FINANCIAL STATEMENTS

For the initial 349-day period ended

July 31, 2013

(in Canadian dollars)

Raymond Chabot Grant Thornton

Independent Auditor's Report

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To the Shareholders of
Canadian Metals Inc.

We have audited the accompanying financial statements of Canadian Metals Inc., which comprise the statement of financial position as at July 31, 2013 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the initial 349-day period 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 (IFRS) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Metals Inc. as at July 31, 2013 and its financial performance and its cash flows for the initial 349-day period then ended in accordance with International Financial Reporting Standards (IFRS).

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2 to the financial statements, which indicates that the Corporation has a deficit of $524,860 as at July 31, 2013. This condition, along with other matters as set forth in Note 2, indicates the existence of a material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern.

Raymond Chabot Grant Thornton LLP[1]

Montréal
November 8, 2013

[1] CPA auditor, CA public accountancy permit no. A115879

Canadian Metals Inc.
Statement of Financial Position
July 31, 2013

(in Canadian dollars)

	2013 $
ASSETS	
Current	
Cash	644,003
Other receivables *(Note 6)*	30,398
Prepaid expenses	2,117
	676,518
Non-current	
Exploration and evaluation assets *(Note 7)*	53,557
Property and equipment *(nNte 8)*	3,892
	57,449
TOTAL ASSETS	733,967
LIABILITIES AND EQUITY	
Current	
Trade and other payables	59,759
Total liabilities	59,759
EQUITY	
Share capital *(Note 9)*	824,436
Warrants *(Note 9)*	291,805
Stock options *(Note 10)*	82,827
Deficit	(524,860)
Total equity	674,208
TOTAL LIABILITIES AND EQUITY	733,967

Going concern assumption *(Note 2)*

For the Board of Directors

/s/ Stéphane Leblanc Director /s/ Guy Chamard Director

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

Canadian Metals Inc.

Statement of Comprehensive Income

For the initial 349-day period ended July 31, 2013

(in Canadian dollars)

	2013 $
Expenses	
General and administrative expenses *(Note 13)*	(509,873)
Exploration expenses, net of tax credits	(14,987)
Loss before income tax	(524,860)
Deferred income tax expense (Note 12)	-
Net loss and comprehensive loss for the period	(524,860)
Basic and diluted loss per share *(Note 11)*	(0.05)

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

Canadian Metals Inc.
Statement of Changes in Equity
For the initial 349-day period ended July 31, 2013

(in Canadian dollars)

	Number of common shares outstanding	Share capital $	Warrants $	Stock options $	Deficit $	Total equity $
Balance as at August 17, 2012	-	-	-	-	-	-
Net loss and comprehensive loss for the period	-	-	-	-	(524,860)	(524,860)
	-	-	-	-	(524,860)	(524,860)
Shares issued by private placements (Note 9)	10,941,414	362,264	-	-	-	362,264
Shares issued – Initial Public Offering (Note 9)	5,399,832	809,975	-	-	-	809,975
Warrants (Note 9)	-	(266,750)	266,750	-	-	-
Share issue costs (Note 9)	-	(93,798)	-	-	-	(93,798)
	-			-	-	-
Issuance of broker warrants (Note 9)	-	(25,055)	25,055	-	-	-
Shares issued for the acquisition of mining properties (Note 9)	1,800,000	37,800	-	-	-	37,800
Share based payment expenses (Note 10)	-	-	-	82,827		82,827
	18,141,246	824,,436	291,805	82,827	-	1,199,068
Balance as at July 31, 2013	18,141,246	824,436	291,805	82,827	(524,860)	674,208

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

Canadian Metals Inc.
Statement of Cash Flows
For the initial 349-day period ended July 31, 2013

(in Canadian dollars)

	2013 $
OPERATING ACTIVITIES	
Net loss for the period	(524,860)
Adjustments for	
Amortization for property and equipment *(Note 8)*	1,203
Deferred income tax expense (Note 12)	-
Share-based payment expenses	82,827
	(440,830)
Changes in non-cash working capital items	
Other receivables	(19,805)
Prepaid expenses	(2,117)
Trade and other payables	59,759
Cash flows from operating activities	(402,993)
INVESTING ACTIVITIES	
Exploration and evaluation expenses capitalized	(26,350)
Acquisition of property and equipment	(5,095)
Cash flows from investing activities	(31,445)
FINANCING ACTIVITIES	
Issuance of shares *(Note 9)*	1,172,239
Share issue cost *(Note 9)*	(93,798)
Cash flows from financing activities	1,078,441
Net change in cash	644,003
Cash, beginning of period	-
Cash, end of period	644,003
Additional information on non-cash flow transactions	
Shares issued for the acquisition of exploration and evaluation assets	37,800
Refundable tax credits applied against exploration and evaluation assets	10,593

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

1 NATURE OF OPERATIONS

Canadian Metals Inc. (hereafter the “Corporation”) is engaged in the acquisition, exploration and evaluation of mining properties. The Corporation was incorporated under the Business Corporations Act (Quebec) on August 17, 2012. Its registered office and principal place of business is 1200 McGill College, Suite 1240, Montréal, Quebec, Canada. The Corporation specializes in gold exploration located in the area of Matagami, Quebec, Canada.

2 GOING CONCERNASSUMPTION

The Corporation’s financial statements have been prepared using accounting principles applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period.

Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Corporation's ability to continue as a going concern, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and statement of financial position classifications that would be necessary should the going concern assumption not be appropriate. These adjustments could be material.

For the period ended on July 31, 2013, the Corporation recorded a net loss and an accumulated deficit of $524,860. In addition to ongoing working capital requirements, the Corporation must secure sufficient funding to meet its existing objectives for exploration and evaluation programs and for the payment of its general and administrative costs. As at July 31, 2013, the Corporation had a working capital of $616,759 considering cash of $644,003. Management estimates that these funds will not be sufficient to meet the Corporation's obligations. Any funding shortage may be met in the future in a number of ways including, but not limited to the issuance of new equity instruments. Given that the Corporation has not yet determined whether the exploration and evaluation assets have economically recoverable ore reserves, the Corporation has not yet generated income. Recovery of the cost of exploration and evaluation assets and other tangible and intangible assets is subject to certain conditions: the discovery of economically recoverable reserves, the Corporation's ability to obtain the financing required to complete the exploration, evaluation, development, construction and, ultimately, the sale of such assets.

During the period ended July 31, 2013, the Corporation completed private placements and an initial public offering totalling $1,172,239 for the financing of exploration work and its working capital. While management has been successful in securing financing, there is no assurance that it will manage to obtain additional financing in the future.

3 GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRS

These financial statements for the initial 349-day period ended July 31, 2013were approved by the Board of Directors and authorized for issue on November 8, 2013.

These financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”).

4 SUMMARY OF ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are as follows:

Basis of evaluation

The financial statements have been prepared under the historical cost basis.

Functional and presentation currency

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

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

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the International Accounting Standards Board (IASB) but are not yet effective, and have not been adopted early by the Corporation.

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

IFRS 9 "Financial Instruments" (IFRS 9)

The IASB aims to replace IAS 39 "Financial Instruments: Recognition and Measurement" (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning on or after January 1, 2015. Chapters dealing with impairment methodology and hedge accounting are still being developed. Further, in November 2012, the IASB published an exposure draft in order to make limited modifications to IFRS 9's financial asset classification model to address application issues. The Corporation's management has yet to assess the impact of this new standard on the Corporation's financial statements. However, management does not expect to implement IFRS 9 until all of its chapters have been published and they can comprehensively assess the impact of all changes.

IFRS 13 "Fair Value Measurement" (IFRS 13)

IFRS 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. IFRS 13 applies prospectively for annual periods beginning on or after January 1, 2013. Management is in the process of reviewing its valuation methodologies for conformity with the new requirements and has yet to complete its assessment of their impact on the Corporation's annual financial statements.

Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument.

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

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

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

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

Financial assets

For the purpose of subsequent measurement, financial assets are classified as loans and receivables upon initial recognition.

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

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

Impairment of financial assets

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

Objective evidence of impairment could include:

– significant financial difficulty of the issuer or counterparty;

– a breach of contract such as a default or delinquency in interest or principal payments; or

– it becoming probable that the borrower will enter bankruptcy or financial reorganization.

Financial liabilities

The Corporation's financial liabilities include accounts payable and accrued liabilities.

Financial liabilities are measured subsequently at amortized cost using the effective interest method. All interest-related charges are reported within finance costs, if applicable.

Basic and diluted loss per share

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

Refundable tax credits

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

Exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of initial search for mineral deposits with economic potential. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights or options to acquire such rights (option agreement), expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are capitalized as exploration and evaluation assets.

Expenses related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource.

The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expenses are recognized for these assets during the exploration and evaluation phase.

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

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

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

Property and equipment

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

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

Recognition of costs in the carrying amount of an item of property and equipment ceases when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management.

(in Canadian dollars)

Depreciation is recognized on a straight-line basis to write down the cost to its estimated residual value, with a constant charge over the useful life of the asset. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The period applicable is as follows:

	Useful life
Computer equipment	3 years

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

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

Impairment of exploration and evaluation assets and property and equipment

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

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

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

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

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

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

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

Provisions, contingent liabilities and contingent assets

Provisions are recognized when present legal or constructive obligations as a result of a past event will probably lead to an outflow of economic resources from the Corporation and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes, decommissioning, restoration and similar liabilities, or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

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

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

As at July 31, 2013, the Corporation had no contingent liabilities and therefore no provision was recorded in the annual financial statements.

Any reimbursement that the Corporation can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Possible inflows of economic benefits to the Corporation that do not yet meet the recognition criteria of an asset are considered contingent assets. Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in the annual financial statements since this may result in the recognition of income that may never be realized.

Income taxes

When applicable,tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

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

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

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

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

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

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

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

Equity

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs.

If shares are issued following the exercise of share options, or warrants, this account also includes the charge previously accounted to the warrants and stock options accounts. Furthermore, if shares are issued following the acquisition of mining property or other non-financial assets, shares are valued at fair value of mining property on the day the agreement was concluded.

Unit placements

Proceeds from unit placements are allocated between shares and warrants issued using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to warrants.

Other elements of equity

Warrants and stock options accounts include unrealized charges related to stock options and warrants until they are exercised, if applicable.

The deficit includes all current period retained profits or losses.

Equity-settled share-based payments

The Corporation has and equity-settled share-based payment plan for its eligible directors, employees and consultants. The Corporation's plans is not cash-settled.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the Corporation cannot estimate reliably the fair value of the goods or services received, it must measure their value indirectly by reference to the fair value of the equity instruments granted.

For transactions with employees and with non-related parties providing similar services, the Corporation evaluates the fair value of services received by reference to the fair value of equity instruments granted.

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

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

Upon exercise of stock options, the proceeds received net of any directly attributable transaction costs are recorded as share capital. The accumulated charges related to the share options recorded in the Stock option account are then transferred to the Share capital account.

Segmental reporting

The Corporation presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the Chairman and the Board of Directors. The Chairman and the Board of Directors have joint responsibility for allocating resources to the Corporation’s operating segments and assessing their performance.

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

5 JUDGMENTS, ESTIMATIONS AND ASSUMPTIONS

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

5.1 Significant management judgment

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

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

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period (see Note 4).

Going concern

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

5.2 Estimation uncertainty

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

Impairment of exploration and evaluation assets

Determining if there are any facts or circumstances indicating an impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases (see Note 4).

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

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

No loss in value and no reversal of impairment losses has been recognized for the reporting period.

Share based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and data and consideration as to the volatility of the Corporation's own share, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Corporation is the Black-Scholes valuation model (see Note 10).

Tax credits receivable

Tax calculation of the Corporation's refundable tax credit on qualified exploration expenditure incurred and refundable tax credit involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until a notice of assessment has been issued by the relevant taxation authority and payment has been received. Difference arising between the actual results following final resolution of some of these items and the assumptions made could necessitate adjustments to the refundable tax credit, exploration and evaluation assets, and income tax expense in future periods. See Note 4 for more information.

(in Canadian dollars)

6 OTHER RECEIVABLES

	2013 $
Goods and services tax receivable	19,805
Refundable tax credits	10,593
	30,398

7 EXPLORATION AND EVALUATION ASSETS

The exploration and evaluation assets capitalized are composed of fully owned mining rights and exploration and evaluation expenses, and detailed as follow:

	Massicote property					
	BLOCKS					
	"A" $	"B" $	"C" $	"D" $	"E" $	Total $
Mining rights						
Balance, August 17, 2012	-	-	-	-	-	-
Acquisitions	8,669	4,217	7,029	11,559	6,326	37,800
Balance as at July 31, 2013	8,669	4,217	7,029	11,559	6,326	37,800
Exploration and evaluation expenses						
Balance, August 17, 2012	-	-	-	-	-	-
Acquisitions (a)	6,061	2,899	5,006	7,904	4,480	26,350
Refundable tax credits (b)	(2,436)	(1,165)	(2,012)	(3,178)	(1,802)	(10,593)
Balance as at July 31, 2013	3,625	1,734	2,994	4,726	2,678	15,757
TOTAL	**12,294**	**5,951**	**10,023**	**16,285**	**9,004**	**53,557**

(a) Projects are at the exploration, evaluation and development stage. Geology and prospection charges were incurred for the production of a NI-43101 report.

(b) This amount is estimated based on the current tax and mining legislation.

Massicotte property

On August 31, 2012, the Corporation concluded two agreements:

A first agreement was concluded with a private company to acquire 81 mining rights (claims) composing block "E" located in the Matagami area, province of Quebec. As per the agreement, the Corporation accepted to remit 300,000 common shares to the vendor. The Corporation established the value of these shares at the fair value of mining property of $6,300. Furthermore, the vendor is entitled to a net smelter return (NSR) of 2%, when commercial production begins; if this situation occurs, the Corporation will have the option to buy back 1% NSR for $500,000 payable to the vendor;

(in Canadian dollars)

A second agreement was concluded with a group composed of two private companies and an individual for the acquisition of 403 mining rights (claims) composing Blocks “A” to "D", located in the Matagami area, province of Quebec. Block “A” is comprised of 111 claims, block “B” 54 claims, block "C" 90 claims and block “D” is comprised of 148 claims. As per the agreement, the Corporation accepted to remit 1,500,000 common shares to the vendors. The Corporation established the value of these shares at the fair value of mining properties of $31,500. Furthermore, the vendor is entitled to a net smelter return (NSR) of 1.4% (revised from 2%), when commercial production begins; if this situation occurs, the Corporation will have the option to buy back 0.7% (revised from 1%) NSR for $700,000 (revised from $1.0M) payable to the vendor.

8 PROPERTY AND EQUIPMENT

	Computer equipment $
Gross carrying amount	
Balance, August 17, 2012	-
Acquisition	5,095
Balance, July 31, 2013	5,095
Accumulated depreciation and impairment	
Balance, August 17, 2012	-
Acquisition	1,203
Balance, July 31, 2013	1,203
Carrying amount at July 31, 2013	3,892

9 EQUITY

Share capital

The Corporation's share capital is composed of fully paid common shares.

Authorized

Unlimited number of shares without par value. All shares equally qualify to receive dividends and the repayment of capital, and represent one vote each at the shareholders' meeting of the Corporation.

(a) During the period, the Corporation completed the following private placements:

(i) On August 30, 2012, the Corporation completed a first private placement with the Corporation’s founders. The Corporation completed a first private placement of $25,264 by issuing a total of 4,201,414 shares in accordance with regulatory requirements. These shares are in escrow for a period of thirty-six months and can be traded over a thirty-six-month period where 10% can be traded at issuance and thereafter, an additional 15% of shares can be traded every six months. There are no warrants associated with this share issuance;

(ii) On December 19, 2012, the Corporation completed a private placement for the amount of $337,000 by issuing a total of 6,740,000 shares at the price of $0.05 per share in accordance with the regulatory requirements. There are no warrants associated to this share issuance. The issuance costs amounted to $4,000 and were deducted from the share capital account.

(in Canadian dollars)

(iii) On April 30, 2013, the Corporation filed a prospectus in an initial public offering. On June 27, 2013, the Corporation closed this financing of 5,399,832 units at the price of $0.15 per unit for gross proceeds of $809,975. Each unit is composed of one common share of the Corporation and one common share purchase warrant, each unit warrant entitling the holder to acquire one additional common share of the Corporation at a price of $0.25 until December 26, 2014. A value of $266,750 was attributed to the warrants. The issue costs totalling $114,853, included an amount of $25,055 representing the fair value of 431,987 warrants issued to the broker; each broker warrants entitles the holder to acquire one share from the share capital of the Corporation, at the price of $0.15 until June 26, 2014; finally, issuance costs of $114,853 were deducted from share capital.

(b) On August 31, 2012, the Corporation completed the acquisition of mining rights by concluding two agreements:

(ii) The first agreement was concluded with a private corporation for the acquisition of 81 mining rights. As per the agreement, the Corporation accepted to remit 300,000 common shares to the vendor. The Corporation established a price of $0.021 per share for those shares, for a total consideration of $6,300. There are no warrants associated with this share issuance;

(iii) The second agreement was concluded with two private corporations and an individual for the acquisition of 403 mining rights. As per the agreement, the Corporation accepted to remit 1,500,000 common shares to the vendors. The Corporation established a price of $0.021 for those shares, for a total consideration of $31,500. There are no warrants associated with this share issuance.

Warrants

As at July 31, 2013, outstanding warrants entitle their holders to subscribe to an equivalent number of common shares, as follows:

a. Changes in the Corporation's warrants are as follows:

	As at July 31,2013		As at August 17, 2012	
Warrants	**Number**	**Weighted average exercise price $**	**Number**	**Weighted average exercise price $**
Balance – Beginning of period	-	-	-	-
Issued	5,831,819	0.24	-	-
Balance – End of period	5,831,819	0.24	-	-

(in Canadian dollars)

Outstanding warrants which could be exercised for an equivalent number of common shares are as follows:

Number of warrants	Exercise Price $	Expiry date
5,399,832	0.25	December 26, 2014
431,987	0.15	June 26, 2014
5,831,819		

The remaining weighted average contractual life of all warrants outstanding is 16.4 months as at July 31, 2013.

b. The fair value of all warrants issued was estimated to be $291,805 before allocation of the issuance expenses. This amount includes the fair value of warrants issued to brokers, estimated to be $25,055. The fair value of the brokers' warrants granted was estimated using the Black-Scholes model on the issue date, based on the following weighted average assumptions:

	2013
Average risk free interest rate	1.22%
Expected average volatility	100%
Expected dividend yield	Nil
Average fair value at date of grant	$0.15
Expected average life	18 mois
Average exercise price at date of grant	$0.24

The underlying volatility was determined in comparison with the volatility of comparable publicly traded corporations.

10 SHARE-BASED PAYMENTS

The Corporation has a stock option plan whereby the Board of Directors, may grant to directors, staff members or consultants of the Corporation, options to acquire common shares. The Board of Directors has the authority to determine the terms and conditions relating to the granting of options. The maximum number of shares that can be issued under the share-based payment plan is 10% of the Corporation's shares issued at the time of the option grant, with a vesting period of up to eighteen months at the directors' discretion. All share-based payments shall be settled in equity instruments. The number of stock options granted to a beneficiary are determined by the Board of Directors.

The exercise price of any option granted under the Plan is fixed by the Board of Directors at the time of the grant and cannot be less than the market price per common share the day before the grant. The term of an option will not exceed five years from the date of grant. Options are not transferable and can be exercised under the plan terms when a beneficiary who is a director, officer, employee or consultant of the Corporation ceases to occupy his functions, according to the terms of the Corporation's share-based payment plan.

(in Canadian dollars)

The changes to the number of stock options granted by the Corporation and their average exercise price are as follows:

	2013	
	Number	Average exercise price $
Balance – Beginning of year	-	-
Granted a)b)	970,000	0.12
Balance – End of period	970,000	0.12
Options exercisable – End of period	970,000	0.12

a) On February 21 2013, the Corporation granted an aggregate of 750,000 options to its directors and officers. The options are fully vested on the day of granting, in accordance with the option plan. The options issued are exercisable at the price of $0.10 per share . The fair value of these options was estimated at $53,146 using the Black-Scholes option-pricing model with the following assumptions: stock price at date of grant $0.10, expected dividend yield 0%, expected volatility 100%, risk free rate of 1.45% and expected life of 5 years, exercise price at the date of issue of $0.10. Considering that the option's exercise price is equal to the prospectus share issue price, the shares issue from options cannot be freely traded for a period of three years. The underlying expected volatility was determined by comparison with comparable publicly traded corporations.

b) On July 23, 2013, the Corporation attributed a total of 220,000 common shares to a director and a consultant. The options are fully vested on the day of granting, in accordance with the option plan in effect. The options granted are exercisable at $0.19 per share. The fair value of these options was estimated at $29,681 using the Black-Scholes option-pricing model with the following assumptions: stock price at date of grant $0.19, expected dividend yield 0%, expected volatility 100%, risk free rate of 1.69% and expected life of 5 years, exercise price at the date of issue of $0.19. The underlying expected volatility was determined by comparison with comparable publicly traded corporations.

For the 349-day period ended July 31, 2013, the share base payments recorded in the statement of comprehensive income amounted to $82,827 and are credited to Stock options account.

As at July 31, 2013, the Corporation had the following stock options outstanding:

Expiry date	Exercise price $	Options granted	Number of options exercisable	Remaining contracts life (year)
February 20, 2018	0.10	750,000	750,000	4.56
July 22, 2018	0.19	220,000	220,000	4.98
		970,000	970,000	4.66

(in Canadian dollars)

11 LOSS PER SHARE

Diluted earnings (loss) per share is calculated by dividing the loss for the year by the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. In calculating the diluted loss per share, dilutive potential ordinary shares such as share options and warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be antidilutive. Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 9 and 10.

The basic and diluted earnings (loss) per share is calculated using the net loss as the numerator, i.e. no adjustment of the net loss was necessary during the period.

	349-day period ended on July 31,2013 $
Net loss for the period	(524,860)
Weighted average number of common shares	10,667,944
Basic and diluted loss per share	(0.05)

12 INCOME TAX

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

	2013 $
Loss before income taxes	(524,861)
Income taxes at the combined federal and provincial tax rate in Canada of 26.9% in 2013	(141,188)
Increase (decrease) in income taxes resulting from:	
Changes in unrecorded temporary differences	117,348
Share-based payments	22,280
Non-deductible items and other	1,560
Deferred tax expense (income)	-

	2013 $
Composition of deferred income taxes in the statement of comprehensive income	
Inception and reversal of temporary differences	(117,348)
Change in unrecorded temporary differences	117,348
	-

	Balance at August 17, 2012 $	Recognized in profit or loss $	Balance at July 31, 2013 $
Changes in deferred taxes recognized during the period			
Exploration and evaluation assets		1,097	1,097
Exploration tax receivable		(1,097)	(1,097)
Deferred income taxes assets and liabilities recognized	-	-	-

As at July 31, 2013, deductible timing differences for which the Corporation has not recognized a deferred tax asset are as follows:

	Federal $	Provincial $
Unrecorded non-deductible temporary differences		
Exploration and evaluation assets	14,986	14,986
Property and equipment	1,203	1,203
Share issuance costs	75,861	75,861
Non-capital loss	439,758	435,734
	531,808	527,784

As at July 31, 2013, non-capital losses for which no deferred tax asset has been recorded expire as follows:

	Federal $	Provincial $
2032	439,758	435,734

The Corporation has investment tax credits of $856 that are not recorded. These credits are available to reduce deferred federal income taxes payable and expire as of 2032.

13 GENERAL AND ADMINISTRATIVE EXPENSES

Expense by nature

	2013 (349 days) $
General and administrative	
Office expenses and rent	26,187
Consulting fees	192,060
Share base payments	82,827
Professional fees	22,693
Public company expenses	158,227
Depreciation and amortization	1,203
Business development	26,676
	509,873

14 RELATED PARTY TRANSACTIONS

The Corporation's related parties include key management personnel and a company controlled by an officer of the Corporation.

(in Canadian dollars)

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

Compensation of key management personnel

Key management includes directors and senior executives. The compensation paid to key management is comprised of the following charges:

	2013 (349 days) $
Management fees	159,000
Share based payments	76,585
	235,585

During the period, companies controlled by officers and directors participated in a private placement of for a total cash consideration of $25,264 that was not in the normal course of business.

Transactions with a related party

On August 31, 2012, mining rights were acquired from a private company controlled by a director for 600,000 common shares, valued at $12,600. This evaluation is based on the fair value of the mining rights. The fair value is based on the fair value of a similar property acquired by the Corporation, which occurred the same day with an arm's-length party (purchase of Block "E").

15 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Corporation's capital management objectives are:

– to ensure the Corporation's ability to continue as a going concern;
– to increase the value of the assets of the business; and
– to provide an adequate return to shareholders.

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

The Corporation monitors capital on the basis of the carrying amount of equity. Capital for the reporting period under review is summarized in the statement of changes in equity.

The Corporation is not exposed to any externally imposed capital requirements except when the Corporation issues flow-through shares for which amounts should be used for exploration work. There was no flow-through financing during the period.

The Corporation sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Corporation manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Corporation finances its exploration and evaluation activities principally by raising additional capital either through private placements or public offerings. When financing conditions are not optimal, the Corporation may enter into option agreements or other solutions to continue its activities or may slow its activities until conditions improve.

No changes were made in the objectives, policies and processes for managing capital during the current reporting period.

16 FINANCIAL ASSETS AND LIABILITIES

Categories of financial assets and liabilities	2013 Carrying value $	2013 Fair Value $
Financial assets		
Cash	644,003	644,003
Financial liabilities – amortized cost		
Trade and other payables	59,759	59,759

The carrying value of cash and trade and other payables is considered as a reasonable approximation of the market value as a result of the short period to maturity of these instruments.

17 FINANCIAL INSTRUMENT RISKS

The Corporation is expose it to various risks in relation to financial instruments. The main types of risks are credit risk and liquidity risk.

The Corporation manages its risks in close cooperation with the Board of Directors, and focuses on actively securing the Corporation's short- to medium-term cash flows by minimizing the exposure to financial markets.

a. Credit risk sensitivity

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

The Corporation's maximum exposure to credit risk is limited to the carrying amount of cash ($644,003) at the reporting date.

The Corporation's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings and a reputable law firm.

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

b. Liquidity risk analysis

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

During the period, the Corporation financed its mining rights acquisitions, exploration expense and working capital requirements through a private financing and a common share issuance.

The accounts payable and accrued liabilities are all contractually due within twelve months.

(in Canadian dollars)

The Corporation's existing cash resources significantly exceed the current cash outflow requirements.

18 SUBSEQUENT EVENTS

On September 16, 2013, the Corporation acquired the Langis property in the Matane (Quebec) area in exchange for 2,500,000 warrants, at an estimated value of $151,732, on signature, as well as 3% of the net smelter return (NSR) royalties and 7% of the net profit interest (NPI) royalties on the claims. This is a silica property acquired from a corporation controlled by an officer of the Corporation. The property is located 30 km south of Matane and 30 km North of Amqui.

The fair value of the warrants has been established using the Black-Scholes model using the following assumptions:

Average risk-free interest rate	2.11%
Expected average volatility	90%
Expected dividend yield	Nil
Average fair value of shares at date of grant	$0.15
Expected average life	5 years
Average exercise price at date of grant	$0.15

The underlying expected volatility was determined by comparison with comparable publicly traded corporations.

Furthermore, the Corporation acquired a right of first refusal in the Colline Tortue property, also a silica property in the vicinity of the Langis property.