CALIFORNIA GOLD MINING INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED NOVEMBER 30, 2014 AND 2013

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of California Gold Mining Inc. (the "Corporation") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Corporation's auditors.

California Gold Mining Inc.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited)

	As at November 30, 2014	As at August 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	**$ 94,690**	$ 104,281
HST recoverable, accrued interest and amounts receivable	**17,231**	15,006
Prepaid expenses	**67,632**	54,828
Total current assets	**179,553**	174,115
Other assets		
Prepaid expenses	**5,529**	5,470
Property, plant and equipment (note 4)	**5,584,209**	5,322,117
Total assets	**$ 5,769,291**	$ 5,501,702
EQUITY AND LIABILITIES		
Current liabilities		
Amounts payable and other liabilities (note 10)	**$ 244,120**	$ 217,957
Equity		
Share capital (note 5)	**12,478,590**	12,131,450
Reserves (note 12)	**6,977,437**	6,834,701
Accumulated other comprehensive income	**69,367**	57,221
Accumulated deficit	**(14,000,223)**	(13,739,627)
Total equity	**5,525,171**	5,283,745
Total equity and liabilities	**$ 5,769,291**	$ 5,501,702

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Nature of operations and going concern (note 1)

Contingency (note 11)

Subsequent events (note 13)

Approved on behalf of the Board:

"Ron LeClair", Director

"Kevin Cinq-Mars", Director

California Gold Mining Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited)

Three months ended November 30,	**2014**	**2013**
Operating expenses		
Share-based compensation (note 6)	**$ 142,736**	$ 7,459
Management fees (note 10)	**108,104**	186,195
Exploration costs expensed (note 3)	**104,905**	215,732
Salaries and wages (note 10)	**43,441**	-
Investor relations	**30,989**	3,815
Professional fees	**22,470**	47,489
Depreciation	**14,958**	8,497
Property taxes	**14,899**	13,330
Shareholder information	**13,197**	7,424
Insurance	**9,595**	13,514
Occupancy costs (note 10 (i))	**7,750**	7,723
Travel and meals	**3,256**	28,995
Development costs (note 3)	**-**	49,553
Interest and bank charges	**906**	600
Other general and administrative	**8,705**	33,908
Gain on foreign exchange	**(263,798)**	(59,276)
Loss before interest and other income	**(262,113)**	(564,958)
Other items		
Gain on disposal of property, plant and equipment (notes 4 and 10)	**175**	-
Other income	**1,342**	1,248
Net loss for the period	**(260,596)**	(563,710)
Other comprehensive income for the period		
Items that will be reclassified to profit or loss		
Foreign exchange translation	**12,146**	7,335
Net loss and comprehensive loss for the period	**$ (248,450)**	$ (556,375)
Basic and diluted net loss per share (note 7)	**$ (0.00)**	$ (0.00)
Weighted average number of common shares outstanding	**160,113,389**	143,848,267

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

California Gold Mining Inc.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)

Three months ended November 30,	2014	2013
Operating activities		
Net loss for the period	**$ (260,596)**	$ (563,710)
Adjustments for non-cash items:		
Depreciation	**14,958**	8,497
Share-based compensation	**142,736**	7,459
Gain on disposal of property, plant and equipment	**(175)**	-
Changes in non-cash working capital items:		
HST recoverable, accrued interest and amounts receivable	**(2,225)**	(27,765)
Prepaid expenses	**(12,863)**	(15,901)
Amounts payable and other liabilities	**27,727**	64,850
Net cash used in operating activities	**(90,438)**	(526,570)
Investing activity		
Purchase of property, plant and equipment	**(2,330)**	(40,003)
Net cash used in investing activity	**(2,330)**	(40,003)
Financing activity		
Issue of securities, net of costs	**347,140**	877,080
Net cash provided by financing activity	**347,140**	877,080
Net change in cash and cash equivalents	**254,372**	310,507
Effect of exchange rate changes on the balance of cash held in foreign currencies	**(263,963)**	(36,856)
Cash and cash equivalents, beginning of the period	**104,281**	1,220,215
Cash and cash equivalents, end of the period	**$ 94,690**	$ 1,493,866

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

California Gold Mining Inc.

Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)
(Unaudited)

Equity attributable to shareholders

	Number of shares	Share capital	Reserves (note 12)	Accumulated other comprehensive income	Accumulated deficit	Total equity
Balance, August 31, 2013	**128,640,554**	**$ 11,337,036**	**$ 6,340,013**	**$ 16,898**	**$ (11,453,907)**	**$ 6,240,040**
Private placements (note 5 (b)(i)(ii)	17,542,066	887,616	-	-	-	887,616
Valuation of warrants (note 5 (b)(i)(ii))	-	(462,325)	462,325	-	-	-
Transaction costs (note 5 (b)(iii))	-	(11,187)	(11,613)	-	-	(22,800)
Share-based compensation (note 6)	-	-	7,459	-	-	7,459
Net loss and comprehensive loss for the period	-	-	-	7,335	(563,710)	(556,375)
Balance, November 30, 2013	**146,182,620**	**$ 11,751,140**	**$ 6,798,184**	**$ 24,233**	**$ (12,017,617)**	**$ 6,555,940**
Balance, August 31, 2014	**153,882,620**	**$ 12,131,450**	**$ 6,834,701**	**$ 57,221**	**$ (13,739,627)**	**$ 5,283,745**
Private placement (note 5 (b)(iv))	7,000,000	350,000	-	-	-	350,000
Transaction costs (note 5 (b)(iv))	-	(2,860)	-	-	-	(2,860)
Share-based compensation (note 6)	-	-	142,736	-	-	142,736
Net loss and comprehensive loss for the period	-	-	-	12,146	(260,596)	(248,450)
Balance, November 30, 2014	**160,882,620**	**$ 12,478,590**	**$ 6,977,437**	**$ 69,367**	**$ (14,000,223)**	**$ 5,525,171**

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

1. Nature of operations and going concern

California Gold Mining Inc. (“California Gold” or the “Corporation”), which, prior to April 11, 2013 was named Upper Canada Gold Corporation and prior to January 29, 2010 was named Washmax Corp., was incorporated under the Business Corporations Act (Alberta) on September 17, 1998.

On January 29, 2010, the Corporation acquired the Dingman Property and became a junior exploration company engaged in the acquisition, exploration and development of mineral resource properties. On January 29, 2010, the Corporation also changed its year end from December 31 to August 31. On February 9, 2010, the Corporation’s shares commenced trading on the TSX Venture Exchange under the symbol “UCC” and on April 15, 2013, the Corporation's symbol was changed to "CGM". On March 1, 2013, the Corporation purchased a fee simple interest (subject to a 3% net smelter royalty) in approximately 3,351 acres of land located 15 miles north of the town of Mariposa, California which the Corporation has previously referred to as the Pine Tree Property and that is now referred to as the Fremont Property. The Corporation has not earned any income from operations. The registered office of the Corporation is located at #4 – 140, 11th Avenue S.W., Calgary, Alberta, T2R 0B8.

These unaudited condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is 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 or conditions that cast significant doubt upon the entity's ability to continue as a going concern. As at November 30, 2014, the Corporation does not have sufficient working capital to be able to settle its current amounts payable and other liabilities and no source of operating cash flows to be able to generate the necessary working cash from operations. Management is of the opinion that additional funding is available and may be sourced in time to allow the Corporation to progress exploration on its properties and for operations (see notes 5 (b) and 13 (iii)). Should the Corporation not be able to raise additional financing, there exists significant doubt about its ability to continue as a going concern. While there is no assurance these funds can be raised, the Corporation believes such financing will be available as required. The directors and management of the Corporation consider it appropriate to prepare these unaudited condensed interim consolidated financial statements on the going concern basis.

2. Significant accounting policies

(a) Statement of compliance

The Corporation applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of January 20, 2015, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended August 31, 2014, except as noted below. Any subsequent changes to IFRS that are given effect in the Corporation's annual consolidated financial statements for the year ended August 31, 2015 could result in restatement of these unaudited condensed interim consolidated financial statements.

2. **Significant accounting policies (continued)**

(b) New accounting standards and interpretations

Recent accounting pronouncements

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Corporation has not assessed the impact of IFRS 9 on its consolidated financial statements and the standard will be adopted on its effective date.

Comparative figures

Certain comparative figures in prior periods have been reclassified to conform with the current period presentation.

3. Exploration and evaluation expenditures on mineral properties

a) Dingman Property:

Costs incurred on the mineral interests for the Dingman Property for the three months ended November 30, 2014 and 2013 are summarized as follows:

Three months ended November 30,	**2014**	**2013**
Exploration costs	**$ 900**	$ 1,200

Total cumulative costs incurred on the Dingman Property as of November 30, 2014 are summarized as follows:

Acquisition costs	$ 2,139,055
Exploration costs	1,185,630
Land access fees	85,500
Finders fee	25,000
	$ 3,435,185

3. Exploration and evaluation expenditures on mineral properties (continued)

b) Fremont Property:

Costs incurred on the fee simple interest for the Fremont Property for the three months ended November 30, 2014 and 2013 are summarized as follows:

Three months ended November 30,	2014	2013
Improvement costs for building capitalized and land acquisition	**$ 2,330**	$ 7,394
Exploration and development costs	**$ 104,005**	$ 264,085

Total cumulative costs incurred on the Fremont Property as of November 30, 2014 are summarized as follows:

Acquisition and improvement costs	$ 5,882,670
Exploration and development costs	1,925,226
	$ 7,807,896

4. Property, plant and equipment

Cost	Furniture and fixtures	Leasehold improvements	Computer equipment	Computer software	Vehicles	Field & other equipments	Building	Land	Total
Balance, August 31, 2014	$ 6,902	$ 8,927	$ 16,267	$ 17,962	$ 43,128	$ 28,848	$ 186,674	$ 5,066,405	$ 5,375,113
Additions/improvements	-	-	-	-	-	-	1,477	853	2,330
Disposal	-	-	(1,501)	-	-	-	-	-	(1,501)
Effect of foreign exchange adjustments	149	-	161	287	2,249	1,457	9,769	264,220	278,292
Balance, November 30, 2014	$ 7,051	$ 8,927	$ 14,927	$ 18,249	$ 45,377	$ 30,305	$ 197,920	$ 5,331,478	$ 5,654,234

Accumulated depreciation	Furniture and fixtures	Leasehold improvements	Computer equipment	Computer software	Vehicles	Field & other equipments	Building	Land	Total
Balance, August 31, 2014	$ 1,202	$ 8,922	$ 5,741	$ 3,483	$ 15,207	$ 7,088	$ 11,353	$ -	$ 52,996
Depreciation during the year	289	5	691	1,094	2,154	1,677	9,048	-	14,958
Disposal	-	-	(113)	-	-	-	-	-	(113)
Effect of foreign exchange adjustments	18	-	29	93	842	402	800	-	2,184
Balance, August 31, 2014	$ 1,509	$ 8,927	$ 6,348	$ 4,670	$ 18,203	$ 9,167	$ 21,201	$ -	$ 70,025

Carrying value	Furniture and fixtures	Leasehold improvements	Computer equipment	Computer software	Vehicles	Field & other equipments	Building	Land	Total
Balance, August 31, 2014	$ 5,700	$ 5	$ 10,526	$ 14,479	$ 27,921	$ 21,760	$ 175,321	$ 5,066,405	$ 5,322,117
Balance, November 30, 2014	$ 5,542	$ -	$ 8,579	$ 13,579	$ 27,174	$ 21,138	$ 176,719	$ 5,331,478	$ 5,584,209

During the three months ended November 30, 2014, the Company disposed of a computer equipment with a net book value of $1,388 in settlement of accounts payble of $1,563, resulting a gain of $175.

5. Share capital

a) Authorized share capital

Unlimited number of voting common shares
Unlimited number of non-voting first preferred shares
Unlimited number of non-voting second preferred shares

b) Equity activity

	Number of common shares	Stated value
Balance, August 31, 2013	128,640,554	$ 11,337,036
Private placements (i)(ii)	17,542,066	887,616
Valuation of warrants (i)(ii)	-	(462,325)
Transaction costs (iii)	-	(11,187)
Balance, November 30, 2013	146,182,620	$ 11,751,140
Balance, August 31, 2014	153,882,620	$ 12,131,450
Private placement (iv)	7,000,000	350,000
Transaction costs (iv)	-	(2,860)
Balance, November 30, 2014	160,882,620	$ 12,478,590

(i) On September 10, 2013, the Corporation closed a non-brokered private placement pursuant to which the Corporation issued 15,860,000 units ("Units") at a price of $0.05 per Unit for gross proceeds of $793,000. Each Unit is comprised of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire a further common share of the Corporation at a price of $0.10 until September 10, 2017. The fair value of the warrants has been determined to be $420,389 using the Black-Scholes option pricing model based on the following assumptions:

Risk free interest rate	1.73%
Dividend yield	nil
Expected stock volatility	138%
Expected life	4 years

(ii) On October 2, 2013, the Corporation closed a non-brokered private placement pursuant to which the Corporation issued 1,682,066 units ("Units") at a price of $0.05625 per Unit for gross proceeds of $94,616. Each Unit is comprised of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire a further common share of the Corporation at a price of $0.10 until October 2, 2017. The fair value of the warrants has been determined to be $41,936 using the Black-Scholes option pricing model based on the following assumptions:

Risk free interest rate	1.73%
Dividend yield	nil
Expected stock volatility	147%
Expected life	4 years

(iii) In connection with the above two private placements, the Corporation incurred total transaction costs of $22,800, of which $11,187 was allocated to share capital with the remaining allocated to warrants.

5. Share capital (continued)

b) Equity activity (continued)

(iv) On September 10, 2014, the Corporation closed a non-brokered private placement pursuant to which it issued 7,000,000 common shares at a price of $0.05 per share for gross proceeds of $350,000. The Corporation incurred transaction costs of $2,860 in relation to the private placement.

6. Stock options

On April 4, 2013, the shareholders of the Corporation approved an amendment to its stock option plan (the "Plan") whereby the Corporation is authorized to grant options to purchase up to 25,615,000 outstanding common shares of the Corporation to directors, senior officers, full time employees and/or consultants of the Corporation. The terms of the awards under the Plan are determined by the Board of Directors.

	Number of stock options	Weighted average exercise price ($)
Balance, August 31, 2013	18,288,407	0.19
Expired	(613,333)	0.19
Balance, November 30, 2013	17,675,074	0.19
Balance, August 31, 2014	13,142,342	0.19
Granted	4,850,000	0.17
Balance, November 30, 2014	17,992,342	0.19

The following table reflects the actual stock options issued and outstanding as of November 30, 2014:

Expiry date	Exercise price ($)	Options outstanding	Weighted average remaining contractual life (yrs)	Options exercisable	Grant date fair value ($)	Fair value not recognized to date ($)
December 1, 2015	0.20	1,200,000	1.00	1,200,000	39,378	-
January 29, 2015	0.24	4,800,000	0.16	4,800,000	861,120	-
April 18, 2017	0.20	400,000	2.38	400,000	32,220	-
January 9, 2018	0.15	3,842,342	3.11	3,842,342	300,855	-
January 22, 2018	0.15	300,000	3.15	300,000	19,320	-
April 22, 2018	0.20	2,400,000	3.39	2,400,000	367,920	-
May 14, 2018	0.25	250,000	3.45	250,000	30,900	-
December 20, 2018	0.10	1,000,000	4.06	875,000	28,362	425
March 4, 2019	0.10	150,000	4.26	75,000	5,006	340
September 2, 2019	0.20	2,400,000	4.76	2,400,000	78,754	-
September 2, 2019	0.10	1,250,000	4.76	-	45,777	22,435
		17,992,342	2.61	16,542,342	1,809,612	23,200

6. Stock options (continued)

(i) On December 20, 2013, the Corporation granted a total of 1,000,000 stock options to a consultant of the Corporation with each option exercisable on or before the expiry of five years from the date of grant, at a price of $0.10 per common share. Of these stock options, 500,000 vest as to one-quarter on each of the date of grant, February 28, 2014, May 31, 2014 and August 31, 2014 and of the remaining 500,000 stock options, 125,000 vested on April 2, 2014 and a further 125,000 will vest every three months thereafter. The fair value of the stock options has been determined to be $28,362 using the Black-Scholes option pricing model based on the following assumptions: risk free interest rate of 1.96%, dividend yield of 0%, expected stock volatility of 141% and expected life of 5 years. During the three months ended November 30, 2014, $510 (three months ended November 30, 2013 - $nil) was recorded as share-based compensation in the unaudited condensed interim consolidated statements of loss and comprehensive loss on account of these options.

(ii) On March 4, 2014, the Corporation granted a total of 150,000 stock options to a consultant of the Corporation with each option exercisable on or before the expiry of five years from the date of grant, at a price of $0.10 per common share. The options will vest as to one quarter on each of June 4, September 4, and December 4, 2014 and March 4, 2015. The fair value of the stock options has been determined to be $5,006 using the Black-Scholes option pricing model based on the following assumptions: risk free interest rate of 1.77%, dividend yield of 0%, expected stock volatility of 144% and expected life of 5 years. During the three months ended November 30, 2014, $753 (three months ended November 30, 2013 - $nil) was recorded as share-based compensation in the unaudited condensed interim consolidated statements of loss and comprehensive loss on account of these options.

(iii) On September 2, 2014, the Corporation granted certain members of management and its Board of Directors options to purchase an aggregate of 3,600,000 common shares of the Corporation with such options being exercisable on or before the expiry of five years from the date of grant. These options vested immediately upon grant and are exercisable at a price of $0.20 per common share. The fair value of the stock options has been determined to be $118,132 using the Black-Scholes option pricing model based on the following assumptions: risk free interest rate of 1.67%, dividend yield of 0%, expected stock volatility of 136% and expected life of 5 years. During the three months ended November 30, 2014, one of the directors resigned and as a result the 1,200,000 granted to this director shall expire on December 1, 2014. During the three months ended November 30, 2014, $118,132 (three months ended November 30, 2013 - $nil) was recorded as share-based compensation in the unaudited condensed interim consolidated statements of loss and comprehensive loss on account of these options.

(iv) On September 2, 2014, the Corporation granted an investor relations consultant options to purchase an aggregate of 1,250,000 common shares of the Corporation with such options being exercisable on or before the expiry of five years from the date of grant. These options vest as to one-quarter on the three, six, nine and twelve month anniversaries of the grant thereof and are exercisable at a price of $0.10 per common share. The fair value of the stock options has been determined to be $45,777 using the Black-Scholes option pricing model based on the following assumptions: risk free interest rate of 1.67%, dividend yield of 0%, expected stock volatility of 136% and expected life of 5 years. During the three months ended November 30, 2014, $23,341 (three months ended November 30, 2013 - $nil) was recorded as share-based compensation in the unaudited condensed interim consolidated statements of loss and comprehensive loss on account of these options.

7. Net loss per common share

The calculation of basic and diluted loss per share for the three months ended November 30, 2014 was based on the loss attributable to common shareholders of $260,596 (three months ended November 30, 2013 - $563,710) and the weighted average number of common shares outstanding of 160,113,389 (three months ended November 30, 2013 - 143,848,267). Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

8. Broker warrants

The following table reflects the continuity of broker warrants:

	Number of broker warrants	Grant date fair value ($)
Balance, August 31, 2013, November 30, 2013, August 31, 2014 and November 30, 2014	764,000	75,025

The following table reflects the actual broker warrants issued and outstanding as of November 30, 2014:

Expiry date	Exercise price ($)	Broker warrants outstanding	Grant date fair value ($)
February 15, 2017	0.15	764,000	75,025

9. Warrants

The following table reflects the continuity of warrants:

	Number of warrants	Grant date fair value, net of issuance costs ($)
Balance, August 31, 2013	72,000,000	3,184,899
Issued (note 5(b)(i)(ii))	17,542,066	462,325
Transaction costs (note 5(b)(iii))	-	(11,613)
Balance, November 30, 2013, August 31, 2014 and November 30, 2014	89,542,066	3,635,611

The following table reflects the actual warrants issued and outstanding as of November 30, 2014:

Expiry date	Exercise price ($)	Warrants outstanding	Grant date fair value, net of issuance costs ($)
December 30, 2016	0.10	12,000,000	282,244
February 8, 2017	0.15	49,687,500	2,429,530
February 15, 2017	0.15	10,312,500	473,125
September 10, 2017	0.10	15,860,000	411,191
October 2, 2017	0.10	1,682,066	39,521
		89,542,066	3,635,611

10. Related party balances and transactions

Related parties include the Board of Directors, officers, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions. In accordance with International Accounting Standards 24 Related Party Disclosure, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Corporation directly or indirectly, including any directors (executive and non-executive) of the Corporation.

The Corporation entered into the following transactions with related parties:

(i) During the three months ended November 30, 2014, occupancy fees of $nil (three months ended November 30, 2013 - $7,723) were paid to a company of which the former President and current director of the Corporation is an officer.

(ii) As of November 30, 2014, the Corporation owed $nil (August 31, 2014 - $9,662) to R.W. Tomlinson Limited ("R.W. Tomlinson"), a company that is a shareholder of the Corporation and the amount is included in amounts payable and other liabilities.

Remuneration of key management personnel of the Corporation was as follows:

Three months ended November 30,	**2014**	**2013**
Short-term benefits	$ 108,104	$ 156,195
Share-based compensation	142,409	-
	$ 250,513	$ 156,195

As at November 30, 2014, the Corporation owed key management personnel $63,955 (August 31, 2014 - $38,525).

11. Contingency

The Corporation and certain of its directors have been named as respondents in an application filed by Martin Shefsky ("Shefsky"), a director and the former Chief Executive Officer ("CEO"), and his holding company ("Holdco") in the Court of Queen's Bench of Alberta, alleging, among other things (a) the failure of the Corporation to constitute its Board of Directors with a majority of nominees of the former CEO at its April 4, 2013 meeting of shareholders, (b) misrepresentations made in the context of negotiating Holdco's services agreement, (c) breach of Holdco's services agreement, and (d) certain improper actions by the Board of Directors in connection with the private placement of units completed in September 2013. The Corporation believes that the allegations being made by the former CEO and Holdco are groundless. The application brought by Shefsky and Holdco was heard before the Court of Queen's Bench of Alberta on April 2 and 3, 2014 and a decision of the matter is anticipated shortly. On December 1, 2014, the Court of Queen's Bench of Alberta dismissed the application brought by Shefsky (note 13). Shefsky has since given notice that he intends to appeal the dismissal of the application.

12. Reserves

	As at November 30, 2014	As at August 31, 2014
Warrants	**$ 3,635,611**	$ 3,635,611
Broker warrants	**75,025**	75,025
Contributed surplus	**3,266,801**	3,124,065
	$ 6,977,437	$ 6,834,701

13. Subsequent events

(i) On December 1, 2014, the Court of Queen's Bench of Alberta dismissed the application brought by Shefsky. Shefsky has since given notice that he intends to appeal the dismissal.

(ii) On December 1, 2014, 1,200,000 stock options exercisable for 1,200,000 common shares of the Corporation at $0.20 per share expired unexercised.

(iii) On December 12, 2014, the Corporation closed a non-brokered private placement pursuant to which it issued 6,840,000 common shares at a price of $0.05 per common share for gross proceeds of $342,000.