CORPORATION MINIÈRE ROCMEC MINING CORPORATION

Rocmec Mining Inc.

(Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD OF THREE MONTHS ENDED DECEMBER 31, 2013

(Unaudited and not reviewed by the Company's independent auditors)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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500-7055 boulevard Taschereau,Brossard (Quebec) J4Z 1A7 Telephone : (450) 510-4442 Fax : (450) 510-9901

www.rocmec.com

Rocmec Mining Inc.

(Exploration Stage Company)

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in Canadian dollars)
(Unaudited and not reviewed by the Company's independent auditors)

	December 31, 2013	September 30, 2013
ASSETS		
CURRENT ASSETS		
Cash	**$ 51,688**	$ 51,293
Accounts receivable and other receivables (Note 5)	**1,000**	1,000
Sales taxes receivable	**30,251**	19,372
Tax credit and redeemable right receivable	**14,702**	14,702
	97,641	86,367
NON CURRENT		
Property, plant and equipment (Note 6)	**336,721**	355,209
Investment in a joint venture (Note 7)	**786,126**	733,718
Exploration and evaluation assets (Note 8)	**8,672,863**	8,650,140
Security deposits	**948**	948
	9,796,658	9,740,015
TOTAL ASSETS	**9,894,299**	$ 9,826,382
LIABILITIES		
CURRENT		
Accounts payable and other liabilities (Note 9)	**$ 2,642,004**	$ 2,751,837
Deposit	**22,000**	22,000
Loans (Note 10)	**18,083**	19,934
Indemnity payable to subscribers (Note 11)	**6,209,032**	6,187,352
Current portion of long term debt (Note 12)	**1,293,595**	1,199,720
Current portion of debentures (Note 13)	**2,399,037**	1,900,000
	12,583,751	12,080,843
NON CURRENT		
Long term debt (Note 12)	**8,304**	13,832
Debentures (Note 13)	**385,086**	529,773
	393,390	543,605
TOTAL LIABILITIES	**12,977,141**	12,624,448
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 14)	**40,873,171**	40,873,171
Contributed surplus	**9,540,749**	9,150,019
Warrants (Note 14)	**186,148**	522,639
Equity component of convertible debentures	**1,021,040**	879,824
Deficit	**(54,703,950)**	(54,223,719)
TOTAL SHAREHOLDER'S EQUITY	**(3,082,842)**	(2,798,066)
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**9,894,299**	$ 9,826,382

CONTIGENCIES (Note 18)

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

ON BEHALF OF THE BOARD OF DIRECTORS

(s) Paul A. Girard , Director

(s) Émile P. Molgat , Director

INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(in Canadian dollars)
(Unaudited and not reviewed by the Company's independent auditors)

	3-month period ended December 31, 2013	3-month period ended December 31, 2012
OPERATING EXPENSES		
	$	$
Salaries and fringe benefits	**88,499**	88,311
Stock-based compensation	**54,239**	85,433
Insurance	**8,746**	12,420
Bank charges	**424**	545
Trustee fees and registration	**27,990**	22,203
Management fees	**1,150**	7,500
Patents fees	**-**	5,174
Professional fees	**49,816**	37,731
Rent	**-**	5,400
Maintenance and repairs	**61**	133
Stationary and office expenses	**3,017**	11,582
Telecommunications	**773**	1,843
Travelling and promotion	**21,787**	37,811
Amortization of property, plant and equipment	**18,488**	62,453
Loss (gain) on evaluation of precious metal	**(1,851)**	(1,607)
Indemnities to subscribers (Note 11)	**26,467**	24,030
OPERATING LOSS	**(299,606)**	**(400,962)**
Interest on debentures and debts	**(227,170)**	(162,842)
Financing charges and other interests	**(5,863)**	(883)
Amortization of discount on issuance of debentures	**-**	-
Share of results in the joint-venture (Note 7)	**52,408**	4,216
LOSS BEFORE INCOME TAXES	**(480,231)**	(560,471)
INCOME TAXES		
Deferred income taxes	**-**	(1,724)
TOTAL NET LOSS AND COMPREHENSIVE LOSS	**$ (480,231)**	$ (562,195)
NET LOSS PER SHARE		
Basic	**(0.0097)**	(0.0120)
Diluted	**(0.0097)**	(0.0120)
Weighted average number of shares outstanding	**49,418,936**	46,761,080

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

Rocmec Mining Inc.

(Exploration Stage Company)

INTERIM CONSOLIDATED CHANGES IN EQUITY

(in Canadian dollars)
(Unaudited and not reviewed by the Company's independent auditors)

3-month period ended December 31, 2013

	Number of shares #	Share capital	Contributed surplus	Warrants	Equity component of convertible debentures	Deficit	Total equity
Balance as previously reported as at October 1st, 2013	53,740,633	$ 40,873,171	$ 9,150,019	$ 522,639	$ 879,824	$ (54,223,719)	$ (2,798,066)
Issuance of convertible debentures	-	-	-	-	141,216	-	141,216
Options granted – Stock based compensation	-	-	54,239	-	-	-	54,239
Warrants expired	-	-	336,491	(336,491)	-	-	-
Net loss and comprehensive loss	-	-	-	-	-	(480,231)	(480,231)
Balance as at December 31, 2013	53,740,633	$ 40,873,171	$ 9,540,749	$ 186,148	$ 1,021,040	$ (54,703,950)	$ (3,082,842)

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

INTERIM CONSOLIDATED CHANGES IN EQUITY (cont'd)
(in Canadian dollars)

(Unaudited and not reviewed by the Company's independent auditors)
3-month period ended December 31, 2012

	Number of shares #	Share capital	Contributed surplus	Warrants	Equity component of convertible debentures	Deficit	Total equity
Balance as previously reported as at October 1st, 2012	$ 44,961,479	$ 40,426,344	$ 7,677,646	$ 1,643,233	$ 826,574	$ (51,768,056)	$ (1,194,259)
Shares issued by private placement	1,458,332	179,490	-	-	-	-	179,490
Shares issued by flow-trough private placement	225,000	24,750	-	-	-	-	24,750
Value attributed to warrants on debt settlement	272,675	31,358	-	-	-	-	31,358
Options granted – Stock based compensation	-	(78,065)	-	78,065	-	-	-
Warrants expired	-	-	85,433	-	-	-	85,433
Other issuance expenses	-	-	238,000	(238,000)	-	(2,250)	(2,250)
Net loss and comprehensive loss	-	-	-	-	-	(562,195)	(562,195)
Balance as at December 31st, 2012	46,917,486	$ 40,583,877	$ 8,001,079	$ 1,483,298	$ 826,574	$ (52,332,501)	$ (1,437,673)

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

Rocmec Mining Inc.

(Exploration Stage Company)

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(in Canadian dollars)

(Unaudited and not reviewed by the Company's independent auditors)

	3-month period ended December 31, 2013	3-month period ended December 31, 2012
OPERATING ACTIVITIES		
Net loss and comprehensive loss	**(480,231)**	$ (562,195)
Adjustments		
Share of results in a joint venture	**(52,408)**	(4,216)
Stock-based compensation	**54,239**	85,433
Interest expense capitalized on convertible debentures	**112,707**	76,400
Amortization of property, plant and equipment	**18,488**	62,453
Gain on disposal of property, plant and equipment	**-**	-
Gain on valuation of precious metal	**(1,851)**	(1,607)
Write-off of a tax credit		
Interest paid	**55,936**	51,845
Indemnity to subscribers	**26,467**	24,030
Future income taxes	**-**	1,724
Change in working capital (Note 20)	**(120,712)**	301,459
Cash flows from operating activities	**(387,365)**	35,326
INVESTING ACTIVITIES		
Advance to a company partner in a joint venture	**-**	**(23,045)**
Advance to a joint venture (note 7)	**-**	**22 000**
Deferred exploration and development charges	**(22,723)**	**(211,055)**
Cash flows from investing activities	**(22,723)**	**(212,100)**
FINANCING ACTIVITIES		
Long-term debt repayments	**(5,776)**	**(6,641)**
Interest paid	**(55,936)**	**(20,487)**
Share issuance expenses	**-**	**(2,250)**
Issuance of shares	**-**	**204,240**
Debt issuance expenses	**8 ,455**	**-**
Issuance of debentures	**468,527**	**-**
Indemnity repayment	**(4,787)**	**-**
Cash flows from financing activities	**410,483**	**174,862**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**395**	**(1,912)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**51,293**	**25,961**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**$ 51,688**	$ **24,049**

Supplemental cash flows information (Note 19)

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

1. STATUTES OF INCORPORATION AND NATURE OF OPERATIONS

Rocmec Mining Inc. (the "Company") specializes in the exploration of metal in mining sites located in Quebec and in Peru.

Rocmec Mining Inc. is incorporated under Part 1A of the Quebec Business Corporation Act and continued under the Quebec Business Corporations Act. The address of the Company's registered office and its principal place of business is 500-7055 Taschereau boulevard, Brossard (Quebec) J4Z 1A7. The Company's shares are listed on the TSX Venture Exchange under the symbol "RMI".

The condensed interim consolidated financial statements for the reporting period ended December 31, 2013 (including comparatives statements) were approved and authorized for issue by the Board of Directors on February 27, 2014.

2. GOING CONCERN

The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and on the basis on the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

Given that the Company has not yet found a mineral property containing mineral deposits that are economically recoverable, the Company has not generated any income or cash flows from its mining exploration operations. As at December 31, 2013, the Company has cumulated deficit of $54,703,950 ($54,223,719 as at September 30, 2013). As at December 31, 2013, the Company has a working capital deficiency. The Company's current liquidity position is not sufficient to fund next year's administrative and exploration expenses. These conditions raise significant doubt regarding the Company's ability to continue as a going concern and the use of the going concern assumption.

The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing by issuing common shares or other alternative funding to further explore its mineral properties and to reimburse its short and long term loans. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future. Management is assessing its alternatives in terms of financing options including the renegotiations of the terms of its loans and assessing its alternatives strategic changes which include the disposal of its rights or part of it on the Rocmec 1 property and the reduction of its discretionary expenses.

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

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

3.1 Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the *International Accounting Standards Board* ("IASB") applicable to the preparation of interim financial statements, including *International Accounting Standard* ("IAS") 34, *Interim Financial Reporting*. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended September 30, 2013, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies, methods of computation and presentation applied in these condensed interim consolidated financial statements are consistent with those of the previous financial year.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been applied in the preparation of these condensed interim consolidated financial statements are summarized below.

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

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

Management anticipates that all of the pronouncements will be adopted in the Company'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 Company's consolidated 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 Company's condensed interim consolidated financial statements.

IFRS 9, Financial instruments
The replacement standard (IFRS 9) is being issued in phases. To date, the sections dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These sections will be effective for annual periods beginning on or after January 1st, 2015. Further sections dealing with impairment methodology and hedge accounting are still being developed. Management has yet to assess the impact of this new standard on the consolidated financial statements. However, they do not expect to implement IFRS 9 until all of its sections have been published and they can comprehensively assess the impact of all changes.

IAS32, Offsetting Financial Assets and Financial Liabilities
The Amendments to IAS 32 add application guidance to address inconsistencies in applying IAS 32's criteria for offsetting financial assets and financial liabilities in the following two areas:

- The meaning of "currently has a legally enforceable right of set-off"
- That some gross settlement systems may be considered equivalent to net settlement.

The Amendments are effective for annual periods beginning on or after October 1st, 2014 and are required to be applied retrospectively. Management does not anticipate a material impact on the Company's consolidated financial statements from these Amendments.

4.2 Adoption of IFRS

IFRS 10 Consolidated Financial Statements
IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. Under IFRS 10, there is only one basis for consolidation, that is, control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's return. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

These standards as well as changes relating to transitional provisions are effective for the years beginning on or after January 1st, 2013. The Company has adopted this new standard on October 1st, 2013 and it had no major impact on the Company' condensed interim consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Adoption of IFRS (cont'd)

IFRS 13 Fair value Measurement
IFRS 13 provides guidance on establishing fair values and introduces consistent disclosure requirements. Fair value is defined by IFRS 13 as 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. IFRS 13 also requires extensive disclosures to help users of the financial statements assess. In regards to existing IFRSs, the directives on the fair value measurement and presentation vary according to standards being considered, and often do not suggest a clear assessment basis and also lack of consistency when it comes to disclosing information. IFRS 13 will be effective for the years beginning on or after January 1st, 2013. The Company has adopted this new standard on October 1st, 2013 and it had no major impact on the Company' condensed interim consolidated financial statements.

5. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31, 2013	September 30, 2013
Accounts receivable	**$ -**	$ -
Provision	**(38,960)**	(38,960)
Receivable from a non-related company	**39,960**	39,960
	$ 1,000	$ 1,000

6. PROPERTY, PLANT AND EQUIPMENT

	Equipment	Mill plant	Computer equipment	Leasehold impro-vements	Automotive equipment	Telephone system	Equipment under capital lease	**Total**
Gross carrying amount								
Balance as at October 1st, 2012	$ 596,576	$ 1,819,093	$ 25,575	$ 88,852	$ 58,009	$ 4,201	$ 45,990	**$ 2,638,296**
Balance as at September 30, 2013	596,576	1,819,093	25,575	88,852	58,009	4,201	45,990	**2,638,296**
Accumulated depreciation and impairment								
Balance as at October 1st, 2012	202,511	1,666,608	24,116	68,155	50,564	2,941	18,378	**2,033,273**
Depreciation	60,956	152,485	1,390	17,500	7,445	840	9,198	**249,814**
Balance as at September 30, 2013	263,467	1,819,093	25,506	85,655	58,009	3,781	27,576	**2,283,087**
Carrying amount as at September 30, 2013	$ 333,109	$ Nil	$ 69	$ 3,197	$ Nil	$ 420	$ 18,414	$ **355,209**
Gross carrying amount								
Balance as at October 1st, 2013	$ 596,576	$ 1,819,093	$ 25,575	$ 88,852	$ 58,009	$ 4,201	$ 45,990	**$2,638,296**
Balance as at December 31, 2013	596,576	1,819,093	25,575	88,852	58,009	4,201	45,990	**2,638,296**
Accumulated depreciation and impairment								
Balance as at October 1st, 2013	263,467	1,819,093	25,506	85,655	58,009	3,781	27,576	**2,283,087**
Depreciation	14,899	-	69	800	-	420	2,300	**18,488**
Balance as at December 31, 2013	278,366	1,819,093	25,575	86,455	58,009	4,201	29,876	**2,301,575**
Carrying amount as at December 31, 2013	$ 318,210	$ Nil	$ Nil	$ 2,397	$ Nil	$ Nil	$ 16,114	**$ 336,721**

7. INVESTMENTS IN A JOINT VENTURE

During the previous year, the Company has optioned a gold property, concession Rey Salomon (OFIR mine) located in Peru. It jointly controls the property with another company through their subsidiary Cerro Dorado SAC, which is incorporated in Peru. The Company has not disbursed any sum to acquire this investment. The contribution of the Company to the joint venture includes the use of its patented thermal fragmentation mining method and the equipment for its application. Also, the Company will act as the exploration operator. The joint venture agreement stipulates that for an initial five year term, the split of net revenues generated from the exploitation of this mining property will be 50-50. In subsequent years, the Company will be entitled to 75% of the net revenues generated from the exploitation of the property

In the partnership agreement that was established in Vaudreuil-Dorion (Quebec), the Company contributed its technology and expertise in mining and development production; the company partner, Chazel Capital inc. ("Chazel"), committed itself to bring $US1,2 million required for mine production. Thus, the parties have agreed to hold 50% each of voting shares in the joint venture.

On August 26, 2012, the company partner had reached the amount of $US1.2 million of expenditures required for the project OFIR. From this date on, the joint venture supported the expenses incurred by the Company.

	December 31, 2013	September 30 2013
Proportionate interest of 50% in the net assets of Cerro Dorado	**$ 634,876**	$ 582,468
Advances to Cerro Dorado, without interest	**151,250**	151,250
	$ 786,126	$ 733,718

The carrying amount of assets and liabilities in the joint venture is as follow:

Current assets		
Cash and cash equivalents	**$ 57,349**	$ 17,499
Accounts receivable and other receivables	**98,573**	137,630
Prepaid expenses	**237,349**	241,901
	393,271	397,030
Non current assets		
Property, plant and equipment	**158,455**	152,220
Exploration and evaluation assets	**804,746**	707,594
	963,201	859,814
Total assets	**$ 1,356,472**	$ 1,256,844
Current liabilities		
Accounts payable and other liabilities	**$ 55,321**	$ 60,508
Advance to joint-venture	**31,400**	31,400
Total liabilities	**$ 86,721**	$ 91,908

7. INVESTMENT IN A JOINT VENTURE (CONT'D)

On October 18th, 2012, Rocmec and Chazel negotiated an addendum (the «addendum») to the initial joint venture agreement. The addendum provides the following terms and conditions:

(i) for the initial 7 years period, Rocmec will be entitled to 35% of the net revenues generated by the Rey Salomon concessions and Chazel and its financial partners will be entitled to 65% and;

(ii) following the initial 7 years period, Rocmec will be entitled to 60% and Chazel will be entitled to 40% of the net revenues .

The initial 7 years period will begin once production level of the Rey Salomon concessions reaches 400 ounces of gold per month. Until that period begins, the allocation of net revenues generated by the Rey Salomon concessions will gradually increase from 50% to 65% in the case of Chazel and gradually decrease from 50% to 35% in the case of Rocmec according to the schedule that is found in the addendum, which is based on the total amount raised by Chazel as part of the total investment of $671,750.

Thus, Chazel agreed to raise a sum of $671,750 and, except for an amount of $90,000 that will be disbursed directly to Rocmec, to invest this amount in the Rey Salomon property, in exchange for an additional 15% stake in the project. As of September 30, 2013 Chazel had paid an amount of $22,000 under this agreement.

Rocmec had the option to purchase the 15% interest in the Rey Salomon concessions on or before July 31, 2013, at a price that was equal to the sum of the following amounts: (i) $300,000 , being the amount that has already been paid by Chazel and will be credited from the full amount of $671,750 and (ii) the portion of the total amount of $671,750 which exceeds $300,000 that has been raised by Chazel on the exercise date of the option to purchase, plus a premium of 35% on that portion. This option has now expired.

The closing of the transaction is subject to approval of the TSX Venture Exchange. Since the agreement has not yet been approved, the amount of $22,000 paid by Chazel was not recorded as a sale of participation and is presented as a deposit in current liabilities.

8. EXPLORATION AND EVALUATION ASSETS

	Balance as at October 1st, 2013	**Additions**	**Tax credits**	**Impairment**	**Balance as at December 31, 2013**
Denain (a)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Courville-Maruska (b)	**-**	**-**	**-**	**-**	**-**
Rocmec 1					
Mining rights	**2,603,982**	**-**	**-**	**-**	**2,603,982**
Exploration	**6,046,158**	**22,724**	**-**	**-**	**6,068,882**
	$ 8,650,140	**$ 22,724**	**$ Nil**	**$ Nil**	**$ 8,672,864**

	Balance as at October 1st, 2012	Additions	Tax credits	Impairment	Balance as at September 30, 2013
Denain (a)	$ -	$ -	$ -	$ -	$ -
Courville-Maruska (b)	-	-	-	-	-
Rocmec 1					
Mining rights	2,603,982	-	-	-	2,603,982
Exploration	5,897,017	163,843	(14,702)	-	6,046,158
	$ 8,500,999	$ 163,843	$ (14,702)	$ Nil	$ 8,650,140

a) Denain project – Denain township, Québec

85% interest in 23 mining claims, subject to 3.5% royalty.

b) Courville-Maruska project – Courville township, Québec

100% interest in 20 mining claims.

8. EXPLORATION AND EVALUATION ASSETS (CONT'D)

c) Rocmec 1 project – Dasserat township, Québec

100% interest in 11 mining claims subject to a 5% Net Metal Royalty on the first 25,000 ounces and 3% on additional ounces and 99 other mining claims, subject to a 2% royalty NSR.

Deferred exploration and development expenses capitalized are as follows:

	December 31, 2013	September 30, 2013
Supervision	**$ 20,600**	$ 117,493
Others exploration expenses	**2,124**	46,350
	$ 22,724	$ 163,843

9. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	December 31, 2013	September 30, 2013
Accounts payable	**$ 499,987**	$ 677,417
Accrued interest payable	**679,534**	621,006
Taxes on Section XII.6 payable	**831,089**	831,089
Salaries and fringe benefits payable	**533,139**	490,546
Other liabilities	**98,255**	131,779
Subscription received in advance	**-**	-
	$ 2,642,004	$ 2,751,837

During the previous year, the Company settled accrued interest totaling $62,674 by issuing 284,687 common shares at $0.11 per share and 272,675 common shares at $0.12 per share. This transaction did not result in a gain or loss on settlement of debt.

10. LOANS

	December 31, 2013	September 30, 2013
Loans reimbursable in gold, payable on demand	**$ 18,083**	$ 19,934

11. INDEMNITY PAYABLE TO SUBCRIBERS

	Flow-through placements 2011 *a)*	Flow-through placements 2010 *b)*	Flow-through placements 2009 *c)*	Total
Balance as at October 1st, 2012	$ 540,809	$ 1,246,900	$ 4,300,449	$ 6,088,158
Additions	28,600	70,594	-	99,194
Balance as at September 30, 2013	569,409	1,317,494	4,300,449	6,187,352
Additions	8,046	18,421	-	26,467
Decrease	-	-	(4,787)	(4,787)
Balance as at December 31, 2013	$ 577,455	$ 1,335,915	$ 4,295,662	$ 6,209,032

a) Following flow-through financing agreements entered into with subscribers in 2011, the Company committed to incur $839,950 in Canadian Exploration Expenses ("CEE") before December 31, 2012. At the date, the Company incurred an amount of $120,670. Consequently, an approximate balance of $719,300 in explorations expenses renounced to investors has not been incurred in CEE as of December 31, 2012. Amended renunciation forms will be filed with tax authorities and will consequently mean that new notice of assessment will be sent to subscribers for taxation year 2011. In this respect, the Company recorded on September 30, 2012 a $528,509 provision as indemnities payable and an expense for the same amount was recorded in earnings. Finally, the Company recorded as at September 30, 2012 a $84,427 provision in the statement of comprehensive loss as Parts XII.6 and III.4 income taxes payable relating to the exploration expenses renounced and not incurred as at December 31, 2012. For the year 2014, the Company also provided a provision of $8,046 ($ 28,600 in 2013) for interest payable which was recorded in earnings as indemnities to subscribers.

b) Following flow-through financing agreements entered into with subscribers in 2010, the Company committed to incur $1,899,704 in Canadian Exploration Expenses before December 31, 2011. At that date, the Company incurred an amount of $62,135 in exploration expenses. Consequently, an approximate balance of $1,838,000 in explorations expenses renounced to investors has not been incurred in CEE as at December 31, 2011. Amended renunciation forms were filed with tax authorities and will consequently mean that new notice of assessment will be sent to subscribers for taxation year 2010. In this respect, the Company recorded as at September 30, 2011, a $1,153,100 provision as indemnity payable and an expense for the same amount was recorded in earnings. The Company also recorded at the same date a $202,000 provision for Income taxes Part XII.6 and XII.4 payable relating to exploration expense renounced but not incurred as at December 31, 2011. For the year 2014, the Company provided a provision of $ 18,421 ($70,594 in 2013) for interest payable which was recorded in earnings as indemnities to subscribers.

11. INDEMNITY PAYABLE TO SUBCRIBERS (CONT'D)

c) During the year ended September 30, 2010, Canada Revenue Agency ("CRA") audited flow-through expenses incurred by the Company from 2007 to 2009. All of the flow-through expenses renounced to the subscribers were accepted. However, CRA denied the eligibility to the federal tax credit ("FITC") also renounced to subscribers regarding underground exploration work. The amount of FITC denied by CRA totals $2,343,650. The denial of this amount has no impact on the fiscal account balance of the Company but means that subscribers will receive notice of new reassessment for the tax years in question, representing 15% of their subscription less the federal income tax paid on the taxation of the FITC during the next year. The Company has estimated the loss suffered by investors in the amount of $1,775,782 and an allowance of this amount for an indemnity has been expensed to earnings. The Company has offered a settlement in common shares at an issue price of $0.05 per share to subscribers affected by this measure. The terms of this settlement were conditionally approved by the TSX Venture. As at September 30, 2011, the Company issued 19,426,675 common shares at a price of $0.05 per share in relation to this indemnity payable (971,333 common shares after consolidation) to the subscribers who accepted the proposed settlement. Therefore, the indemnity balance of the other subscribers is $804,449.

Following flow-through financing agreements entered into with subscribers in 2009, the Company committed to incur $5,888,560 in Canadian Exploration Expenses ("CEE") before December 31, 2010. At that date, the Company incurred an amount of $1,139,591 in exploration expenses. Consequently, an approximate balance of $4,749,000 in explorations expenses renounced to investors has not been incurred in CEE as at December 31, 2010. Amended renunciation forms were filed with tax authorities and will consequently mean that new notice of assessment will be sent to subscribers for taxation year 2009. In this respect, the Company accounted as at September 30, 2010, a $3,142,000 provision for an indemnity payable and an expense for the same amount was recorded in earnings. In addition, the Company also recorded at the same date a $579,000 provision for Income taxes Part XII.6 and XII.4 payable relating to exploration expense renounced but not incurred as at December 31, 2010. As at September 30, 2011, the Company provided a $372,000 for interest payable which was recorded in earnings as indemnities to subscribers.

Regarding flow-through placements of 2009, a group of investors has filed a lawsuit with the Superior Court of Quebec for an approximate amount of $1,726,000. The amount is currently being debated in Court and management deems that the amount recognized as an indemnity payable to subscribers is adequate.

The amounts of indemnity payable to subscribers provided by the Company represent management's best estimate of the potential liability in this regard and the actual amount may differ from management's current estimate. The amounts of indemnity payable to subscribers and the interests were calculated according to the tax laws and tax rates enacted for the concerned subscribers and the prescribed interest rates. The Company has always voluntary fulfilled its responsibilities in accordance with the relevant authorities in the flow-through financing case and in relation with all the uncommitted balances in exploration work.

12. LONG TERM DEBT

	December 31, 2013	September 30, 2013
Obligations under capital leases secured by equipment having a net book value of $16,114, payable by monthly instalments of $948 including interest calculated at a 9% rate, maturing in July 2015	**$ 17,537**	$ 19,949
Loans secured by automotive equipment having a net book value of $2,397, payable by monthly instalments of $977 including principal and interest calculated at 5.49% rate, maturing on January 2015	**12,301**	15,668
Loans of nominal value of $1,134,906, secured by a first rank mortgage on Romec 1 property for an amount of $1,134,906, repayable at maturity at 7.5% interest (effective rate of 40%), payable quarterly, either in cash or in common shares at the Company's option, redeemable by the Company at any time in cash or in units (each unit is comprised of one common share of the Company and one-half warrant; each whole warrant entitles the holder to purchase one common share of the Company at a price equal to the reference price plus 50%), maturing in May 2014	**962,993**	894,952
Loans of nominal value of $365,094, secured by a first rank mortgage on Romec 1 property for an amount of $365,094, repayable at maturity at 13.5% interest, payable quarterly in cash, maturing in May, 2014	**309,068**	282,983
	1,301,899	1,213,552
Current portion	**1,293,595**	1,199,720
	$ 8,304	$ 13,832

Debt principal repayments to be made during the future periods are as follows:

	Debt	Capital lease
2014	1,508,791	8,528
2015	3,907	10,425
Total minimum lease payments	$ 1,512,698	18,953
Amounts included in minimum lease payments – Interest expense	-	(1,416)
	$ 1,512,698	$ 17,537

13. DEBENTURES

	December 31, 2013	September 30, 2013
Liability component of convertible debentures		
Five $100,000 debentures, bearing interest at 13.5% (effective rate of 40 %), repayable semi-annually in five equal and consecutive payments of $100,000 starting from December 31, 2012. These debentures are convertible at the holder's option, into common shares at conversion prices of $0.13. Interest is payable monthly since July 2012 (quarterly before).	**$ 500,000**	$ 500,000
During the year 2012, the Company settled $300,000 of debentures and $152,782 of equity component of convertible debentures by issuing 3,000,000 common shares and 3,000,000 warrants which entitle the holder to purchase 3,000,000 common shares at $0.15 per share over a period of 18 months. The balance of $500,000 was refinanced to the conditions mentioned above.		
Debenture totalling $1,500,000 secured by equipment and the thermal fragmentation exclusive licence (written-off in the year 2010), bearing interest at 9% (effective rate of 49%) payable quarterly, an amount equal to $1,380,000 is convertible, at the price of $2 per unit, at any time at the holder's option into units consisting of one common share and one common share purchase warrant, each warrant entitling the holder to purchase one common share at the price of $0.10 per common share for a 2 years period, expired in May 2012	**1,500,000**	1,500,000
Debenture issued in 2010 with a $120,000 discount. The holder conversion right was valued at $579,600 and was accounted as equity component of the convertible debentures. The fair value was estimate using the Black-Scholes options pricing model from the following assumptions: risk-free rate of 1.53 %, expected volatility of 106 %, no average dividend per share and expected life of two years.		
Debenture with a nominal value of $256,831 with a related party, bearing annual interest at 5%, maturing on October 1st, 2018. The debenture is convertible at the holder's option, into common shares, at a variable conversion price, depending on the timing of the conversion. Interest is payable at maturity.	**170,575**	57,775
Debenture with a nominal value of $322,721 with a related party, bearing annual interest at 5%, maturing on November 28, 2018. The debenture is convertible at the holder's option, into common shares, at a variable conversion price, depending on the timing of the conversion. Interest is payable at maturity.	**214,511**	-
	2,385,086	2,057,775

13. DEBENTURES (CONT'D)	**December 31, 2013**	September 30, 2013
Balance carried forward	**$ 2,385,086**	$ 2,057,775
Other debentures		
Debentures with a nominal value of $537,500 redeemable by the Company at any time in cash or in units at the holder's option (each unit is comprised of one common share of the Company and one-half warrant; each whole warrant entitles the holder to purchase one common share of the Company at a price equal to the reference price plus 50%), bearing annual interest at 7.5% (effective rate of 40%), payable quarterly in cash or common shares, at the Company's option, payable at maturity on December 31, 2014.	**399,037**	371,998
During the year 2012, the Company settled $2,500 of debentures in cash. The balance of $537,500 was maintained to the same conditions mentioned above.		
	2,784,123	2,429,773
Current portion	**2,399,037**	1,900,000
	$ 385,086	$ 529,773

Long-term debenture principal repayments to be made during the following years are as follows:

2014	$ 1,900,000
2015	637,500
2016	
2017	
2018	
2019	579,552
	$ 3,117,052

14. EQUITY

The share capital of the Company consists only of fully paid common shares.

Authorized

Unlimited number of common shares without par value, voting, participating, dividend as declared by the Board of Directors. Each share is entitled, each in the same way, to payment of dividend and to capital reimbursement and give the right to one vote at the shareholders' meeting.

Issued

The variations in share Capital of the company are detailed as follow:

	December 31, 2013		September 30, 2013	
	Number	**Amount**	Number	Amount
Shares issued				
Balance at the beginning of the period	**53,740,633**	**$ 40,873,171**	44,961,479	$ 40,426,344
Paid in cash	**-**	**-**	7,566,024	512,499
Flow-through financing	**-**	**-**	655,768	44,135
Value granted to warrants	**-**	**-**	-	(172,481)
Debt settlement	**-**	**-**	557,362	62,674
Balance at the end of the period	**53,740,633**	**$ 40,873,171**	53,740,633	$ 40,873,171

The variations in issued share Capital of the company are detailed as follow:

2013

On October 11, 2012, the Company completed a $45,000 private placement by issuing 9 units of the Company at a price of $5,000 per unit. Each unit is comprised of 13,636 common shares at a price of $0.11 per share, 25,000 flow-through shares at a price of $0.14 per share and 19,318 warrants of the Company. Each full warrant entitles the holder to purchase one common share at a price of $0.15 for a period of eighteen months following the issuance date. An amount of $10,104 related to issued warrants was recorded. There was no issuance cost.

On October 11, 2012, the Company issued 208,333 units at a price of $0.12 per unit. Each unit is comprised of one common share and 208,333 warrants of the Company. Each full warrant entitles the holder to purchase one common share at a price of $0.18 for a period of eighteen months following the issuance date. An amount of $8,804 related to issued warrants was recorded. There was no issuance cost.

14. EQUITY (CONT'D)

2013 (cont'd)

On October 24, 2012, the Company issued 227,275 units at a price of $0.11 per unit. Each unit is comprised of one common share and one warrant of the Company. Each full warrant entitles the holder to purchase one common share at a price of $0.15 for a period of eighteen months following the issuance date. An amount of $9,348 related to issued warrants was recorded. There was no issuance cost. All placement securities are subject to a four-month resale restriction following the closing date, expiring on February 25, 2013.

On October 25, 2012, the Company settled $31,358 of accrued interest on a debt by issuing 272,675 common shares.

On November 12, 2012, the Company completed a $135,000 private placement by issuing 900,000 units of the Company at a price of $0.15 per unit. Each unit is comprised of one common share and one half warrant of the Company. Each full warrant entitles the holder to purchase one common share at a price of $0.20 for a period of eighteen months following the issuance date, expiring on May 2, 2014. An amount of $30,619 related to issued warrants was recorded. There was no issuance cost.

On January 7, 2013, the Company completed a $70,000 private placement by issuing 5.3846 units of the Company at a price of $13,000 per unit. Each unit is comprised of 20,000 common shares, at a price of $0.13 per share, 80,000 flow-through shares at a price of $0.13 per share and 100,000 warrants of the Company. Each full warrant entitles the holder to purchase one common share for a period of twenty-four months following the issuance date at a price of $0.20 during the first twelve months and at a price of $0.25 thereafter. An amount of $24,874 related to issued warrants was recorded. There was no issuance cost.

On January 24, 2013, the Company settled $31,316 of accrued interest on a debt by issuing 284,687 common shares.

On May 27, 2013, the Company completed a $300,000 private placement by issuing 6,000,000 units of the Company at a price of $0.05 per unit. Each unit is comprised of one common share and one warrant of the Company. Each full warrant entitles the holder to purchase one common share at a price of $0.10 for a period of twenty-four months following the issuance date. An amount of $88,732 related to issued warrants was recorded. There was no issuance cost.

Common share purchase options

The Company maintains a stock option plan (the "Plan") whereby the Board of Directors may from time to time grant to staff members, officers, directors or consultants of the Company, options to acquire common shares in such numbers, for such terms and at such exercise prices as may be determined by the Board of Directors.

The Plan provides that the maximum number of common shares in the capital of the Company that may be reserved for issuance under the Plan shall be equal to 10,748,106 common shares and that the maximum number of common shares which may be reserved for issuance to any one optionee may not exceed 20% of the common shares outstanding at the time of vest. These options must be exercised no later than 5 years after the grant date. The options currently granted are subject to a minimum per trimester of a sixth vesting period for which options will vest gradually, except those granted to consultants providing investor relations services for which options will vest over 12 months.

14. EQUITY (CONT'D)

Common share purchase options (cont'd)

The option exercise price is established by the Board of Directors and may not be lower than the market price of the common shares at the time of grant.

A summary of changes in the Company's common share purchase options is as follows:

	December 31, 2013		September 30, 2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of the period	3,565,000	$ 0.213	3,868,000	$ 0.242
Granted	3,355,000	0.120	100,000	$ 0.100
Expired	-	-	(63,000)	$ (2.200)
Cancelled	-	-	(340,000)	$ (0.145)
Balance, end of period	6,920,000	0.168	3,565,000	$ 0.213
Options exercisable at the end	4,084,167	0.199	3,505,000	$ 0.212

During the period, the Company granted a total of 3,355,000 options to purchase common shares to officers, directors and employees. These options have an exercise price of $ 0.12 per common share and an exercise period of 5 years.

During the previous year, the Company granted a total of 100,000 options to purchase common shares to an arm's length service provider mandated to provide expertise in technology development and strategic market positioning. These options have an exercise price of $0.10 per common share and an exercise period of 5 years. The share purchase options have been measured at the fair market value of the services received, which is $5,000.

Options granted and exercisable as at December 31, 2013:

	Options granted	Options exercisable	Exercise price	Expiry date
	55,000	55,000	$ 1.90	November 2014
(a)	75,000	75,000	$ 2.00	December 2015
	3,335,000	3,335,000	$ 0.14	June 2017
	100,000	60,000	$ 1.10	April 2018
	3,355,000	559,167	$ 0.12	December 2018
	6,920,000	4,084,167		

(a)Stock options granted at an exercise price of $0.10 before consolidation while the market value was $0.035.

14. EQUITY (CONT'D)

Common share purchase options (cont'd)

Accounting for compensation plans

The average fair value of warrants was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2014	2013
Average share price at grant date	**$ 0.12**	$ 0.15
Risk-free interest rate	**1.55 %**	1.24 %
Expected volatility	**127.00 %**	247.24 %
Expected life	**60 months**	60 months
Expected dividends	**0.0 %**	0,0 %
Average exercise price at grant date	**$ 0.12**	$ 0.14
Fair value of options granted at market value	**$ 0.097**	$ 0.10

Stock-based compensation cost recognized in earnings amounts to $54,239 ($179,298 in 2013).

Warrants

Outstanding common share purchase warrants, entitling their holders to subscribe to an equivalent number of common shares, were as follows:

	December 31, 2013		
	Number of warrants	**Weighted average exercice price $**	**Fair value allocated**
Balance, beginning of period	**10,608,695**	**$ 0.152**	**$ 522,639**
Granted	**-**	**-**	**-**
Expired	**(2,844,098)**	**(0.118)**	**(336,491)**
Balance, end of period	**7,764,597**	**0,024**	**$ 186,148**

	September 30, 2013		
	Number of warrants	Weighted average exercise price $	Fair value allocated
Balance at beginning of year	18,222,113	0.319	$ 1,643,233
Granted	7,597,930	0.121	172,481
Expired	(15,211,348)	(0.336)	(1,293,075)
Balance at end of year	10,608,695	0.152	$ 522,639

14. EQUITY (CONT'D)

Warrants (cont'd)

Warrants outstanding as at December 31, 2013 are as follows:

Number	Exercise price	Expiry date
166,667	$ 0,18	February 2014
173,862	$ 0,15	April 2014
208,333	$ 0,18	April 2014
227,275	$ 0,15	April 2014
450,000	$ 0,20	May 2014
538,460	$ 0.25	January 2015
6,000,000	$ 0.10	
7,764,597		

During the previous year, the Company issued 7,597,930 warrants. Each warrant entitles the holder to purchase one common share with an expiry date from April 2014 to May 2015 at a price of $0.10 to $0.25 per share.

Warrants were issued under private placements and flow-through financing to common shareholders. They have been accounted for at their fair value of $172,481 as a reduction of share capital.

The underlying expected volatility was determined by reference to historical data of the Company's shares over a period from 18 to 24 months.

Brokers' units options

A summary of changes in the Company's issued broker's units options is as follows:

	December 31, 2013		
	Number of units options	Weighted average exercise price $	Fair value allocated
Balance at beginning of year	**-**	**-**	**- $**
Expired	**-**	**-**	**-**
Balance at end of year	**-**		**Nil $**

14. EQUITY (CONT'D)

Brokers' units options (cont'd)

	September 30, 2013		
	Number of units options	Weighted average exercise price $	Fair value allocated
Balance at beginning of year	377,000	$ 0,558	$ 112,970
Expired	(377,000)	$ (0,558)	$ (112,970)
Balance at end of year	-		Nil

15. CAPITAL MANAGEMENT

In terms of capital management, the objectives of the Company are to preserve its ability to continue its mining exploration and to develop its thermal fragmentation mining method as well as its exploration program. If necessary, the Company raises funds by private placement of common shares, loans or debentures in order to sustain the development of its activities. The Company does not intend to pay dividend in the foreseeable future.

The Company includes loans, long-term debt, debentures, share capital, contributed surplus, warrants and equity component of convertible debentures in the definition of capital for a total amount of $55,725,213 ($53,088,912 as at September 30, 2013).

The main property in which the Company has an interest is currently in the development stage and the utilization of its thermal fragmentation mining method by other mining companies is also at the start-up stage; as such, the Company is dependent on external financing to fund its activities.

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 significant changes in the Company's approach to capital management during the period ended December 31, 2013. The Company does not have any externally imposed capital requirements neither regulatory nor contractual requirements to which it is subject, other than those related to its flow-through financing agreements for which the Company was not in compliance as at December 31, 2013 (Note 11).

16. FINANCIAL INSTRUMENTS

The Company is exposed to various financial risks that result from both its operations and its investment activities. Financial risk management is carried out by the Company's management.

Credit risk

The credit risk is the risk associated with non-payment of financial obligations by the customers of the Company. The Company's maximum exposure to credit risk is limited to the accounts receivable. The credit risk for funds held for exploration is considered negligible, since the counterparty is a reputable bank with high quality external credit rating. The maximum credit risk is equivalent to the net book value.

Liquidity risk

The liquidity risk is the risk that the Company experiences difficulty honouring commitments related to financial liabilities. The management approach concerning cash management is to ensure, as much as possible, that the Company has the necessary funds to meet its financial obligations at maturity. If considered necessary, management renegotiates extensions to maturity dates to balance the needs in cash and financings.

The Company intends to take measures in order to satisfy obligations under accounts payable and other liabilities, interest payment on convertible debentures and borrowings and repayment of the short-term part of long-term debts and convertible debentures. Management intends to continue, as was done in the past, to finance its activities by raising funds by private equity investments, loans or debentures. Even if it succeeded in financing its activities in the past, management cannot comment on the success of its future fund raising and it believes that the liquidity risk is high.

During the previous year, the Company raised a total of $87,500 in flow-through financing, issued share capital in order to settle debentures (Note 14) and accrued interests (Note 9) and renegotiated terms of some debentures to maintain its current liquidity (Note 13). However, non flow-through Financing is required to fund its operating expenses for the next year.

The following table summarizes the Company's financial liabilities as at December 31, 2013:

	Less than a year	Between 1 year and 2 years	More than 2 years
Accounts payable and accrued liabilities	$ 2,642,004	$ -	$ -
Loans	18,083	-	-
Indemnity payable to subscribers	6,209,032	-	-
Long-term debt	1,293,595	8,304	-
Debentures	2,399,037	-	385,086
	$ 12,561,751	$ 8,304	$ 385,086

16. FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk
The interest rate risk is the risk that the fair value of future cash flows of a financial instrument fluctuates because of changes in market interest rates. Loans, long-term debt and debentures issued by the Company bear interest at a fixed rate thus exposing it to the risk of changes in fair value arising from interest rate fluctuations.

Sensibility analysis of the interest rate
A fluctuation of 1% of the LIBOR rate would have no significant impact on the results and cash flows of the Company.

Fair value

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

	December 31, 2013		September 30, 2013	
	Carrying value	**Fair value**	Carrying value	Fair value
Financial assets *(loans and receivables)*				
Cash	**$ 51,688**	**$ 51,688**	$ 51,293	$ 51,293
Accounts receivables and other receivables	**1,000**	**1,000**	1,000	1,000
Advance to a partner in a joint venture	**151,250**	**151,250**	151,250	151,250
	$ 203,938	**$ 203,938**	$ 203,543	$ 203,543
Financial liabilities				
Accounts payable and other liabilities	**$ 2,642,004**	**$ 2,642,004**	$ 2,751,837	$ 2,751,837
Loans	**18,083**	**18,083**	19,934	19,934
Indemnity payable to subscribers	**6,209,032**	**6,209,032**	6,187,352	6,187,352
Debt	**1,301,899**	**1,301,899**	1,213,552	1,213,552
Debentures	**2,784,123**	**2,784,123**	2,429,773	2,429,773
	$ 12,955,141	**$ 12,955,141**	$ 12,602,448	$ 12,602,448

The carrying value of cash, accounts receivable and other receivables, advance to a partner in a joint venture, accounts payable and other liabilities, loans and indemnity payable to subscribers are considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

The carrying value of debt and debentures is considered to be a reasonable approximation of fair value. The fair value is evaluated using analysis of discounted cash flow based on current borrowings rates which apply to similar borrowings.

17. RELATED PARTIES

The related parties include key management, key management's companies and the joint venture, as described below.

Key management personnel include directors and members of top management.

The key management personnel compensation includes:

	Three-months period ended December 31	
	2013	2012
Salaries and fringe benefits	$ **88,499**	$ 113,251
Capitalized to exploration and evaluation assets	**(20,600)**	(47,975)
	67,899	65,276
Stock-based compensation	$ **54,239**	$ 70,657

18. CONTINGENCIES

i) The Company's operations are regulated by governmental laws and regulations regarding environmental protection. The environmental consequences are hardly identifiable, whether it is the result level, the impact or its deadline. At the present time and to the best knowledge of its management, the Company is in conformity with the laws and regulations. In 2014, a provision of $2,060 ($2,060 in 2013) for restoration of the premises is included in the accounts payable and other liabilities. The actual amount might differ from this estimate.

ii) The Company is partly financed by issuance of flow-through common shares. However, there are no guarantees that the funds spent by the Company will qualify as Canadian explorations expenses, even if the Company has taken all the necessary measures to meet its commitment. The refusal of some expenses by the tax authorities would have a negative fiscal impact on investors and the Company and these consequences will only be determinable when such expenses will be denied by tax authorities.

19. CASH FLOWS

	Period of 3 months ended December 31, 2013	Period of 3 months ended December 31, 2012
Supplemental cash flow information:		
Net changes in working capital items:		
Sales taxes receivable	**$ (10,879)**	(2,394)
Security deposits	**-**	6,440
Accounts payable and other liabilities	**(109,833)**	290,663
Flow-through shares obligation	**-**	6,750
	$ (120,712)	$ 301,459
Non-cash investing and financing activities:		
Deferred exploration and evaluation expenditures financed through accounts payable and other liabilities	**$ -**	$ 132,730
Share issuances in settlement of accrued interests	**$ -**	$ 31,358
Amortization of flow-through shares	**$ -**	$ 6,750

20. SUBSEQUENT EVENTS

On January 1st, 2014, the Company has entered into a lease agreement for the rental of office space in the amount of $66,000. The minimum lease payments for the following years are as follows:

2014 $49,500
2015 $16,500

On February 25, 2014, the Company announced that it has signed an exclusive distribution agreement with MaXem Equipment ("MaXem") of South Africa for the distribution and usage of its patented Thermal Fragmentation mining method. Highlights of the agreement include the granting of the exclusive rights to MaXem for the distribution, deployment and usage of the Corporation's exclusive and patented Thermal Fragmentation mining method in the Southern portion of Africa, a 50/50 sharing of net profits from Thermal Fragmentation contracts carried out by MaXem and a close working relationship for the continued development and promotion of the technology.

Additionally, the Company announced that it has closed a non-brokered private placement totalling $8,590.50. In exchange, the Company will issue 78,095 common shares at a price of $0.11 per share.