $0.08 per common share for a total value of $4,000 related to the Pattullo Property (Notes 7 and 12).

On 11 November 2011, the Company issued 50,000 common shares of the Company at $0.05 per common share for a total value of $2,500 related to the Pattullo Property (Notes 7 and 12).

On 31 October 2011, the Company issued 3,156,250 common shares at a price of $0.08 per common share, for total cash proceeds of $252,500.

On 5 July 2011, the Company issued 2,840,000 common shares at a price of $0.05 per common share for total cash proceeds of $142,000.

On 27 June 2011, the Company issued 50,000 common shares of the Company at $0.05 per common share for a total value of $2,500 as finder's fee related to the Pattullo Property (Notes 7 and 12).

On 14 June 2011, the Company issued 100,000 common shares of the Company at $0.05 per common share for a total value of $5,000 to a director of the Company as finder's fee related to the Millen Mountain Property (Notes 7 and 10).

On 11 January 2011, the Company issued 1,650,000 common shares of the Company at a price of $0.001 per common share for total cash proceeds of $1,650.

On 29 July 2010, the Company issued 10 common shares of the Company at a price of $0.001 to the Chief Executive Officer of the Company related to the incorporation of the Company.

Contributed surplus

During the year ended 31 January 2014, an officer and director of the Company made a general contribution to capital to the Company in the amount of $Nil (2013 - $3,160). This has been recorded as an increase in contributed surplus (Note 10).

Stock options

The Company has adopted a stock option plan (the "Plan") which provides eligible directors, officers, employees and consultants of the Company with the opportunity to acquire an ownership interest in the Company and is the basis for the Company's long term incentive scheme. The Plan is administered by the Board, or if appointed, by a special committee of directors appointed from time to time by the Board. The maximum number of common shares issuable under the Plan shall not exceed 10% of the number of common shares of the Company issued and outstanding as of each award date, inclusive of all common shares reserved for issuance pursuant to previously granted stock options. The exercise price of options granted under the Plan will not be less than the closing market price of the Company's common shares on the exchange. The options have a maximum term of ten years from date of issue, and a maximum term of five years from the date of issue for so long as the Company is a Tier 2 issuer on the TSX Venture Exchange.

(Expressed in Canadian Dollars)

The following is a summary of the changes in the Company's stock option plan for the years ended 31 January 2014 and 2013:

	Year ended 31 January 2014		Year ended 31 January 2013	
	Number of options	**Weighted average exercise price $**	**Number of options**	**Weighted average exercise price $**
Outstanding, beginning of year	781,200	0.15	781,200	0.15
Granted	-	-	-	-
Outstanding, end of year	781,200	0.15	781,200	0.15
Exercisable, end of year	781,200	0.15	781,200	0.15

The weighted average fair value of the options granted during the year ended 31 January 2014 was estimated at $Nil (2013 - $Nil) per option at the grant date using the Black-Scholes Option Pricing Model.

The following table summarizes information regarding stock options outstanding and exercisable as at 31 January 2014:

Exercise price	**Number of options outstanding**	**Weighted-average remaining contractual life (years)**	**Weighted average exercise price $**
Options outstanding			
$0.15	781,200	2.97	0.15
Total options outstanding	781,200	2.97	0.15
Options exercisable			
$0.15	781,200	2.97	0.15
Total options exercisable	781,200	2.97	0.15

As at 31 January 2014, the Company had stock options issued and outstanding as follows:

Number of stock options	**Exercise price ($)**	**Expiry**
781,200	0.15	18 January 2017

(Expressed in Canadian Dollars)

Share Purchase Warrants

The following is a summary of the changes in the Company's share purchase warrants for the years ended 31 January 2014 and 2013:

	Year ended 31 January 2014		Year ended 31 January 2013	
	Number of share purchase warrants	Weighted average exercise price $	Number of share purchase warrants	Weighted average exercise price $
Outstanding, beginning of year	268,000	0.15	-	-
Granted	-	-	268,000	0.15
Outstanding, end of year	268,000	0.15	268,000	0.15

As part of the agent commission for the Offering completed on 31 October 2012, the Company also issued share purchase warrants equal to 8% of the number of shares sold pursuant to the Offering, exercisable at a price of $0.15 per warrant for a period of 24 months from the date of issuance.

The weighted average fair value of the share purchase warrants granted during the year ended 31 January 2014 was estimated at $Nil (2013 - $0.063) per warrant at the grant date using the Black-Scholes Option Pricing Model. The weighted average assumptions used for the calculation were:

	For the year ended 31 January 2014	For the year ended 31 January 2013
Risk free interest rate	-	1.10%
Expected life	-	2.00 years
Expected volatility	-	76.33%
Expected dividend per share	-	-

As at 31 January 2014, the Company had warrants issued and outstanding as follows:

Number of warrants	Exercise Price ($)	Expiry
268,000	0.15	31 October 2014

(Expressed in Canadian Dollars)

Share-based Payments

Share-based payments for the following options granted by the Company will be amortized over the vesting period, of which $Nil was recognized in the year ended 31 January 2014 (2013 - $52,611):

Grant date	Fair value $	For the year ended 31 January 2014 $	For the year ended 31 January 2013 $
18 January 2012	73,524	-	52,611

10. Related Party Transactions

During the year ended 31 January 2014, an officer and director of the Company made a general contribution to capital to the Company in the amount of $Nil (2013 - $3,160) (Note 9).

For the year ended 31 January 2014, the Company paid $Nil (2013 - $4,985) to TBL Resource Solutions Inc., a company controlled by a director of the Company. Of this total amount, $Nil (2013 - $4,550) was related to the exploration costs for the Millen Mountain Property (Note 7) and $Nil (2013 - $435) was related to administrative expenses. As at 31 January 2014, there is $Nil (2013 - $Nil) amount payable to TBL Resource Solutions Inc.

Key management personnel compensation

The remuneration of directors and other members of key management were as follows:

	For the year ended 31 January 2014 $	For the year ended 31 January 2013 $
Short-term benefits - Management and other fees	60,000	17,000
Short-term benefits - Salaries and wages	-	25,000
Share-based payments (Note 9)	-	52,611
	60,000	94,611

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(Expressed in Canadian Dollars)

During the year ended 31 January 2012, the Company issued 100,000 common shares of the Company at $0.05 per common share for a total value of $5,000 to a director of the Company as finder's fee related to the Millen Mountain Property (Notes 7, 9 and 12).

Due from/to related parties

The assets of the Company include the following amounts due from related parties (Note 6):

	As at 31 January 2014 $	**As at 31 January 2013 $**
An officer of the Company	3,139	3,165
Total amount due from related parties	3,139	3,165

11. Income Taxes

Provision for income taxes

The provision (recovery) for income taxes differs from the amount that would have resulted by applying the combined Canadian federal and provincial statutory tax rates of 25.83% (2013 – 25.00%).

	For the year ended 31 January 2014 $	**For the year ended 31 January 2013 $**
Loss before income taxes	159,996	244,008
Expected income tax recovery	41,332	61,002
Items not deductible for income tax purposes	-	(13,407)
Change in enacted tax rates	4,236	-
Change in tax provision	35,709	-
Change in valuation allowance	(81,277)	(47,595)
Income tax recovery	-	-

(Expressed in Canadian Dollars)

Deferred tax balances

The tax effects of temporary differences that give rise to deferred income tax assets and liabilities are as follows:

	As at 31 January 2014 $	As at 31 January 2013 $
Non-capital loss carryforward	143,870	62,593
Less: valuation allowance	(143,870)	(62,593)
Deferred tax assets (liabilities)	-	-

The Company has non-capital losses for Canadian tax purposes of $141,516, $214,395, $59,846 and $149 available to offset against taxable income in future years, which, if unutilized, will expire in 2034, 2033, 2032 and 2031, respectively.

12. Supplemental Disclosures with Respect to Cash Flows

	For the year ended 31 January 2014 $	For the year ended 31 January 2013 $
Cash paid during the year for interest	-	-
Cash paid during the year for income taxes	-	-

On 12 July 2013, the Company issued 50,000 common shares of the Company at $0.12 per common share for a total value of $6,000 related to the Pattullo Property (Notes 7 and 9).

On 18 June 2012, the Company issued 50,000 common shares of the Company at $0.08 per common share for a total value of $4,000 related to the Pattullo Property (Notes 7 and 9).

On 11 November 2011, the Company issued 50,000 common shares of the Company at $0.05 per common share for a total value of $2,500 related to the Pattullo Property (Notes 7 and 9).

On 27 June 2011, the Company issued 50,000 common shares of the Company at $0.05 per common share for a total value of $2,500 as finder’s fee related to the Pattullo Property (Notes 7 and 9).

13. Capital Risk Management

Capital under management is considered to be the Company's shareholders' equity and any debt that it may issue. As at 31 January 2014, the Company's shareholders' equity was $379,672 (2013 - $533,668) and it had no long-term debt. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The capital for expansion was mostly from proceeds from the issuance of common shares. This strategy is unchanged from fiscal 2013.

The Company is not subject to externally imposed capital requirements.

14. Commitment

The Company has certain obligations related to its exploration and evaluation properties (Note 7).

15. Subsequent Events

There are no reportable events for the period from 31 January 2014 to the date of the financial statements were available to be issued.