

**MONSTER MINING CORP.**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**

**For the nine months period ended April 30, 2014**

(Stated in Canadian Dollars)

(Unaudited)

**NOTICE TO READER OF THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

The unaudited condensed interim financial statements for the period ended April 30, 2014 have been prepared by and are the responsibility of the Company's management. These financial statements have not been reviewed or audited by the Company's auditors.

**MONSTER MINING CORP.**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
(Stated in Canadian Dollars)  
(Unaudited)

As at	April 30, 2014	July 31, 2013
<b><u>ASSETS</u></b>		
Current assets		
Cash	\$ 320	\$ 2,105
Available for sale investments – Note 3	5,000	6,650
Taxes recoverable	7,914	1,848
Prepaid expenses – Note 7	20,000	20,000
	33,234	30,603
Non-current assets		
Equipment – Note 4	3,529	8,835
Drilling advance – Note 5	165,256	165,256
Exploration and evaluation assets – Note 5	4,375,269	4,370,048
	4,544,054	4,544,139
<b>Total assets</b>	<b>\$ 4,577,288</b>	<b>\$ 4,574,742</b>
<b><u>LIABILITIES</u></b>		
Current liabilities		
Trade and other payables – Note 7	\$ 511,651	\$ 387,557
Advances payable – Note 7	68,500	15,000
<b>Total liabilities</b>	<b>580,151</b>	<b>402,557</b>
<b><u>EQUITY</u></b>		
Share capital – Note 6	5,679,215	5,604,185
Equity reserve – Note 6	986,838	1,061,868
Accumulated comprehensive loss – Note 3	(9,000)	(7,350)
Accumulated deficit	(2,659,916)	(2,486,518)
	3,997,137	4,172,185
<b>Total liabilities and equity</b>	<b>\$ 4,577,288</b>	<b>\$ 4,574,742</b>

SIGNED ON BEHALF OF THE BOARD:

<u>“Robert Eadie”</u> Robert Eadie	Director	<u>“Gary Arca”</u> Gary Arca	Director
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The accompanying notes form an integral part of these condensed interim financial statements

**MONSTER MINING CORP.**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE LOSS**  
(Stated in Canadian Dollars)  
(Unaudited)

	For the three months ended April 30,		For the nine months ended April 30,	
	2014	2013	2014	2013
Revenue				
Revenue from option agreements	\$ -	\$ -	\$ -	\$ 10,000
Other revenue	-	-	-	125,000
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>135,000</b>
Expenses – Note 7				
Accounting and audit fees	5,250	6,788	26,371	24,185
Depreciation	419	3,282	5,306	10,771
Finance cost	-	3,559	11,725	8,419
Foreign exchange (gain) loss	272	211	2,342	29
Legal and corporate services	198	-	198	11,198
Management activities	15,000	22,500	55,000	69,399
Office, rent and administration	15,090	12,389	47,755	48,673
Shareholder communications	3,980	5,247	11,915	17,333
Transfer agent and filing fees	7,016	7,168	12,786	34,932
<b>Total expenses</b>	<b>(47,225)</b>	<b>(61,144)</b>	<b>(173,398)</b>	<b>(224,939)</b>
Other Gains				
Debt forgiveness	-	40,860	-	40,860
Gain on settlement of debt	-	181,459	-	181,459
<b>Total Other Gains</b>	<b>-</b>	<b>222,319</b>	<b>-</b>	<b>222,319</b>
Net Earnings (Loss) for period	(47,225)	161,175	(173,398)	132,380
Other comprehensive loss				
Unrealized loss on available for sale investments	-	-	(1,650)	(1,500)
<b>Total comprehensive income (loss) for the period</b>	<b>\$ (47,225)</b>	<b>\$ 161,175</b>	<b>\$ (175,048)</b>	<b>\$ 130,880</b>
Basic and diluted income (loss) per share – Note 8	\$ (0.00)	\$ 0.01	\$ (0.01)	\$ 0.00

The accompanying notes form an integral part of these condensed interim financial statements

**MONSTER MINING CORP.**  
**CONDENSED INTERIM STATEMENT OF CASH FLOW**  
(Stated in Canadian Dollars)  
(Unaudited)

<b>For the nine months ended April 30,</b>	<b>2014</b>	<b>2013</b>
Operating Activities:		
Loss for the period	\$ (173,398)	\$ 132,380
Adjustments to reconcile loss to net cash used in operating activities:		
Debt forgiveness	-	(40,860)
Depreciation	5,306	10,771
Finance cost	-	8,215
Gain on settlement of debt	-	(181,459)
Changes in non-cash working capital items:		
Taxes recoverable	(6,066)	(2,759)
Prepaid expenses	-	(6,249)
Trade and other payables	130,094	177,290
Cash inflows (outflows) from operating activities	<b>(44,064)</b>	97,329
Investing Activity:		
Investment in exploration and evaluation assets	(5,221)	-
Financing Activity:		
Advances payable (repayment)	47,500	(105,000)
Total decrease in cash during the period	<b>(1,785)</b>	(7,671)
Cash, beginning of the period	<b>2,105</b>	8,293
Cash, end of the period	<b>\$ 320</b>	<b>\$ 622</b>

*See Supplementary cash flow and non-cash activities (note 9)*

**MONSTER MINING CORP.**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
For the nine month ended April 30, 2014 and 2012  
(Stated in Canadian Dollars)  
(Unaudited)

	Number of shares outstanding	Share capital	Equity reserve	Accumulated comprehensive gain (loss)	Accumulated deficit	Total equity
Balance – August 1, 2012	29,025,847	\$ 5,371,422	\$ 1,196,922	\$ (6,000)	\$ (2,549,974)	\$ 4,012,370
Common shares issued pursuant to:						
-Debt settlement                      -at \$0.035	2,791,672	97,709	-	-	-	97,709
Unrealized loss on marketable securities	-	-	-	(1,500)	-	(1,500)
Shares released from escrow	-	67,527	(67,527)	-	-	-
Net loss for the period	-	-	-	-	132,380	132,380
Balance – April 30, 2013	31,817,519	5,536,658	1,129,395	(7,500)	(2,417,594)	4,240,959
Unrealized gain on marketable securities	-	-	-	150	-	150
Shares released from escrow	-	67,527	(67,527)	-	-	-
Net loss for the period	-	-	-	-	(68,924)	(68,924)
Balance – July 31, 2013	31,817,519	5,604,185	1,061,868	(7,350)	(2,486,518)	4,172,185
Shares released from escrow	-	135,054	(135,054)	-	-	-
Unrealized loss on marketable securities	-	-	-	(1,650)	-	(1,650)
Net loss for the period	-	-	-	-	(173,398)	(173,398)
<b>Balance – April 30, 2014</b>	<b>31,817,519</b>	<b>\$ 5,739,239</b>	<b>\$ 926,814</b>	<b>\$ (9,000)</b>	<b>\$ (2,659,916)</b>	<b>\$ 3,997,137</b>

The accompanying notes form an integral part of these condensed interim financial statements

**MONSTER MINING CORP.**

Notes to the Interim Condensed Financial Statements

April 30, 2014

(Stated in Canadian Dollars)

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**MONSTER MINING CORP.**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

April 30, 2014

(Stated in Canadian Dollars)(Unaudited)**Note 1      Corporate Information**

Monster Mining Corp. (the “Company”) was incorporated in the Province of British Columbia on May 3, 2007 under the Business Corporations Act (British Columbia) under the name “Northex Ventures Inc.” and changed its name to “Monster Mining Corp.” on August 20, 2008. The Company was registered as an extra-territorial corporation under the Business Corporations Act (Yukon) on July 10, 2009. The Company completed its IPO pursuant to its prospectus dated April 26, 2011 (the “Prospectus”) and commenced trading on the TSX Venture Exchange (the “Exchange”) on May 19, 2011 under the symbol MAN. The Company is in the exploration stage and has entered into option and purchase agreements to acquire mineral properties in the Yukon, Canada.

The address of the Company’s corporate office and principal place of business is 750 - 580 Hornby Street, Vancouver, British Columbia, Canada.

**Note 2      Basis of Preparation**a) Statement of Compliance

These unaudited condensed interim financial statements for the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. These condensed interim financial statements, for the nine months period ended April 30, 2014, have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting, however, they do not include all of the information required for full annual financial statements.

These condensed interim financial statements should be read in conjunction with the Company’s 2013 annual financial statements.

The condensed interim financial statements were authorized for issue by the Board of Directors on June 24, 2014.

b) Basis of Measurement

The condensed interim financial statements have been prepared on a historical cost basis, as modified by the revaluation of held-for-trading and available for sale financial assets.

The condensed interim financial statements are presented in Canadian dollars (“CDN”), which is also the Company’s functional currency, and all values are rounded to the nearest dollar, unless otherwise indicated.

**MONSTER MINING CORP.**

Notes to the Interim Condensed Financial Statements

April 30, 2014

(Stated in Canadian Dollars)

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**Note 2     Basis of Preparation – (cont'd)**

b) Basis of Measurement – (cont'd)

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The Company's accounting policies and areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Notes 3 and 4 of the Company's 2013 annual financial statements.

c) Going Concern of Operations

The Company has not generated revenue from operations. During the period ended April 30, 2014, the Company generated a loss of \$173,398, and, as of that date, the Company's accumulated deficit was \$2,659,916. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures.

As at April 30, 2014, the Company had \$320 in cash, working capital deficiency of \$546,917 and no long-term debt. The Company does not have sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting year. While the Company has been successful in obtaining the necessary financing through the issuance of common shares and loans from related parties in the past, there is no assurance it will be able to raise funds in this manner in the future and there remains significant doubt as to the Company's ability to continue as a going concern.

These financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of operations, and at amounts different from those in the accompanying consolidated financial statements.



**MONSTER MINING CORP.**

Notes to the Interim Condensed Financial Statements

April 30, 2014

(Stated in Canadian Dollars)

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**Note 3 Available for Sale Investments**

Available for sale investments consists of investments in common shares of Dawson Gold Corp. (“Dawson”) and shares of O’Conner Lake Mines Ltd. (“O’Connor”).

At April 30, 2014 and July 31, 2013 the Company held the following shares:

	April 30, 2014			July 31, 2013	
	Shares	Original Value	Fair Value	Fair Value	
O’Conner	100,000	\$ 5,000	\$ 5,000	\$ 5,000	
Dawson	7,500	9,000	-	1,650	
		\$ 14,000	\$ 5,000	\$ 6,650	

The fair value of Dawson has been determined by reference to published price quotations in an active market and the fair value of O’Connor has been determined by the last share issuance price recorded by O’Connor.

**Note 4 Equipment**

	Computer Equipment	Vehicles	Furniture & Equipment	Total
<b>Cost</b>				
Balance, August 1, 2012, July 31, 2013 & April 30, 2014	\$ 5,456	\$ 35,464	\$ 8,373	\$ 49,293
<b>Depreciation</b>				
Balance, August 1, 2012	\$ 3,894	\$ 20,776	\$ 1,912	\$ 26,582
Depreciation for the year	1,562	10,639	1,675	13,876
Balance, July 31, 2013	5,456	31,415	3,587	40,458
Depreciation for the period	-	4,049	1,257	5,306
<b>Balance, April 30, 2014</b>	<b>\$ 5,456</b>	<b>\$ 35,464</b>	<b>\$ 4,844</b>	<b>\$ 45,764</b>
<b>Carrying amounts</b>				
Balance, July 31, 2013	\$ -	\$ 4,049	\$ 4,786	\$ 8,835
<b>Balance, April 30, 2014</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,529</b>	<b>\$ 3,529</b>

**MONSTER MINING CORP.**

Notes to the Interim Condensed Financial Statements

April 30, 2014

(Stated in Canadian Dollars)

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**Note 5      Exploration and Evaluation Assets**

	<b>Keno Lightning</b>	<b>McKay Hill</b>	<b>Cobalt Hill</b>	<b>Total</b>
<b><u>Acquisition costs:</u></b>				
Balance, August 1, 2012	\$ 386,000	\$ 206,000	\$ 50,000	\$ 642,000
Option payment	6,000	6,000	-	12,000
Balance, July 31, 2013	392,000	212,000	50,000	654,000
Option payment	-	-	5,000	5,000
<b>Balance, April 30, 2014</b>	<b>\$ 392,000</b>	<b>\$ 212,000</b>	<b>\$ 55,000</b>	<b>\$ 659,000</b>
<b><u>Exploration costs:</u></b>				
Balance, August 1, 2012	\$3,531,577	\$ 167,196	\$ -	\$ 3,698,773
Assays and sampling	(2,087)	-	-	(2,087)
Airborne geophysics	15,547	3,751	-	19,298
Equipment rental	700	-	-	700
Geological	(636)	-	-	(636)
Balance, July 31, 2013	3,545,101	170,947	-	3,716,048
Transportation	221	-	-	221
<b>Balance, April 30, 2014</b>	<b>\$3,545,322</b>	<b>\$ 170,947</b>	<b>\$ -</b>	<b>\$ 3,716,269</b>
<b>Total Exploration and Evaluation Assets</b>				
Balance, July 31, 2013	\$3,937,101	\$ 382,947	\$ 50,000	\$ 4,370,048
<b>Balance, April 30, 2014</b>	<b>\$3,937,322</b>	<b>\$ 382,947</b>	<b>\$ 55,000</b>	<b>\$ 4,375,269</b>

**MONSTER MINING CORP.**

Notes to the Interim Condensed Financial Statements

April 30, 2014

(Stated in Canadian Dollars)

(Unaudited) – Page 5

**Note 5      Exploration and Evaluation Assets - (cont'd)**

a)      Keno Lightning

By agreement dated August 1, 2007, the Company entered into an option agreement to acquire a 100% interest (the "Option") from the owners (the "Optionors") of certain mining claims situated in the Mayo Mining District, Yukon, more commonly known as the Keno Lightning Property ("Keno").

In order to maintain the Option in good standing and earn a 100% undivided interest in Keno, the Company must pay \$100,000 and issue 700,000 common shares of the Company to the Optionors and incur \$300,000 in exploration expenditures as follows:

- i)      pay \$10,000 upon signing the Agreement (paid);
- ii)     pay an additional \$15,000 by June 3, 2011 (paid);
- iii)    pay an additional \$15,000 by May 19, 2012 (\$9,000 paid)\*;
- iv)     pay an additional \$15,000 by May 19, 2013 (\$9,000 paid)\*;
- v)      pay an additional \$15,000 by May 19, 2014 (\$9,000 paid);
- vi)     pay an additional \$15,000 by May 19, 2015 (\$9,000 paid);
- vii)    pay an additional \$15,000 by May 19, 2016 (\$9,000 paid);
- viii)   issue 700,000 shares by June 3, 2011 (issued); and
- ix)     incur \$300,000 in exploration expenses on Keno on or before December 31, 2009 (incurred).

*\*The Company has not made the additional payments of \$6,000 due in 2012 and 2013. The Company has not been notified by the optionor of default, one of whom is a related party. At April 30, 2014 \$12,000 (July 31, 2013 - \$12,000) has been accrued in trade and other payables.*

Keno is subject to a 3% NSR to the Optionors. The Company has the option to purchase up to 2% of this royalty interest for \$300,000 for the first 1%, and \$1,200,000 for the second 1%.

Of the consideration, \$30,000 in cash payments (\$7,500 paid) and 210,000 (issued) of the shares issued are to a director of the Company.

The Company acquired a 25% interest in the Blanche Claim in the Keno Hill area of the Yukon on August 1, 2007 pursuant to a third party property option agreement whereby the Company was granted the claims as they fell within an area of interest. By agreement dated January 17, 2010, the Company acquired another 50% interest in the Blanche Claim in consideration of 100,000 shares of the Company.

In addition, the Company accrued \$20,000 (July 31, 2013: \$20,000) relating to the site restoration costs.

**MONSTER MINING CORP.**

Notes to the Interim Condensed Financial Statements

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(Stated in Canadian Dollars)

(Unaudited) – Page 6

**Note 5      Exploration and Evaluation Assets - (cont'd)**

b)      McKay Hill

By agreement dated September 1, 2007 and amended November 21, 2010, the Company entered into an option agreement to acquire a 100% interest in 20 mining claims situated in the Mayo Mining District, Yukon (“McKay Hill”).

In order to maintain the option in good standing and to acquire a 100% undivided interest in the McKay Hill property the Company must pay \$110,000, issue 300,000 common shares of the Company to the vendors and incur an aggregate of \$100,000 in exploration expenditures as follows:

- i)      pay \$20,000 upon signing the Agreement (paid);
- ii)     pay \$15,000 by June 3, 2011 (paid);
- iii)    pay an additional \$15,000 by May 19, 2012 (\$9,000 paid)\*;
- iv)    pay an additional \$15,000 by May 19, 2013 (\$9,000 paid)\*;
- v)     pay an additional \$15,000 by May 19, 2014 (\$9,000 paid);
- vi)    pay an additional \$15,000 by May 19, 2015 (\$9,000 paid);
- vii)    pay an additional \$15,000 by May 19, 2016 (\$9,000 paid);
- viii)   issue 300,000 common shares by June 3, 2011 (issued); and
- ix)    incur \$100,000 in exploration expenses on McKay Hill before December 31, 2011 (incurred).

*\*The Company has not made the additional payments of \$6,000 due in 2012 and 2013. The Company has not been notified by the optionors of default, one of whom is a related party. At April 30, 2014 \$12,000 (July 31, 2013: \$12,000) has been accrued in trade and other payables.*

The property is subject to a 3% NSR to the vendors. The Company has the option to purchase up to 2% of this royalty interest for \$300,000 for the first 1%, and \$1,200,000 for the second 1%.

Of the consideration, \$44,000 in cash payments (\$14,000 paid) and 190,000 (issued) of the shares issued are to a director of the Company.

In 2010, an additional 124 claims were staked by the Company at a cost of \$13,429.

**MONSTER MINING CORP.**

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(Stated in Canadian Dollars)

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**Note 5      Exploration and Evaluation Assets - (cont'd)**

c)      Cobalt Hill

By agreement dated March 28, 2012, the Company entered into an option agreement to acquire a 100% interest (the “Option”) from the owner (the “Optionor”) in 20 unsurveyed mining claims situated in the Mayo Mining District, Yukon more commonly known as the Cobalt Hill Property (“Cobalt Hill”).

In order to maintain the Option in good standing and earn a 100% undivided interest in Cobalt Hill, the Company must pay \$200,000, issue 695,000 common shares of the Company to the Optionor and incur \$400,000 in exploration expenditures over a period of 5 years from the effective date of April 19, 2012 as follows:

- i)      pay \$30,000 upon signing the Agreement (paid);
- ii)     issue 100,000 shares on April 19, 2012 (issued);
- iii)    issue 100,000 shares by April 19, 2013\*;
- iv)    pay an additional \$30,000, issue 100,000 shares and incur exploration expenditures of \$50,000 by April 19, 2014\*;
- v)     pay an additional \$40,000, issue 100,000 shares and incur exploration expenditures of \$50,000 by April 19, 2015;
- vi)    pay an additional \$50,000, issue 145,000 shares and incur exploration expenditures of \$100,000 by April 19, 2016; and
- vii)   pay an additional \$50,000, issue 150,000 shares and incur exploration expenditures of \$200,000 by April 19, 2017.

*\* At April 30, 2014, the Company is negotiating a new agreement with the Optionor and has not issued 100,000 shares due in 2013 and 2014, expensed \$50,000 for exploration on the property or paid \$30,000 due in 2014. As of April 30, 2014, the Company not been notified by the optionor of default.*

The property is subject to a 3% NSR to the optionor. The Company has the option to purchase up to 1.5% of this royalty interest for \$1,500,000.

d)      Franklin Creek

Pursuant to a purchase agreement dated May 5, 2007, as amended on March 14, 2008 and December 1, 2010, between the Company and Dynamic Resources Corp. (“Dynamic”) the Company acquired a 100% interest in three claim groups in the Yukon and Northwest Territories, more commonly known as the MAG Claim Group and the ALAN Claim Group, Northwest Territories and 16 claims known as the Franklin Creek Claim Group (Guy 1 – 16) located in the Whitehorse Mining District, Yukon Territory. Consideration paid was as follows:

- i)      Payment of \$50,000 in cash (paid); and
- ii)     issuance of 100,000 common shares (issued).

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Notes to the Interim Condensed Financial Statements

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(Stated in Canadian Dollars)

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**Note 5     Exploration and Evaluation Assets - (cont'd)**

d)     Franklin Creek – (cont'd)

During By Sale Agreement dated March 25, 2010, between the Company and O'Connor Lake Mines Ltd., ("O'Connor") the Company granted O'Connor an undivided 100% interest in the MAG Claim Group and the ALAN Claim Group, in consideration of O'Connor issuing to the Company 100,000 common shares (received and recorded at \$5,000). On September 27, 2010, the Company entered into an agreement with Strategic Metals Ltd. ("SMD") to sell the Franklin Creek Claim Group (Guy 1-16) whereby the Company agreed to sell an undivided 100% interest in the claims to SMD in consideration of one half (50%) of any of the proceeds from any sale, option or disposition of all or any part of the claims, as well as from SMD's Hopper Claims and SMD's Gal claims.

During the year ended July 31, 2013, the Company sold its undivided 50% beneficial interest in each and all of the Guy, Hopper and Gal claims to SMD for \$125,000. This amount is shown as revenue in the Company's statement of comprehensive loss.

e)     Drilling Advance

The Company advanced \$400,000, of which \$165,256 remains to be incurred as at April 30, 2014 (July 31, 2013: \$165,256) to a shareholder for drilling and geological services on the Company's mineral properties. This transaction was measured at the exchange amount, which is the amount agreed upon by the transacting parties and was made by the Company in order to secure favourable terms and priority on drilling costs and timing.

f)     Environmental Protection Practices

The Company is subject to laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company (see note 5 (a)).

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**Note 6      Share Capital and Equity Reserve**a) Common Shares

The Company is authorized to issue an unlimited number of no par value common shares, issuable in series.

The holders of common shares are entitled to one vote per share at meetings of the Company and to receive dividends, which are declared from time-to-time. No dividends have been declared by the Company since its inception. All shares are ranked equally with regard to the Company's residual assets.

Pursuant to the Exchange policy guidelines, at April 30, 2014, 1,742,532 (July 31, 2013: 3,485,065) common shares were held in escrow and will be released on May 19, 2014 (1,742,532 were released on November 19, 2013).

The Company issued no shares during the period ended April 30, 2014.

*Settlement of Debt*

On February 7, 2013, the Company agreed to settle debt of \$279,168 owed to its vendors by issuing 2,791,672 shares at a price of \$0.035 per share for a total of \$97,709. The debt was originally recorded under trade and other payables. The fair value of the shares allotted was determined by using the market price of the common shares.

b) Equity Reserve

As at April 30, 2014 and July 31, 2013, equity reserve consisted of the following:

	<b>April 30, 2014</b>	July 31, 2013
Expired warrants	\$ 120,000	\$ 120,000
Expired agent warrants	26,000	26,000
Shares held in escrow	60,024	135,054
Share purchase options	437,480	457,523
Forfeited share purchase options	343,334	323,291
<b>Equity reserve</b>	<b>\$ 986,838</b>	<b>\$ 1,061,868</b>

c) Share Purchase Warrants

The Company has no share purchase warrants outstanding at April 30, 2014 (July 31, 2013: nil). During the year ended July 31, 2013, 2,500,000 warrants exercisable at \$0.30 per share expired unexercised.

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Notes to the Interim Condensed Financial Statements

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(Stated in Canadian Dollars)

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**Note 6      Share Capital and Equity Reserve – (cont'd)**d) Share-Based Payments

The Company, in accordance with the policies of the Exchange, is authorized to grant share purchase options to directors, officers, employees and service providers to acquire up to 10% of common stock outstanding (the “Plan”). Under the Plan, options may be granted at, not less than the closing market price of the Company’s shares on the day preceding the grant for a maximum term of 5 years. No amounts are paid or payable by the recipient on receipt and the options are not dependent on any performance-based criteria. Share purchase options will vest when granted except where granted for investor relations activities which vest and may be exercised in accordance with the vesting provisions as to ¼ of the options each 3 months.

The following is a summary of changes in options from August 1, 2013 to April 30, 2014:

<b>Grant Date</b> mm/dd/yy	<b>Expiry Date</b> mm/dd/yy	<b>Exercise Price</b>	<b>Opening Balance</b>	<b>During the Period</b>			<b>Closing Balance</b>	<b>Closing Exercisable</b>
				<b>Granted</b>	<b>Exercised</b>	<b>Forfeited</b>		
05/19/11	05/19/16	\$0.40	1,712,000	-	-	(75,000)	1,637,000	1,637,000
			1,712,000	-	-	(75,000)	1,637,000	1,637,000
Weighted Average Exercise Price			\$ 0.40	\$ -	\$ -	\$0.40	\$0.40	\$0.40

No share purchase options were granted during the period ended April 30, 2014 and 75,000 options were forfeited due to employees resigning from the Company.

**Note 7      Related Party Transactions**

The Company incurred the following costs with companies controlled by directors of the Company and with companies controlled by directors and officers of the Company:

<b>Period ended April 30,</b>	<b>2014</b>	<b>2013</b>
Accounting fees	\$ 15,750	\$ 15,750
Management activities	55,000	69,000
Office, rent and administration	45,000	45,000
Shareholder communications	11,250	11,250
<b>Total</b>	<b>\$ 127,000</b>	<b>\$ 141,000</b>



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**Note 7      Related Party Transactions – (cont'd)**

The Company incurred accounting fees of \$15,750 (April 30, 2013 - \$15,750), office, rent and administration cost of \$45,000 (April 30, 2013 - \$45,000) and shareholder communication cost of \$11,250 (April 30, 2013 - \$11,250) to a company controlled by a director and officer of the Company.

Included in prepaid expenses at April 30, 2014, is \$5,000 (July 31, 2013: \$5,000) for prepaid rent and refundable expenses with a company controlled by a director. Included in accounts payable and accrued liabilities at April 30, 2014 is \$390,130 (July 31, 2013: \$245,258) due to directors and companies controlled by directors for various administrative expenses and expenditures for exploration and evaluation assets.

Included in advances payable at April 30, 2014, is \$30,500 (July 31, 2013: \$15,000) due to a company controlled by a director of the Company. These amounts are unsecured and bear no interest. These charges were measured at the exchange amount, which is the amount agreed upon by the transacting parties.

**Note 8      Loss Per Share**

The denominator for the calculation of loss per share, being the weighted average number of common shares, is calculated as follows:

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>April 30,</b>		<b>April 30,</b>	
	<b>2014</b>	2013	<b>2014</b>	2013
Issued and outstanding, beginning of the period	<b>31,817,519</b>	29,025,847	<b>31,817,519</b>	29,025,847
Weighted average shares issued during the period	-	2,760,305	-	1,376,715
Weighted average number of common shares for the period (basic and diluted)	<b>31,817,519</b>	31,786,152	<b>31,817,519</b>	30,402,562

**Note 9      Supplemental Cash Flow and Non-Cash Activities**

The Company has excluded from its investing cash flows for the period ended April 30, 2014, change in accounts payable relating to exploration and evaluation expenditures of \$65,040 (July 31, 2013 - \$65,040).

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### **Note 10    Capital Management**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

There have been no changes in the Company's approach to capital management during the period ended April 30, 2014.

### **Note 11    Financial Instruments**

#### a)    Interest Rate Risk

The Company's cash earns interest at a variable interest rate however earned no interest during the period ended April 30, 2014.

The Company has no exposure to interest rate fluctuations.

#### b)    Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk with respect to its cash balance, the balance of which at April 30, 2014 is \$320. Cash is held at a chartered Canadian financial institution. The Company is also exposed to credit risk with regard to the drilling advance at April 30, 2014 with a balance of \$165,256.

#### c)    Liquidity Risk

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. As at April 30, 2014, the Company had \$320 in cash, working capital deficiency of \$546,917 and no long-term debt. The Company does not have sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period. While the Company has been successful in obtaining the necessary financing through the issuance of common shares and loans from related parties in the past, there is no assurance it will be able to raise funds in this manner in the future and there remains significant doubt as to the Company's ability to continue as a going concern. The Company's trade and other payables are due in the short term.