APPIA ENERGY CORP.

FINANCIAL STATEMENTS

For the years ended September 30, 2013 and 2012
(Expressed in Canadian $)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements have been prepared by and are the responsibility of the management of Appia Energy Corp. (the "Company"). The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and reflect management's best estimates and judgments based on currently available information. The Company has developed and maintains a system of internal controls in order to ensure, on a reasonable and cost effective basis, the reliability of the financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibility and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The financial statements have been audited by Wasserman Ramsay, an independent firm of chartered accountants. Their report outlines the scope of their examination and opinion on the financial statements.

(*signed*) "*Tom Drivas*"
Chief Executive Officer

(signed) "Michael D'Amico"
Chief Financial Officer

November 18, 2013

Wasserman
Ramsay
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Appia Energy Corp.**:**

We have audited the accompanying financial statements of Appia Energy Corp., which comprise the statements of financial position as at September 30, 2013 and 2012,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.

Auditors' 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 auditors consider 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 opinion.

Opinion
In our opinion, these financial statements present fairly, in all material respects, the financial position of Appia Energy Corp. as at September 30, 2013 and 2012 and the results of its operations and 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 Company's ability to continue as a going concern.

Wasserman Ramsay

Markham, Ontario
November 18, 2013

Chartered Accountants
Licensed Public Accountants

Appia Energy Corp.

Statements of Financial Position

(Expressed in Cdn $)

As at	**September 30 2013 $**	September 30 2012 $
Assets		
Current		
Cash and cash equivalents (note 4)	**1,062,894**	1,758,567
Cash and cash equivalents for future exploration activities (note 4)	**-**	601,458
Accounts receivable	**8,165**	78,953
Prepaid expenses	**16,720**	19,008
Total current assets	**1,087,779**	2,457,986
Exploration and evaluation assets		
Acquisition costs (note 5)	**769,093**	725,916
Deferred exploration expenditures (note 5)	**5,395,054**	4,517,661
Total assets	**7,251,926**	7,701,563
Liabilities		
Current		
Accounts payable & accruals (note 9)	**433,488**	617,624
Total current liabilities	**433,488**	617,624
Deferred flow-through share premium liability	**-**	82,451
Deferred income tax	**556,336**	601,862
Total liabilities	**989,824**	1,301,937
Contingencies and commitments (note 12)		
Nature of operations and going concern (note 1)		
Shareholders' equity		
Share capital (note 6(a))	**7,835,123**	7,835,123
Warrants (note 6(c))	**-**	1,302
Contributed surplus (note 7)	**2,290,188**	1,964,222
Deficit	**(3,863,209)**	(3,401,021)
Total shareholders' equity	**6,262,102**	6,399,626
Total liabilities and shareholders' equity	**7,251,926**	7,701,563

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

APPROVED ON BEHALF OF THE BOARD ON "DATE"

"Signed"
Anastasios (Tom) Drivas

"Signed"
Nick Bontis

Appia Energy Corp.

Statements of Changes in Equity
(Expressed in Cdn $)

	Share Capital $	Warrants $	Contributed Surplus $	Deficit $	Total $
At September 30, 2011	7,796,775	117,091	1,000,827	(2,231,599)	6,683,094
Net loss and comprehensive loss for the period	-	-	-	(1,169,422)	(1,169,422)
Common shares issued, net	28,400	-	-	-	28,400
Flow-through shares issued, net	11,250	-	-	-	11,250
Value associated with warrants issued	(1,302)	1,302	-	-	-
Share-based compensation	-	-	846,304	-	846,304
Common share purchase warrants expired	-	(117,091)	117,091	-	-
At September 30, 2012	7,835,123	1,302	1,964,222	(3,401,021)	6,399,626
Net loss and comprehensive loss for the period	-	-	-	(462,188)	(462,188)
Flow-through warrants expired	-	(1,302)	1,302	-	-
Share-based compensation	-	-	324,664	-	324,664
At September 30, 2013	7,835,123	-	2,290,188	(3,863,209)	6,262,102

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

Appia Energy Corp.

Statements of Loss, and Comprehensive Loss

(Expressed in Cdn $)

	For the years ended September 30	
	2013	2012
	$	$
Expenses		
Professional fees (note 9)	**104,745**	188,730
Management fees and salaries (note 9)	**125,188**	82,000
Office and general (note 9)	**43,807**	30,109
Shareholder communication	**9,429**	4,878
Share-based compensation	**324,664**	846,304
Loss for the period before the following	**(607,833)**	(1,152,021)
Interest income	**17,668**	42,917
Net loss for the period	**(590,165)**	**(1,109,104)**
Deferred income tax recovery (expense)	**127,977**	(60,318)
Net loss and comprehensive loss	**(462,188)**	**(1,169,422)**
Weighted average number of shares outstanding	**41,616,078**	41,611,921
Basic and diluted loss per share	**$ (0.01)**	$ (0.03)

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

Appia Energy Corp.

Statements of Cash Flows

(Expressed in Cdn $)

	For the years ended September 30	
	2013	2012
	$	$
Operating activities		
Net loss for the period	**(462,188)**	(1,169,422)
Items not affecting cash:		
Deferred income tax recovery (expense)	**(127,977)**	60,318
Share-based compensation	**324,664**	846,304
	(265,501)	(262,800)
Net change in non-cash working capital		
Accounts receivable	**70,788**	(73,705)
Prepaid expenses	**2,288**	(12,800)
Accounts payable and accrued liabilities	**(184,136)**	317,572
Change from operating activities	**(376,561)**	(31,733)
Investing activities		
Mineral property acquisition costs	**(43,177)**	-
Deferred exploration expenditures	**(877,393)**	(1,311,002)
Change from investing activities	**(920,570)**	(1,311,002)
Financing activities		
Private placement of common shares	**-**	38,775
Share issue expense	**-**	-
Change from financing activities	**-**	38,775
Change in cash and cash equivalents	**(1,297,131)**	(1,303,960)
Cash and cash equivalents, beginning of period	**2,360,025**	3,663,985
Cash and cash equivalents, end of period	**1,062,894**	2,360,025
Cash comprises:		
Cash and cash equivalents	**1,062,894**	1,758,567
Cash and cash equivalents for future exploration activities	**-**	601,458
	1,062,894	2,360,025

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

1. Nature of operations and going concern

Appia Energy Corp. (“Appia” or "the Company") is an unlisted public reporting issuer incorporated in Canada, has interests in resource properties and is in the process of determining whether its properties contain resources that are economically recoverable. The registered office and location of corporate records is Suite 1220, 20 Toronto Street, Toronto, Ontario.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at September 30, 2013 the Company had no sources of operating cash flows. The Company will therefore require additional funding which, if not raised, would result in the curtailment of activities and project delays. The Company had working capital of $654,291 as at September 30, 2013, and has incurred losses since inception, resulting in an accumulated deficit of $3,863,209as at September 30, 2013. The Company’s ability to continue as a going concern is uncertain and is dependent upon its ability to continue to raise adequate financing. There can be no assurance that the Company will be successful in this regard, and therefore, there is doubt regarding the Company’s ability to continue as a going concern and the use of accounting principles applicable to a going concern. These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern assumption is not appropriate for these financial statements, then adjustments to the carrying values of the assets and liabilities, the expenses and the balance sheet classifications, which could be material, would be necessary.

The recoverability of expenditures on its resource properties and related deferred exploration expenditures is dependent upon the existence of resources that are economically recoverable, confirmation of the Company's ownership interests in the claims, the ability of the Company to obtain necessary financing to complete the exploration and the development of the properties, and upon future profitable production or proceeds from the disposition of the properties.

2. Basis of preparation and statement of compliance

The financial statements of the Company as at and for the year ended September 30, 2013 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) in effect as of September 30, 2013.

3. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements

Presentation Currency

The Company's presentation currency and functional currency is the Canadian dollar ("$").

Significant Accounting Judgments and Estimates

The preparation of financial statements requires management to make estimates, judgments and assumptions that affect the amounts reported in the financial statements and notes. By their nature, these estimates, judgments and assumptions are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be material. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The more significant estimates and judgments are as follows:

Critical accounting estimates

The amounts recorded for share-based compensation transactions are based on estimates using the Black-Scholes valuation model using assumptions for expected volatility, expected number of options to vest, dividend rate, risk-free interest rate and expected life of the options.

The recoverability of amounts shown for exploration and evaluation assets is dependent on the discovery of economical reserves, the ability of the Company to obtain financing to complete development of the properties and on future production or proceeds of disposition.

Management's opinion that there is no material restoration, rehabilitation and environmental obligation is based on the existing facts and circumstances.

Deferred income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the statement of financial position and their corresponding tax values. Deferred income tax assets also result from unused loss carry-forwards and other deductions. The valuation of deferred income tax assets is adjusted to reflect the uncertainty of realization through profitable operations.

Critical accounting judgments

The following accounting policies involve judgments or assessments made by management:

- The determination of categories of financial assets and financial liabilities;
- The determination of a cash-generating unit for assessing and testing impairment;
- The allocation of exploration costs to cash-generating units; and
- The determination of when an exploration and evaluation asset moves from the exploration stage to the development stage.

Financial Instruments

Financial assets

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

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

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

Fair value through profit or loss - This category includes derivatives, and investments acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive income (loss).

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale ("AFS"). They are carried at fair value with changes in fair value recognized directly in other comprehensive earnings. Where a decline in the fair value of an AFS financial asset constitutes objective evidence of impairment, the amount of the loss is removed from other comprehensive earnings and recognized in the statement of comprehensive income (loss).

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 are impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

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

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

Other financial liabilities - This category includes accounts payable and accrued liabilities, all of which are recognized at amortized cost.

Fair value hierarchy:

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to the valuation technique used to measure fair value as per IFRS 7. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company has valued all of its financial instruments using Level 1 measurements.

Impairment of financial assets:

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to profit or loss in the period.

Financial assets are assessed for indicators of impairment at the end of each reporting period.

Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as AFS, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

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

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

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

In respect of AFS equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash, demand deposits and high-interest savings vehicles.

Foreign Currency Translation

In preparing the financial statements, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period-end exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction.

All gains and losses on translation of these foreign currency transactions are included in the statement of loss and comprehensive loss.

Exploration and Evaluation Assets

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 as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are expensed.

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, which management has determined to be indicated by a feasibility study, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets.

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.

It is management's judgment that none of the Company's exploration and evaluation assets have reached the development stage and as a result are all considered to be exploration and evaluation assets.

Share-based Compensation

The Company grants stock options to buy common shares of the Company to directors, officers and service providers. The board of directors generally grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The fair value of share purchase options granted is recognized as an expense with a corresponding increase in equity.

The fair value for share purchase options granted to those providing services is measured at the grant date and each tranche is recognized using the accelerated method basis over the period during which the share purchase options vest. The fair value of the share purchase options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the share purchase options were granted.

At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest.

Income Taxes

Income tax on the profit or loss consists of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit;

- goodwill not deductible for tax purposes; and
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied

Restoration, Rehabilitation and Environmental Obligations

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

Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses. The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance expense (“notional interest”).

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed. The Company presently does not have any amounts considered to be provisions.

Flow-through shares

The Company will, from time to time, issue flow-through common shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders and the premium liability is reversed. The reversal of the premium liability and the deferred tax liability are recognized as tax recoveries to the extent that suitable deferred tax assets are available.

Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the year. Since the Company is in a loss position, the effects of exercising share purchase options and warrants are anti-dilutive.

Impairment

Exploration and evaluation assets are reviewed on a quarterly basis and when changes in circumstances suggest their carrying value may become impaired. Management considers exploration and evaluation assets to be impaired if the carrying value exceeds the estimated undiscounted future projected cash flows from the use of the property and its related assets and their eventual disposition. If impairment is deemed to exist, the property and its related assets will be written down to fair value. Fair value is generally determined using a discounted cash flow analysis. Management determined that there was no impairment of carrying value on its properties in the current year.

Accounting pronouncements issued but not yet adopted

The following standards are effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not early adopted these standards and is currently assessing the impact they will have on the financial statements.

IFRS 9, Financial instruments, introduces new requirements for the classification, measurement and derecognition of financial instruments. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

IFRS 11, Joint arrangements, requires a venture to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionally consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures.

IFRS 12, Disclosure of interests in other entities, establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13, Fair value measurement, is a comprehensive standard for fair value measurement and disclosure requirements across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

International Accounting Standard 27, Separate Financial Statements ("IAS 27"), replaces IAS 27, Consolidated and Separate Financial Statements and contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9.

International Accounting Standard 28, Investments in Associates and Joint Ventures ("IAS 28"), has been amended as a consequence of the issuance of IFRS 10, IFRS 11, and IFRS 12, and will further provide accounting guidance for investments in associates and will set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This standard will be applied by the Company when there is joint control or significant influence over an investee.

IFRS Interpretations Committee Interpretation 20, Stripping costs in the production phase of a surface mine ("IFRIC 20"), sets out the criteria for the capitalization of production stripping costs to non-current assets, and states that stripping activity is recognized as a component of the larger asset to which it relates. In addition, IFRC 20 requires companies to ensure that capitalized costs are amortized over the useful life of the component of the ore body to which access has been improved due to the stripping activity.

International Accounting Standard 32, Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) ("IAS 32"), clarifies the application of the offsetting requirements. The amendments are effective for annual periods beginning on or after January 1, 2014, with earlier application permitted.

Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) outlines new disclosure requirements that enable users of the financial statements to better compare financial statements prepared in accordance with IFRS and US Generally Accepted Accounting Principles.

4. Cash and cash equivalents

Cash and cash equivalents and cash and cash equivalents held for future exploration activities consists of cash and investments in Canadian Chartered Bank accounts and demand money market funds.

During the year ended September 30, 2013, the Company spent a total of $877,393 on exploration and evaluation activities, including the balance of all funds raised exclusively for Canadian Exploration Expenditures ("CEE") in the prior fiscal years.

5. Exploration and evaluation assets

Acquisition costs

	Ontario Elliot Lake $	**Saskatchewan** $	**Total** $
Balance, September 30, 2011	597,593	128,323	725,916
Total additions for the period	-	-	-
Balance, September 30, 2012	597,593	128,323	725,916
Total additions for the period	-	43,177	43,177
Balance, September 30, 2013	597,593	171,500	769,093

Deferred exploration expenditures

	Ontario Elliot Lake $	**Saskatchewan $**	**Total $**
Balance, September 30, 2011	3,206,659	-	3,206,659
Additions:			
Assaying	84,440	-	84,440
Drilling	1,084,631	-	1,084,631
Contract labour	102,058	-	102,058
Other	39,873	-	39,873
Total additions for the period	1,311,002	-	1,311,002
Balance, September 30, 2012	4,517,661	-	4,517,661
Additions:			
Assaying	213,475	-	213,475
Drilling	241,967	-	241,967
Contract labour	268,450	127,504	395,954
Other	25,997	-	25,997
Total additions for the period	749,889	127,504	877,393
Balance, September 30, 2013	5,267,550	127,504	5,395,054

Ontario, Elliot Lake

(a) On November 1, 2007, the Company acquired a 100% interest in 61 mining claims known as the Elliot Lake property located in Beange, Bolger, Bouck, Buckles, Gunterman and Joubin Townships, Sault Ste. Marie Mining Division in the Province of Ontario. As part of the acquisition agreement the Company issued 35 million common shares to Canada Enerco Corp. ("CEC"), a company controlled by the President, CEO and Director of the Company, at a stated value of $218,212. CEC retains the right to a 1% Uranium Production Payment Royalty and a 1% Net Smelter Returns Royalty on any precious or base metals payable provided uranium is greater than US$130 per pound.

The Company also entered into two (2) share option agreements with CEC whereby the Company had the option to buy back 1,000,000 of the common shares of the Company at the price of $1 per share, expiring August 31, 2008 and 9,000,000 common shares at the price of $2 per share, subject to adjustment downward, in tranches of 1,000,000 shares, expiring November 2, 2011. In the fiscal year ended September 30, 2008, the Company exercised the first option for the 1,000,000 common shares by payment to CEC of $1,000,000. These shares were cancelled in fiscal 2009. The second option expired unexercised on November 1, 2011.

Pursuant to an Assumption of Obligations Agreement dated November 2, 2007 among the Company, CEC, Quincy Gold Corp. and Energy Metals Corp. ("EMC"), the Company assumed certain obligations of CEC to Quincy and EMC giving the Company a 100% interest in the Elliot Lake property free and clear of all liens, charges and encumbrances in consideration for granting to EMC the right to purchase up to 9.9% of the equity of the Company (the "Participation Right") pursuant to an initial financing or an initial public offering or a going public transaction pursuant to a business combination at the same price and terms as other subscribers and a $250,000 credit (the "Credit") towards the Participation Right. Since the date of the agreement mentioned above, EMC has been acquired by Uranium One. In fiscal year 2008, 250,000 common shares of the Company were issued to EMC in consideration for the Credit.

(b) The Company transferred 2 of the claims acquired from CEC as disclosed in (a) above to Denison Mines Inc. in return for rights of access and use of infrastructure as well as a 3% Net Smelter Returns Royalty on any product produced from the claims. No gain or loss has been recognized on this transfer.

(c) On February 27, 2008, the Company entered into an agreement with Dan Patrie Exploration Ltd. ("DPE") to acquire an option to earn a 100% interest in 6 mineral claims comprising 50 claim units in the Buckles and Joubin Townships in Sault Saint Marie Mining Division in the Province of Ontario in consideration for the payment of $20,000 cash and the issuance of 50,000 common shares at a price of $1 per share. DPE retains the right to a 1% Uranium Production Payment Royalty ("Royalty") payable when the uranium is sold from the claims at a price of at least US$130 per pound. The Company has the right and option to purchase one-half (1/2) of the Royalty from DPE for $1,000,000. If DPE wishes to sell the remaining Royalty to a third party, it shall first offer the remaining Royalty to the Company on the same terms on which they have received the offer from a bona fide third party which they are prepared to accept.

(d) During fiscal 2010 the Company staked an additional 35 claims in the Elliot Lake area for additional cost of $35,950. All staked claims above are subject to the CEC royalty as outlined in paragraph (a) above.

Saskatchewan, Athabasca Basin

The Company now holds a 100% mineral rights interest in 64,495 hectares (159,371 acres)in the Athabasca Basin of Saskatchewan and a 75% to 90% mineral rights interest in 1,518 hectares (3,751 acres) and a 100% interest in 7,245 hectares (17,903 acres) in contiguous claims at Alces Lake, near Athabasca Lake in the Province of Saskatchewan.

6. Share capital

(a) Common shares

The Company is authorized to issue an unlimited number of no par value common shares. The number of common shares issued as at September 30, 2012 and 2013 is 41,616,078. The following table provides the details of changes in the number of issued common shares:

	Number	***Amount***
	#	$
Balance, September 30, 2011	41,584,358	7,796,775
Flow-through common shares issued, net	9,000	11,250
Common shares issued November 15, 2011	20,720	25,900
Common shares issued December 30, 2011	2,000	2,500
Less: Value associated with warrants issued	-	(1,302)
Balance, September 30, 2012 and 2013	41,616,078	7,835,123

On November 15, 2011, the Company completed a private placement of 20,720 working capital units ("WC unit") at $1.25 per unit for gross proceeds of $25,900. Each WC unit consists of one common share of the Company and one-half of a common share purchase warrant ("WC warrant")..These warrants expired unexercised.

On November 15, 2011, the Company completed a private placement of 9,000 flow-through units ("FT unit") at $1.50 per unit for gross proceeds of $13,500. Each FT unit consists of one flow-through share ("FT share") of the Company and one-half of a common share purchase warrant ("Warrant")..These warrants expired unexercised.

On December 30, 2011, the Company completed a private placement of 2,000 working capital units ("WC unit") at $1.25 per unit for gross proceeds of $2,500. Each WC unit consists of one common share of the Company and one-half of a common share purchase warrant ("WC warrant")., These warrants expired unexercised.

(b) Common share purchase options

The Company has created a stock option plan for the benefit of directors, officers and consultants. The total number of shares which may be reserved and set aside for issuance to eligible persons may not exceed 10% of the issued and outstanding common shares.

As at September 30, 2013, 2,600,000 common shares were reserved for the exercise of stock options granted under the Company's stock option plan (the "Plan").

A summary of changes in the Company's outstanding stock options for the years ended September 30, 2012 and September 30, 2013 follows:

	Options	**Weighted-average exercise price**
	#	$
Balance September 30, 2011	1,400,000	1.25
Granted, fiscal year 2012	800,000	1.25
Outstanding, September 30, 2012	2,200,000	1.25
Granted, fiscal year 2013	400,000	1.25
Outstanding, September 30, 2013	2,600,000	1.25

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
1,000,000	1,000,000	28.6 months	$1.25	February 17, 2016
400,000	400,000	33.5 months	$1.25	July 14, 2016
400,000	400,000	39.8 months	$1.25	January 23, 2017
400,000	400,000	40.0 months	$1.25	February 1, 2017
400,000	200,000	54.3 months	$1.25	April 9, 2018
2,600,000	2,400,000			

The weighted average fair value of all the options granted during the yearis $0.71(2012 - $0.90) per option, each contract fair value having been estimated at the date of grant using the Black-Scholes pricing model with the following assumptions: risk-free weighted-average interest rate ranging from 1.63% to 1.98%, expected dividend yield of nil, expected volatility ranging from86% to 141% and expected life term is 60 months. Under this method of calculation, the Company has recorded $324,664 as stock based compensation during the year ended September 30, 2013, being the fair value of the options vested during the year ended September 30, 2013. Options that have been issued and remain outstanding vest half immediately on the date of grant and half in twelve months from the date of grant.

(c) Warrants

On certain issuances of common shares, the Company grants warrants entitling the holder to acquire additional common shares of the Company and the Company grants warrants as consideration for services associated with the placement of such common share issues.

The following table provides the details of changes in the number of outstanding common share purchase warrants:

	Number #	$
Balance, September 30, 2011	1,353,915	117,091
Private placement warrants issued	15,860	1,302
Warrants expired	(1,353,915)	(117,091)
Balance September 30, 2012	15,860	1,302
Warrants expired	(15,860)	(1,302)
Balance September 30, 2013	Nil	Nil

7. Contributed surplus

A summary of changes in contributed surplus is as follows:

	Amount $
Balance, September 30, 2011	1,000,827
Stock based compensation	846,304
Value of expired warrants	117,091
Balance, September 30, 2012	1,964,222
Stock based compensation	324,664
Value of expired warrants	1,302
Balance, September 30, 2013	2,290,188

The number of common shares outstanding on September 30, 2013 was 41,616,078. Taking into account outstanding share purchase options, the fully diluted number of common shares that could have been outstanding on September 30, 2013 was 44,216,078.

8. Income tax

The provision for (recovery of) income taxes differs from the amount that would have resulted by applying Canadian federal and provincial statutory tax rates of 26.00% (2012 – 27.25%).

	2013 $	2012 $
Net loss before taxes	(590,165)	(1,109,104)
Income tax expense reconciliation:		
Expected income tax expense (recovery)calculated using statutory rates	(153,400)	(302,200)
Tax effect of the following items:		
Non-deductible stock based compensation	84,400	224,168
Non-deductible expenses and other items:		
Non-deductible expenses	15,600	16,350
Small business deduction	64,200	122,000
Non-capital losses recognized	(138,777)	-
Income tax expense (recovery)	(127,977)	60,318
Income tax expense (recovery) consists of:		
Current income taxes	-	-
Deferred income taxes	(127,977)	60,318
	(127,977)	60,318

The Company has incurred tax losses of approximately $774,000 (2012- $852, 000) which may be used to reduce future taxable income. The potential benefit of these losses will expire in the fiscal years ended September 30, if unused, as follows:

	Amount $
2028	98,000
2029	101,000
2030	136,000
2032	219,000
2032	220,000
	774,000

In addition to the above, the Company has approximately $1,425,000 in Canadian Development and Exploration expenditures which can be deducted from taxable income without expiry.

The components of deferred income tax assets (liabilities) are as noted below:

	September 30 2013 $	September 30 2012 $
Non-capital losses	**122,120**	132,132
Mineral properties	**(678,456)**	(733,994)
Valuation allowance	**-**	-
Liability recognized in the financial statements	**(536,336)**	(601,862)

9. Related party transactions

During the year ended September 30, 2013, the Company incurred related party expenses of $115,188 (2012 – $94,000). These expenses related to management fees paid or payable to Tom Drivas, Chief Executive Officer, Frank van de Water, Chief Operating Officer and Michael D'Amico, Chief Financial Officer, and office administration services paid to Romios Gold Resources Inc., a company with a number of common directors and officers. At September 30, 2013, $358,306 (2012-$298,306) of accumulated related party expenditures is due and outstanding to Tom Drivas and is included under accounts payable and accrued liabilities. The amount charged for office administration services is included under office and general expenses.

Compensation of key management personnel and directors for years ending September 30, 2013 and 2012 is summarized as follows:

	2013	2012
Compensation fees	$ 103,188	$ 82,000
Share-based payments	324,664	846,304

Key management personnel were not paid post-retirement benefits, termination benefits, or other long-term benefits during the years ended September 30, 2013 and 2012.

During the year ended September 30, 2013, the Company incurred expenses of $62,228 (2012- $120,732) for legal fees to a law firm related to a senior officer and director of the Company, William R. Johnstone. At September 30, 2013 $5,598 (2012 – $ 31,571) was due and payable to this related party.

As disclosed in Note 5(a) of the financial statements, the Company's major exploration property was acquired from a related party.

10. Financial instruments and risk management

Categories of financial assets and liabilities

Under IFRS, financial instruments are classified into one of the following five categories: Fair value through profit and loss ("FVTPL"), held to maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. The carrying values of the Company's financial instruments, including those held for sale are classified into the following categories:

	September 30 2013 $	September 30 2012 $
FVTPL(1)	**1,062,894**	2,360,025
Receivables (2)	**8,165**	78,953
Other financial liabilities (3)	**433,488**	617,624

(1) Includes cash, committed cash and short-term investments.
(2) Includes accounts receivable related to HST tax refunds.
(3) Includes accounts payable.

Financial Instruments

The carrying amounts for the Company's financial instruments approximate their fair values because of the short-term nature of these items.

(i) Cash and cash equivalents and cash and cash equivalents held for future exploration are designated as FVTPL financial assets and are recorded at market value. The interest on deposits is insignificant.
(ii) HST receivable is designated as loans and receivables and is recorded at cost.
(iii) Accounts payable is designated as other financial liabilities and is recorded at cost.

Risks arising from financial instruments and risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company.

The Company uses various methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks.

Carrying value of exploration and evaluation assets

The Company regularly reviews the carrying value of its properties for impairment to determine whether the carrying amount of these assets will be recoverable from future cash flows. Assumptions underlying the cash flow estimates include the forecasted prices for gold, copper, silver and molybdenum, planned production levels, and operating, capital, exploration and reclamation costs, which are subject to risks and uncertainties. Management has determined that there is no impairment of carrying value on its Ontario and Saskatchewan properties.

(a) Market risk

(i) Price risk

Commodity price risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company is exposed to commodity price risk arising from the fluctuation of the value of the metals for which it is exploring. The Company does not manage commodity price risk through the use of derivative instruments.

Sensitivity

Anticipated changes in the value of uranium and rare earth elements would not, in management's opinion, change the recognized value of any of the Company's financial instruments.

(ii) Cash flow fair value interest rate risk

The Company does not have interest-bearing borrowings for which general rate fluctuations apply. The Company is exposed to interest rate risk to the extent of the balance of the bank accounts.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. Credit risk arises from cash and deposits with banks and financial institutions as well as credit exposures to outstanding receivables.

The Company has no concentration of credit risk. The carrying amounts of financial assets recorded in the financial statements are adjusted for any impairment and represent the Company's maximum exposure to credit risk.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining at all times sufficient cash, liquid investments and committed credit facilities to meet the Company's commitments as they arise. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows. The Company is currently assessing all options to address its liquidity issues. It is not possible to determine with any certainty the success and adequacy of these initiatives.

11. Capital disclosures

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation assets. The capital of the Company consists of capital stock, warrants and contributed surplus.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and intends to raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended September 30, 2012 and 2013. The Company is not subject to externally imposed capital requirements.

12. Contingencies and commitments

In January of 2013, the Company was served with a summons under Section 24 of the Provincial *Offences Act* charging the Company with an offence under Section 36(1) of the *Lakes and Rivers Improvement Act*, R.S.O. 1990, Chapter L.3 and Section 2(1) (d) Ontario Regulation 453/96 made under the *Public Lands Act*, R.S.O. 1990, Chapter P.43 relating to a minor incident that occurred in July of 2012 during the Company’s summer drill program at Elliot Lake. The Company has not received any further particulars of the offence or the details relating thereto and is investigating the matter. No allegations have been proven in court and it is not possible to determine the amount of any liability to the Company at this time. While the Company and the drilling contractor retained by the Company both maintain insurance coverage, it is not possible to determine whether such insurance is applicable or adequate at this time. The Company is of the view that it took all steps necessary at the time to alleviate the problem and will take all steps necessary to ensure appropriate remediation has been effected once it is able to obtain full particulars of the offence from the prosecutor.

APPIA ENERGY CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended September 30, 2013 and 2012

APPIA ENERGY CORP.

Management's Discussion and Analysis – September 30, 2013
As of November 18, 2013

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Appia Energy Corp. ("Appia" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended September 30, 2013. The MD&A was prepared as of November 18, 2013 and should be read in conjunction with the audited financial statements ("Financial Statements") of the Company for the years ended September 30, 2013 and 2012, including the notes thereto. Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars. These Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as described in Note 2 to the Financial Statements. Information regarding the accounting policies used in the preparation of the Financial Statements is set out in Note 3.

Executive Summary

The approval of the Company's Long Form Non-Offering Prospectus ("Prospectus") dated December 12, 2012 resulted in Appia becoming an unlisted reporting issuer in British Columbia, Alberta, Saskatchewan and Ontario.

Appia is a Canadian mineral exploration company with a primary focus on Uranium and Rare Earth Elements, holding a 100% mineral rights interest in 12,545 hectares (30,999 acres) located near the town of Elliot Lake, a 100% mineral rights interest in 64,495 hectares (159,371 acres)in the Athabasca Basin of Saskatchewan and a 75% to 90% mineral rights interest in 5,060 hectares (12,504 acres), as well as a 100% interest in 7,245 hectares (17,903 acres) in contiguous claims at Alces Lake, near Athabasca Lake.

A major development during the year was the completion of a Technical Report in accordance with the provisions of National Instrument 43-101 ("**NI 43-101**") reporting standards, entitled "Update Report on the Appia Energy Corp Uranium-Rare Earth Property, Elliot Lake District, North-Central Ontario, Canada" dated July 30, 2013 which has been filed on SEDAR (www.sedar.com). The report was completed by Watts, Griffis and McOuat ("**WGM**"), Consulting Geologists and Engineers, Toronto, Canada. Al Workman, P.Geo was responsible for all sections of the Report and jointly responsible with Kurt Breede, P.Eng for the uranium-rare earth Mineral Resource Estimate for the Teasdale Zone and the Banana Lake Zone. John Goode, P.Eng was responsible for the Mineral Processing and Metallurgical Testing section of the Report. All three are Independent Consultants and Qualified Persons as defined in National Instrument 43-101.

SGS Canada Inc., Lakefield, Ontario, Canada completed its report entitled "An Investigation Into The Recovery of Uranium and Rare Earth Elements ("**REEs**") from the Teasdale Property" which formed a very important aspect of the resource calculation. With the total REE content being six times the uranium content of the Indicated Resources, the economic value has been greatly enhanced. SGS reported a recovery rate of 90% for uranium and recovery of most REEs in the 80% to 90% range.

With a change in mine plan to include mining the Upper Reef **("UR")**, the Intermediate Quartzite **("IQ"),** as well as the Lower Reef **("LR")** that comprise the mineralized zone and now including the REEs, a significant portion of the previous Inferred Resource was upgraded to Indicated Resource and additional resources were defined.

Details concerning the Mineral Resource estimate are included in this report under the heading "Exploration and Evaluation Assets", subheading "Teasdale Lake Zone".

The Company is reviewing the recommendation in the Technical Report to drill an additional 14 hole, 7,750 metre program on the Teasdale Zone to further increase the NI 43-101 compliant uranium and REE mineral resources.

The Athabasca Basin of Saskatchewan is receiving a great deal of attention because of recent successful exploration results on uranium mineralization. In September 2013 a six person team commissioned by the Company, visited the Alces Lake project area and recorded total count radioactive readings up to 56,000cps with thorium levels off scale for the spectrometer. A magnetic survey was carried out, with the results currently being plotted and mapped. Samples from outcrops and boulder trains are being assayed.

Exploration and Evaluation Assets

Ontario

Appia holds over 12,545 hectares (31,000 acres) encompassing five mineralized zones in the Elliot Lake area of northern Ontario. The zones are called Teasdale, Banana Lake, Canuc, Bouck Lake and Buckles Lake. Since the inception of mining, the Elliot Lake area has produced over 300 M lbs of U_3O_8 and is the only mining camp in Canada with significant historical commercial rare earth production.

Teasdale Lake Zone

The estimate of the uranium Mineral Resources in the Teasdale Zone (Table 1) was initially reported in Workman and Breede (2011) based on historical drill hole assays and 6 diamond drill holes completed by Appia during 2007-2008. The estimate was prepared using a polygonal model and geological constraints including a minimum bed thickness of 2.44 m (8.0 ft.) which takes into consideration the continuity of grade within the various mineralized beds and historical mining practices. The mineralized zone was geologically constrained by the well-defined markers provided by the upper surface of the highest mineralized bed and the lower surface of the basal bed. The resources were reported for each of the three geological units that comprise the mineralized zone: Upper Reef, Intermediate Quartzite and Lower Reef, as well as the average grade across all three units. As a result of the inclusion of the Upper Reef to incorporate its significant REE elements content as well as the Quartzite, neither of which were mined historically, all drill hole intersections substantially exceeded the minimum thickness for mining. No grade cut-off or high capping was used for this estimate as the grades were themselves quite robust and the utilization of a cut-off grade would require complex economic modelling of individual metals that is not required at this time.

Appia's diamond drilling on the Teasdale Zone in 2012 comprised 16 holes from surface totalling 8,130 metres. Appia analysed 1,213 samples from the 16 diamond drill holes for uranium, REEs and trace elements. The recognition of economically significant REE values at Teasdale supported the inclusion of REEs in the most recent resource estimate. However, because the historical holes were not assayed for REEs, some areas solely tested by historical drilling and lacking REE data had to be excluded from the current NI 43-101 compliant estimate. Nevertheless, Appia's 2012 drilling program materially increased the size of the Teasdale Deposit. Based on Appia's 2012 drilling in addition to the six holes it completed in 2008, the Teasdale resources are summarized in Table 1. A cut-off value of $100 per tonne was used based on a projected uranium price of US$70 per lb. U_3O_8 and a combined total REE price of US$78 per kg.

The following two tables set out the resources reported in the NI 43-101 report. It should be noted that the contents for the rare earth components are for rare earth metals, whereas it has become more common to report the contents as equivalent rare earth oxides, which results in an average increase of approximately 46% for the oxides versus the metallic form.

Table 1
Summary of Teasdale Zone Uranium and Rare Earth Mineral Resource Estimate

Zone	Tonnes ('000)	Tons ('000)	TREE (lbs/ton)	U_3O_8 (lbs/ton)	Average Thickness (m)	Contained TREE ('000 lbs)	Contained U_3O_8 ('000 lbs)
INDICATED RESOURCES							
UR	6,733	7,422	4.20	0.484	4.61	31,199	3,593
IQ	3,006	3,314	1.98	0.259	2.27	6,578	0.857
LR	3,355	3,699	2.68	0.958	2.60	9,912	3,544
Total	13,095	14,435	3.30	0.554	9.48	47,689	7,995
INFERRED RESOURCES							
UR	18,326	20,201	3.87	0.421	4.33	78,080	8,498
IQ	10,209	11,254	1.64	0.184	2.78	18,464	2,070
LR	9,972	10,992	3.33	0.869	2.71	36,631	9,564
Total	38,507	42,447	3.14	0.474	9.82	133,175	20,115

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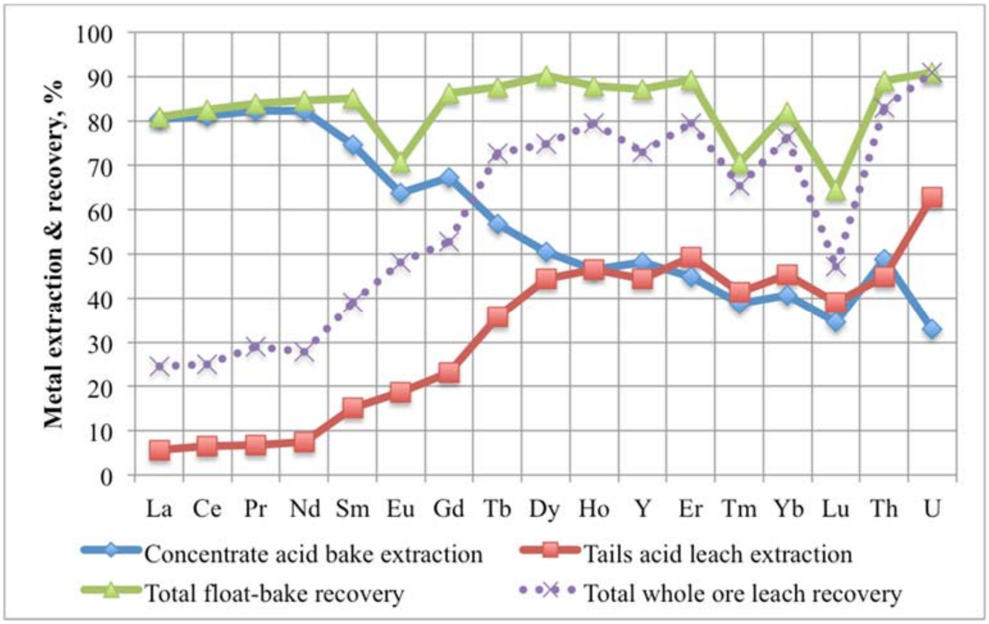
Notes:

1. Mineral Resources effective 30 July, 2013
2. Mineral Resources are estimated at a cut-off value of $100 per tonne, using a uranium price of US$70/lb U_3O_8, a TREE price of $78/kg, and a C$:US$ exchange rate of 1:0.9.TREE includes all the REE elements from lanthanum to lutetium plus yttrium.
3. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. There are no known specific problems at this date.
4. The quantity and grade of reported Inferred Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category.
5. The Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council December 11, 2005.
6. Specific Gravity of 2.85 tonnes/m^3 (or 3.14 tons/m^3) was used.
7. Indicated amounts may not precisely sum due to rounding.

Table 2
Individual REE Resource Grade Composition Summary

Zone	Light REE (grams/tonne)						Heavy REE (grams/tonne)									
	La	Ce	Pr	Nd	Sm	Eu	**Gd**	**Tb**	**Dy**	**Ho**	**Er**	**Tm**	**Yb**	**Lu**	**Hf**	**Y**
INDICATED RESOURCES																
UR	540	951	93.9	313	51.7	1.9	32.8	3.9	17.2	2.7	7.0	0.9	5.5	0.8	6.8	72.9
IQ	256	452	44.9	148	24.4	1.0	14.7	1.8	7.7	1.2	3.1	0.4	2.5	0.4	3.6	30.6
LR	332	596	59.4	201	35.1	1.7	23.2	3.0	14.2	2.3	5.9	0.8	4.5	0.6	3.3	58.1
Average	**422**	**745**	**73.8**	**247**	**41.1**	**1.7**	**26.2**	**3.2**	**14.3**	**2.3**	**5.8**	**0.8**	**4.6**	**0.7**	**5.2**	**59.4**
INFERRED RESOURCES																
UR	498	876	85.9	285	47.2	1.8	29.3	3.5	15.9	2.5	6.5	0.9	5.3	0.8	6.8	67.9
IQ	213	374	37.0	122	20.0	0.8	12.3	1.4	6.4	1.0	2.6	0.4	2.2	0.3	3.3	26.5
LR	417	747	73.9	249	43.4	1.9	28.5	3.6	16.4	2.6	6.6	0.9	5.2	0.7	4.5	66.4
Average	**401**	**709**	**69.9**	**232**	**39.0**	**1.6**	**24.6**	**3.0**	**13.5**	**2.1**	**5.5**	**0.7**	**4.4**	**0.6**	**5.3**	**56.5**

Figure 1
U and REE extraction using different process methods



Note: In comparison to other leaching options, the uppermost line with triangle markers illustrates recoveries using the favoured process which involves beneficiation to produce a floatation concentrate that is then baked and acid leached.

Based on the metallurgical testing, the favoured flowsheet option includes a simple grind, a flotation process to recover a high grade concentrate, pre-leach and acid baking of the flotation concentrate and acid leaching of the flotation tailings. With the REE total content being six times the uranium content of the Indicated Resources, the recovery of the REEs is a very significant factor in determining the economic value of the resources. Testwork carried out at SGS Canada facilities indicated a recovery rate of approximately 90% for uranium and most REEs in the 80% to 90% range. It is believed that planned additional testwork and data analysis will substantiate these data and probably lead to improved recovery.

Historical Estimates

Historical estimates thought to be authored by Doug Sprague, P.Eng., Chief Geologist for Rio Algom Ltd. **("RIO")** and shown on a RIO map (Rio Algom, 1979), were based on mine data as well as a series of deep drill holes completed by Kerr McGee and other exploration companies in widely separated areas of the Property. RIO's estimates increased the total remaining uranium resource to approximately 200 million pounds of U_3O_8. These historical resources, located in five separate zones down-dip from past-producing mines, are summarized in the following table:

Table 3

1979 Historical U_3O_8 Estimates on Appia's Elliot Lake Properties

Zone	Quantity (tons)	Grade (lbs U_3O_8/ton)	Contained U_3O_8 (lbs)
Teasdale Lake	17,458,200	1.206	20,787,200
Gemico Block #3	42,800,000	0.38	16,264,000
Gemico Block #10	20,700,000	0.75	15,525,000
Banana Lake Zone	175,800,000	0.76	133,608,000
Canuc Zone	7,000,000	1.86	13,020,000
Total	**263,758,200**	**0.76**	**199,204,200**

The foregoing historical resources were not estimated in accordance with definitions and practices established for the estimation of Mineral Resources and Mineral Reserves by the Canadian Institute of Mining and Metallurgy. As such, the historical resources are not compliant with Canada's security rule NI 43-101, and are unreliable for investment decisions. Neither Appia nor its Qualified Persons have done sufficient work to classify the historical resources as mineral resources under current mineral resource terminology and are not treating the historical resources as current mineral resources. Nevertheless, most of the historical resources were estimated by mining companies active in the Elliot Lake camp using assumptions, methods and practices that were accepted at the time, and based on corroborative mining experience.

Banana Lake Zone

Based on drilling by Appia during 2007, a subsequent Mineral Resource estimate for the Banana Lake Zone was prepared in 2011 by WGM in accordance with the provisions of NI 43-101. Some of Appia's drilling included holes that were wedged from historical drill holes that Appia re-entered. This resource, first reported in Workman and Breede (2011), is summarized in Table 4. A single hole drilled in 2012 to 1,647 metres did not encounter the typical geological formation with assays returning no significant values of U_3O_8, thorium or REEs.

. Table 4
Summary of Banana Lake Zone Mineral Resource Estimate

Category	Tons ('000)	Specific Gravity. (tons/m^3)	lbs U_3O_8/ton	Total lbs U_3O_8 ('000)
Inferred Resources	30,315	3.14	0.912	27,638

Notes:
1. Effective, 1 April, 2011
2. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
3. The quantity and grade of reported Inferred Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category.
4. The Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council December 11, 2005.
5. A cut-off grade of 0.6 lb U_3O_8 was used
6. Specific Gravity of 2.85 tonnes/m^3 (or 3.14 tons/m^3) was used.
7. Indicated amounts may not precisely sum due to rounding.

Summary and Recommended Exploration

The 2012 drill program of in-fill and step-out drilling in the Teasdale area met with a high degree of success in confirming the resources where they were predicted by the geological model. A significant portion of the Inferred Resource was upgraded to Indicated Resources, and additional Inferred Resources were defined. WGM has recommended a continuation of the exploration drilling and proposed a 14 diamond drill-hole program, potentially to increase the size of the area tested and the size of the Inferred Resource. Based on the geological model and the uniformity of grade within the Teasdale Deposit, WGM believes that a large percentage of the holes will intersect economically interesting mineralization. In light of the encouraging results of the metallurgical testing program carried out by SGS Lakefield, additional testing is recommended to focus on the beneficiation, pre-leach and acid bake and tailings leach route.

The Company is reviewing the Technical Report and is considering the next stage of the Teasdale exploration and evaluation. The outlook for uranium prices is positive and the successful recovery of the REEs, particularly the heavy elements of the total rare earths encountered, is very encouraging. Factors favourable for the project include the following:

- new mine infrastructure development would be in brownfield areas already disturbed by industrial and mining activity;
- water, electrical, transportation and communications infrastructure is in place or close at hand;
- the recovery of uranium from Elliot Lake ore is well known. Based on Teasdale Lake test results, the recovery of REEs appears to face no significant technical uncertainties;
- Appia bears no responsibility (liability) in any manner for potential future impacts arising out of historical mining operations and waste disposal; and,
- The Cameco uranium refinery is located approximately 50 km away, near Blind River.

Saskatchewan Properties

Appia now holds a 100% mineral rights interest in 64,495 hectares (159,371 acres)in the Athabasca Basin of Saskatchewan, including claims near the Patterson Lake South area where Fission Energy Corp. and Alpha Minerals Inc. recently discovered high grade uranium.

In addition it holds a 75% to 90% mineral rights interest in 5,060 hectares (12,504 acres) and a 100% interest in 7,245 hectares (17,903 acres) in contiguous claims at Alces Lake, near Athabasca Lake. In 2010, the Saskatchewan Geological Survey visited the area and carried out a trenching program, with 13 rock sample assays showing a significant presence of REEs, reaching as high as 29.8% total REEs and anomalous levels of uranium and thorium.

In 2011 a five person team visited the site and recorded radioactivity levels over 15 boulder and outcrop samples in a range of 5,500cps to 53,500cps, with thorium levels off scale for the spectrometer. Assays on five samples reflected favourably on the 2010 REE findings.

In September, 2013, a 200 metre baseline was cut, with up to 50 metre sidelines starting at the 2010 trenches. Radioactivity readings ranged to 40,000cps and higher, and 70 metres east of a previous high cps reading, outcrop and boulder train samples recorded in excess of 56,000cps. Additional samples were taken, with assays currently pending.

A magnetic survey was carried out over the grid with results currently being plotted and mapped. The overall results are very encouraging and the Company is planning further work on the claims, including a 200 line kilometre VTEM flight plan.

Outlook

Appia is very pleased with the completion of the NI 43-101 report showing the results of the drilling at the Teasdale Zone of Elliot Lake, with very significant quantities of REEs being reported, and the firming up of the U_3O_8resource, with a large increase in the Indicated category and an overall increase in the Resources. The preliminary metallurgical recovery of 90% for uranium and 80% to 90% for most REEs is very encouraging. Appia's consultants expect the recoveries to improve with additional refinements to the process flowsheet.

The Company is reviewing the recommendations from WGM to continue the Teasdale Lake drilling program to expand the size of the area and increase the Inferred Resource and to do additional metallurgical testing to achieve even greater recoveries.

The initial results from the exploration at Alces Lake, Saskatchewan suggest that follow-up work is highly desirable.

A consensus exists that current low uranium prices are unsustainable. As a small surplus works its way through the system, as Japan returns its idled reactors to full power and as new reactors come on line to meet the energy demands of developing countries, more robust uranium prices are forecast beginning in 2014. The competition for REE supplies as China reduces its exports has been softened by renewed production from the USA and new production from Australia, however the supply line is tenuous and some writers warn of an impending shortage of REEs in the face of growing demand. Certainly, the importance of REEs to our world is not currently being reflected in their prices. Appia will monitor financial market conditions, and if possible, complete a financing or seek a joint venture partner to advance the exploration and development activities on its Elliot Lake and Saskatchewan properties.

Selected Annual Information

	2013 $	2012 $	2011 $
Net income/(loss)	(462,188)	(1,169,422)	(1,035,693)
Net loss per share – basic and diluted	(0.01)	(0.03)	(0.03)
Total assets	7,251,926	7,701,563	7,608,016

Results of Operations

Total operating expenses for the year ended September 30, 2013 were $607,833 compared to $1,152,021 in 2012. The year over year decrease is due primarily to the decrease in the non-cash share based compensation to $324,664 for the year ended September 30, 2013 compared to $846,304 for same period of the previous year.

Interest income was $17,668 for the year ended September 30, 2013, compared to $42,917 for 2012. The decrease is primarily due to a lower cash position in 2013as compared to 2012.

The Company's net loss and comprehensive loss for the year ended September 30, 2013 was $462,188 or $0.01 loss per share ($1,169,422 or $0.03 loss per share for the year ended September 30, 2012).

Fourth Quarter

The Company's net loss and comprehensive loss for the three months ended September 30, 2013 was $28,376 compared to a net loss of $108,100 for the same period in the prior year. The positive change in the fourth quarter of 2013 was primarily due to the decrease in share-based payments to $28,528 in 2013 (2012 - $100,976).

Selected Quarterly Information (all quarters reported under IFRS)

2012/2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012
	$	$	$	$
Net (loss) and comprehensive (loss)	(28,376)	(229,976)	(128,929)	(74,906)
Net loss per share – basic and diluted	(0.01)	(0.01)	(0.00)	(0.00)
Total assets	7,251,926	7,285,779	7,344,922	7,466,699

2011/2012	Sep 30, 2012	Jun 30, 2012	Mar 31, 2012	Dec 31, 2011
	$	$	$	$
Net profit/(loss) and comprehensive profit/(loss)	(108,100)	(276,213)	(605,361)	(179,747)
Net loss per share – basic and diluted	(0.00)	(0.01)	(0.01)	(0.00)
Total assets	7,701,563	7,529,730	7,545,874	7,627,152

Capital Resources and Liquidity

At September 30, 2013, the Company had working capital of $654,291 compared to $1,840,362 as at September 30, 2012. As the Company has no operating revenue, it continues to be funded with equity based private placements. At September 30, 2013, the Company had fulfilled all of its obligations to spend money raised in flow-through financings on eligible expenditures. The Company's exploration of its properties, which includes drilling and other evaluation programs, is dependent on raising sufficient capital resources. The Company has enough financial resources to continue operation through the next twelve months.

Additional funding will be required for further operations and to fully pursue the exploration and development of its properties. The Company's ability to meet its obligations and continue as a going concern continues to be dependent on the ability to identify and complete future financings. While the Company has been successful in raising financings to date, there can be no assurance that it will be able to do so in the future.

Common Share Data

The Company is authorized to issue an unlimited number of no par value common shares. The number of common shares issued as at September 30, 2013 and September 30, 2012 is 41,616,078.

Common share purchase stock options

The Company has created a stock option plan for the benefit of directors, officers and consultants. The total number of shares which may be reserved and set aside for issuance to eligible persons may not exceed 10% of the issued and outstanding common shares. As at September 30, 2013, 2,600,000 common shares were reserved for the exercise of stock options granted under the Company's stock option plan (the "Plan").

A summary of changes in the Company's outstanding stock options for the period from September 30, 2011 to September 30, 2013 are:

	Number	*Exercise Price*
	#	$
Balance September 30, 2011	1,400,000	1.25
Granted, fiscal year 2012	800,000	1.25
Outstanding, September 30, 2012	2,200,000	1.25
Granted, fiscal year 2013	400,000	1.25
Outstanding, September 30, 2013	2,600,000	1.25

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
1,000,000	1,000,000	28.6 months	$1.25	February 17, 2016
400,000	400,000	33.5 months	$1.25	July 14, 2016
400,000	400,000	39.8 months	$1.25	January 23, 2017
400,000	400,000	40.0 months	$1.25	February 1, 2017
400,000	200,000	54.3 months	$1.25	April 9, 2018
2,600,000	2,400,000			

Common share purchase warrants

On certain issuances of common shares, the Company grants warrants entitling the holder to acquire additional common shares of the Company and the Company grants warrants as consideration for services associated with the placement of such common share issues.

The following table provides the details of changes in the number of outstanding common share purchase warrants:

	Number #	$
Balance, September 30, 2011	1,353,915	117,091
Private placement warrants issued	15,860	1,302
Warrants expired	(1,353,915)	(117,091)
Balance September 30, 2012	15,860	1,302
Warrants expired	(15,860)	(1,302)
Balance September 30, 2013	Nil	Nil

As at September 30 and November18, 2013, the Company had 41,616,078 common shares and 2,600,000 stock options outstanding. The fully diluted number of common shares that could be outstanding as at September 30 and November18, 2013 is 44,216,078.

Related Party Transactions

During the year ended September 30, 2013, the Company incurred related party expenses of $115,188 (2012 – $94,000). These expenses related to management fees paid or payable to Tom Drivas, Chief Executive Officer, Frank van de Water, Chief Operating Officer and Michael D'Amico, Chief Financial Officer, and office administration services paid to Romios Gold Resources Inc., a company with a number of common officers and directors. At September 30, 2013, $358,306 (2012-$298,306) of accumulated related party expenditures is due and outstanding to Tom Drivas and is included under accounts payable and accrued liabilities. The amount charged for office administration services is included under office and general expenses.

Compensation of key management personnel and directors for years ending September 30, 2013 and 2012 is summarized as follows:

	2013	2012
Compensation fees	$ 103,188	$ 82,000
Share-based payments	324,664	846,304

Key management personnel were not paid post-retirement benefits, termination benefits, or other long-term benefits during the years ended September 30, 2013 and 2012.

During the year ended September 30, 2013, the Company incurred expenses of $62,228 (2012- $120,732) for legal fees to a law firm related to a senior officer and director of the Company, William R. Johnstone. At September 30, 2013 $5,598 (2012 – $ 31,571) was due and payable to this related party.

As disclosed in Note 5(a) of the financial statements, the Company's major exploration property was acquired from a related party.

Contingency

In January 2013, the Company was served with a summons under Section 24 of the Provincial *Offences Act* relating to a minor incident that occurred in July of 2012 during the Company's summer drill program at Elliot Lake. The Company has not received any further particulars of the alleged offence or the details relating thereto. No allegations have been proven in court and it is not possible to determine the amount of any liability to the Company at this time. The Company and the drilling contractor retained by the Company both maintain insurance coverage. The Company is of the view that it took all steps necessary at the time to alleviate the problem and will take all steps necessary to ensure appropriate remediation has been effected once it is able to obtain full particulars of the alleged offence from the prosecutor.

New accounting pronouncements

New standards and interpretations not yet adopted

We have not yet adopted the standards and amendments to existing standards that have been issued. The standards and amendments, unless otherwise stated, are effective for periods beginning on or after January 1, 2013. We are assessing the impact of the following standards and amendments on our financial statements:

- *IFRS 7, Financial Instruments: Disclosures*
- *IFRS 9, Financial Instruments*
- *IFRS 10, Consolidated Financial Statements*
- *IFRS 11, Joint Arrangements*
- *IFRS 12, Disclosures of Interests in Other Entities*
- *IFRS 13, Fair Value Measurement*
- *IAS 19,Employee Benefits*
- *IAS 32, Financial Instruments: Presentation (January 1, 2014)*

Carrying value of exploration and evaluation assets

The Company regularly reviews the carrying value of its exploration and evaluation assets for impairment to determine whether the carrying amount of these assets will be recoverable from future cash flows. Assumptions underlying the cash flow estimates include the forecasted prices for uranium and rare earth elements, production levels, and operating, capital, exploration and reclamation costs, which are subject to risks and uncertainties. Management has determined that as at September 30, 2013, there is no impairment of carrying value of its Ontario and Saskatchewan exploration and evaluation assets.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Financial Instruments and Other Instruments

The Company is required to disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet dates, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The Company's financial instruments recognized in the balance sheet consist of cash, and cash equivalents, HST/GST receivable and current liabilities. The fair value of these financial instruments approximate their carrying value due to the short maturity or current market rate associated with these instruments.

Risk Factors

There are a number of risks that could affect Appia`s business prospects. They include the speculative nature and the ability to finance the exploration and development of the Company's mineral properties, operating hazards, environmental and other government regulations, competition in the marketplace, markets for the Company's securities and the demand for uranium and rare earth elements. The Company's viability will depend on the successful definition of recoverable and economic resources and the establishment of positive comprehensive feasibility studies leading to production decisions. After completion of positive feasibility studies, the Company's success is dependent on maintaining the title and beneficial interest in the properties, obtaining the necessary governmental approvals and the successful financing, construction and operation of a facility to profitably extract the contained metals.

Exploration Risk

Mineral exploration and development involve a high degree of risk. A very low percentage of exploration projects ultimately evolve into producing mines. There is no assurance that the Company's exploration and development activities will result in the definition of a commercial ore body. The viability of an ore body depends on a number of factors which include, but are not limited to, location, size, grade, geometry of ore body, availability of experienced labourers, proximity to existing infrastructure, metal prices and government regulations, including environmental restrictions.

Financial Capability and Additional Financing

The Company has cash of approximately $1,017,000 and working capital of approximately $616,000 at November 18, 2013, has no source of operating income and has no assurance that additional funding will be available to it for further exploration and development of its projects. Although the Company has been successful in the past, in financing its activities through the sale of equity securities, there can be no assurance that it will be able to obtain sufficient financing in the future to continue as a going concern.

Fluctuating Prices

The prices of uranium and rare earth elements have fluctuated widely in recent years and are affected by factors beyond the control of the Company. The market price of individual rare earth elements are largely determined by China, which controls as much as 95% of the current world supply. International economic and political trends, currency exchange fluctuations, economic inflation and expectations for the level of economic inflation in the consuming economies, interest rates, global and local economic health and trends are some of the factors that could impact on the viability of the Company's exploration projects that are impossible to predict with certainty.

Environment

Both the exploration and production phases of the Company's operations are subject to environmental protection regulations in the jurisdictions in which it operates. Globally, environmental legislation is evolving towards stricter standards and enforcement, more stringent environmental impact assessments of new mining projects and increasing liability exposure for companies and their directors and officers. There is no assurance that future environmental regulations will not adversely affect the Company's operations.

Cash Flow

The Company's properties are in varying stages of exploration and evaluation, and as a result, the Company has no source of operating cash flow. Failure to obtain additional financing could result in a delay or indefinite postponement of further exploration with the possible loss of such properties. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. The Company will require new capital to continue exploration on its various properties, and there is no assurance that capital will be available when needed.

Title Matters

The mining claims in which the Company has an interest have not been surveyed and, accordingly, the precise location of the boundaries of the claims which convey the ownership of mineral rights on specific tracts of land is uncertain, although the boundaries are clearly shown on Ontario government maps. Such claims have not been converted to lease and tenure, and as a result, are subject to annual compliance with assessment work requirements. Other parties may dispute the Company's title to its mining properties. While the Company has diligently investigated title to all mineral claims and, to the best of its knowledge, title to all properties is in good standing; this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers or land claims, including First Nation land claims, and title may be affected by undetected defects. There is no guarantee that title to the Company's properties or its rights to earn an interest in its properties will not be challenged or impugned. Also, in many countries, including Canada and the USA, claims have been made and new claims are being made by aboriginal peoples that call into question the rights granted by the governments of those countries in respect of resource properties.

Uncertainty in the Estimation of Mineral Resources

The Mineral Resource quantities contained in this MD&A are estimates only and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that Mineral Resources could be mined or processed profitably. Such estimation is a subjective process, and the accuracy of any mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation.

The Company and WGM have carefully prepared and verified the current Mineral Resource estimates and together believe the methods of estimating the Mineral Resources have been substantiated by historical mining experience. All Mineral Resource estimates have been prepared in accordance with National Instrument 43-101 ("NI 43-101") and the Canadian Institute of Mining and Metallurgy ("CIM") Classification System. However, the Mineral Resource amounts are estimates, and no assurance can be given that the reported quantities of metals or minerals will be produced. Mineral <u>Resources</u> that are not Mineral <u>Reserves</u> do not have demonstrated economic viability. There are numerous uncertainties inherent in estimating Mineral Resources, including many factors beyond the Company's control. Fluctuations in the prices of rare earth elements and uranium may render Mineral Resources containing lower grades of mineralization uneconomic. Market price fluctuations of rare earth elements and uranium may render Appia's current Mineral Resources unprofitable for periods of time.

Fluctuation in rare earth elements and uranium prices, results of drilling, metallurgical testing and the evaluation of mine plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of Mineral Resources, or of the Company's ability to extract these Mineral Resources, could have a material adverse effect on the value of the resources.

Land access

As of April 1, 2013, under the recently modified Mining Act, the Company is required to obtain permits to conduct exploration and evaluation activities on its Ontario properties. In management's view there is uncertainty concerning the First Nation's ability to comply with the legislation on a timely basis, and there is a risk of permitting delays. The impact of any delays on the Company's operations is unknown.

Special Note Regarding Forward-Looking Statements

Certain statements in this MD&A may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or the industry in which it operates, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this report, the words "estimate", "believe", "anticipate", "intend", "expect", "plan", "may", "should", "will", the negative thereof or other variations thereon or comparable terminology are intended to identify forward-looking statements. Such forward-looking statements reflect the current expectations of the management of the Company with respect to future events based on currently available information and are subject to risks and uncertainties that could cause actual results, performance or achievements to differ materially from those expressed or implied by those forward-looking statements, such as reduced funding, currency and interest rate fluctuations, increased competition and general economic and market factors and including the risk factors summarized above under the heading "Risk Factors". New risk factors may arise from time to time and it is not possible for management of the Company to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Company to be materially different from those expressed or implied in such forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained in this MD&A speak only as of the date hereof. The Company does not undertake or assume any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.

Additional Information

(1) Additional information may be found on the Company's website at www.appiaenergy.ca.

(2) The technical information included in this MD&A has been reviewed and approved by Al Workman, P.Geo. Senior Geologist, Watts, Griffis and McOuat Ltd., a Qualified Person in accordance with the Canadian regulatory requirements as set out in NI43-101.