

West Red Lake Gold Mines Inc.

Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

Three And Nine Months Ended June 30, 2014 and 2013

(Unaudited)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying condensed interim financial statements of West Red Lake Gold Mines Inc. (the "Company") are the responsibility of the management and Board of Directors of the Company.

The condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with all applicable International Financial Reporting Standards.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the condensed interim financial statements and (ii) the condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the years presented by the condensed interim financial statements.

The Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the financial statements together with other financial information. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process and the condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

(signed)
Thomas W. Meredith
Executive Chairman, acting as Chief Executive Officer

(signed)
Daniel Crandall
Chief Financial Officer

August 20, 2014
Toronto, Canada

West Red Lake Gold Mines Inc.
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

As at	June 30, 2014	September 30, 2013
Assets		
Current assets		
Cash	**$ 6,380**	$ 6,583
Restricted cash	**-**	10,044
Accounts receivable	**12,611**	19,697
Prepaid expenses and deposits	**6,123**	14,496
	25,114	50,820
Property and equipment (Note 3)	**59,465**	71,868
Exploration and evaluation costs (Notes 4 and 9)	**10,071,175**	10,015,318
	$ 10,155,754	$ 10,138,006
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	**$ 337,334**	$ 663,179
Convertible debenture - current (Note 5)	**10,948**	-
	348,282	663,179
Convertible debenture - non-current (Note 5)	**132,956**	-
Deferred premium on flow-through shares (Note 6(b)(iv))	**-**	72,600
Deferred income tax liabilities	**1,023,700**	1,023,700
	1,504,938	1,759,479
Shareholders' Equity		
Share capital (Note 6)	**19,342,278**	19,137,303
Units to be issued (Note 9)	**20,000**	40,000
Reserves	**6,152,678**	6,014,095
Deficit	**(16,864,140)**	(16,812,871)
	8,650,816	8,378,527
	$ 10,155,754	$ 10,138,006

Nature of operations and going concern (Note 1)
Commitments (Note 10)

Approved by the Board:

signed "Michael Dehn" , Director

signed "Thomas W. Meredith" , Director

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

West Red Lake Gold Mines Inc.

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2014	**2013**	**2014**	**2013**
Expenses				
Professional fees	**$ 13,344**	$ 53,505	**$ 40,287**	$ 100,004
Office general and administrative (Note 9)	**6,639**	22,831	**24,353**	88,306
Management fees (Note 9)	**30,000**	18,750	**79,167**	67,250
Consulting fees	**12,000**	36,000	**47,833**	37,620
Shareholder information	**2,226**	6,965	**16,901**	29,172
Insurance	**4,457**	5,294	**11,162**	18,382
Depreciation	**4,134**	5,458	**12,403**	16,374
Travel and entertainment	**-**	666	**-**	6,245
Accretion (Note 5)	**7,006**	-	**16,513**	-
Indemnification expense (Note 10(d))	**-**	-	**30,000**	-
	79,806	149,469	**278,619**	363,353
Loss from operations	**(79,806)**	(149,469)	**(278,619)**	(363,353)
Interest and other income	**-**	213	**-**	602
Deferred income tax recovery	**-**	-	**227,350**	-
(Loss) and comprehensive (loss) for the period	**$ (79,806)**	$ (149,256)	**$ (51,269)**	$ (362,751)
Basic and fully diluted loss per share	**$ (0.00)**	$ (0.00)	**$ (0.00)**	$ (0.01)
Weighted average number of common shares outstanding - Basic and diluted	**63,527,648**	52,361,428	**60,479,736**	49,943,476

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West Red Lake Gold Mines Inc.

Condensed Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited)

				Reserves			
	Number of Shares	Share Capital	Units to be Issued	Warrants Reserve	Share-based Payments	Deficit	Total
Balance, September 30, 2012	**43,819,148**	**$ 18,807,808**	**$ 300,600**	**$ 1,892,666**	**$ 3,481,924**	**$ (16,257,972)**	**$ 8,225,026**
Flow-through units issued (Notes 6(b)(i),(ii) and (iv))	8,692,500	1,019,100	(300,600)	-	-	-	718,500
Share issue costs (Notes 6(b)(i),(ii) and (iv))	-	(22,050)	-	-	-	-	(22,050)
Warrants issued on private (Notes 6(b)(i),(ii) and (iv))	-	(595,270)	-	595,270	-	-	-
Broker warrants issued on private (Notes 6(b)(i),(ii) and (iv))	-	(38,235)	-	38,235	-	-	-
Deferred premium on flow-through units issued (Note 6(b)(iv))	-	(72,600)	-	-	-	-	(72,600)
Issued for property (Note 6(b)(iii))	30,000	2,550	-	-	-	-	2,550
Issued for services (Note 6(b)(v))	400,000	36,000	-	-	-	-	36,000
Warranty expiry	-	-	-	(1,151,066)	1,151,066	-	-
Net loss for the period	-	-	-	-	-	(362,751)	(362,751)
Balance, June 30, 2013	**52,941,648**	**19,137,303**	**-**	**1,375,105**	**4,632,990**	**(16,620,723)**	**8,524,675**
Units issued after period end (Note 6(b)(vii))	-	-	40,000	-	-	-	40,000
Warrant expiry	-	-	-	(421,200)	421,200	-	-
Share-based payments	-	-	-	-	6,000	-	6,000
Net loss for the period	-	-	-	-	-	(192,148)	(192,148)
Balance, September 30, 2013	**52,941,648**	**$ 19,137,303**	**$ 40,000**	**$ 953,905**	**$ 5,060,190**	**$ (16,812,871)**	**$ 8,378,527**

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

West Red Lake Gold Mines Inc.

Condensed Interim Statements of Changes in Shareholders' Equity (Continued)
(Expressed in Canadian Dollars)
(Unaudited)

				Reserves				
	Number of Shares	Share Capital	Units to be Issued	Convertible Debenture	Warrants Reserve	Share-based Payments	Deficit	Total
Balance, September 30, 2013	**52,941,648**	**$ 19,137,303**	**$ 40,000**	**$ -**	**$ 953,905**	**$ 5,060,190**	**$ (16,812,871)**	**$ 8,378,527**
Units issued (Notes 6(b)(vii) and (viii))	10,100,000	505,000	(40,000)	-	-	-	-	465,000
Share issue costs (Notes 6(b)(vii) and (viii))	456,000	(25,925)	-	-	-	-	-	(25,925)
Warrants issued on private placement (Notes 6(b)(vii) and (viii))	-	(120,250)	-	-	120,250	-	-	-
Deferred premium on flow-through units issued (Notes 6(b)(vii) and (viii))	-	(154,750)	-	-	-	-	-	(154,750)
Convertible debenture (Note 5)	-	-	-	18,333	-	-	-	18,333
Issued for property (Note 6(b)(vi))	30,000	900	-	-	-	-	-	900
Units to be issued (Note 9)	-	-	20,000	-	-	-	-	20,000
Warrant expiry	-	-	-	-	(942,505)	942,505	-	-
Net loss for the period	-	-	-	-	-	-	(51,269)	(51,269)
Balance, June 30, 2014	**63,527,648**	**$ 19,342,278**	**$ 20,000**	**$ 18,333**	**$ 131,650**	**$ 6,002,695**	**$ (16,864,140)**	**$ 8,650,816**

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

West Red Lake Gold Mines Inc.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Nine Months Ended June 30, 2014	2013
Cash flow - Operating activities		
Net (loss) for the period	**$ (51,269)**	$ (362,751)
Adjustments for non-cash items:		
Depreciation	**12,403**	16,374
Accretion	**16,513**	-
Deferred income tax recovery	**(227,350)**	-
Shares issued for services	**-**	36,000
Net changes in non-cash working capital balances:		
Accounts receivable	**7,086**	(8,715)
Due to/from joint venture partner	**-**	(259,568)
Prepaid expenses and deposits	**8,373**	1,489
Accounts payable and accrued liabilities	**(66,623)**	176,562
	(300,867)	(400,609)
Cash flow - Investing activities		
Exploration and evaluation costs - acquisition	**(40,000)**	(35,000)
Exploration and evaluation costs - exploration	**(274,180)**	(541,505)
Restricted cash	**10,044**	10,000
	(304,136)	(566,505)
Cash flow - Financing activities		
Issue of common shares, net of issue costs	**439,075**	696,450
Convertible debenture issued, net of transaction costs	**145,725**	-
Units to be issued	**20,000**	-
	604,800	696,450
Change during the period	**(203)**	(270,664)
Cash, beginning of period	**6,583**	295,140
Cash, end of period	**$ 6,380**	$ 24,476
Supplemental cash flow information		
Shares issued for mineral properties	**$ 900**	$ 2,550

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

1. Nature of operations and going concern

West Red Lake Gold Mines Inc. (the "Company" or "West Red Lake Gold Mines") (formerly Hy Lake Gold Inc.) was incorporated on November 29, 1991 under the Business Corporations Act (Ontario). On May 30, 2012, the Company changed its name from "Hy Lake Gold Inc." to "West Red Lake Gold Mines". Effective June 29, 2012 the common shares of West Red Lake Gold Mines commenced trading on the Canadian Securities Exchange ("CSE") under the trading symbol RLG and prior to that it traded under the symbol HYL.

The Company commenced its current business activities of acquiring, exploring and developing mineral properties on October 1, 2005. Substantially all of the efforts of the Company are devoted to these business activities. To date the Company has not earned significant revenue and is considered to be in the exploration stage. The ability of the Company to carry out its business plan rests with its ability to secure equity and other financing.

As at June 30, 2014, the Company had a working capital deficiency of $323,168 (September 30, 2013 - working capital deficiency of $612,359), had not yet achieved profitable operations, has accumulated losses of $16,864,140 (September 30, 2013 - $16,812,871) and expects to incur further losses in the development of its business, all of which cast significant doubt upon the Company's ability to continue as a going concern. The Company is in the exploration stage and has no proven reserves or production relating to its operations. The application of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and obtain necessary financing to do so.

Management believes the Company can obtain sufficient financing to cover planned operations throughout the next twelve month period and fund the working capital deficiency. Management plans on securing additional financing through the issue of new equity, among other things. There is no assurance that these initiatives will be successful.

These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assume that the Company 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. The business of mining and exploring for minerals involves a high degree of risk and there is no guarantee that the Company's exploration programs will yield positive results or that the Company will be able to obtain the necessary financing to carry out the exploration and development of its mineral property interests.

Management believes the going concern assumption to be appropriate for these condensed interim financial statements. If the going concern assumption was not appropriate, adjustments might be necessary to the carrying value of the assets and liabilities, reported revenues and expenses, and the balance sheet classifications used in the financial statements.

The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the development of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, undetected defects, unregistered claims, native land claims, and non-compliance with regulatory and environmental requirements.

The primary office of the Company is located at 65 Queen St. West, Unit 520, Toronto, Ontario M5H 2M5.

2. Statement of compliance

The Company 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 condensed interim 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 condensed interim financial statements are based on IFRSs issued and outstanding as of August 20, 2014, the date the Board of Directors approved the statements.

The same accounting policies and methods of computation are followed in these condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended September 30, 2013, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending September 30, 2014 could result in restatement of these condensed interim financial statements.

These condensed interim financial statements for the three and nine months ended June 30, 2014 were authorized for issuance by the Board of Directors of the Company on August 20, 2014.

Change in accounting policies

(i) IFRS 13 Fair Value Measurement

On May 12, 2011, the IASB issued IFRS 13 Fair Value Measurement ("IFRS 13"). IFRS 13, which is to be applied prospectively, is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IFRS 13 defines fair value, provides a framework for measuring fair value and includes disclosure requirements for fair value measurements. IFRS 13 will be applied in cases when another IFRS requires (or permits) fair value measurement. As of October 1, 2013, the Company adopted this standard and there was no material impact on the Company's condensed interim financial statements given the asset and liability mix the Company to which fair value applies.

(ii) Other

In June 2011, the IASB issued amendments to IFRS 7 Financial Instruments: Disclosures. As of October 1, 2013, the Company adopted these amendments and there was no material impact on the Company's condensed interim financial statements.

In May 2011, the IASB issued IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. As of October 1, 2013, the Company adopted these standards and there was no material impact on the Company's condensed interim financial statements.

In June 2011, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 19 Employee Benefits, primarily related to accounting for defined benefit pension plans. As of October 1, 2013, the Company adopted this standard and there was no material impact on the Company's condensed interim financial statements.

2. Statement of compliance (Continued)

New standards not yet adopted and interpretations issued but not yet effective

The following accounting pronouncements have been released but have not yet been adopted by the Company.

(i) IFRS 9 Financial Instruments

In November 2009, the IASB issued, and subsequently revised in October 2010, IFRS 9 Financial Instruments ("IFRS 9") as a first phase in its ongoing project to replace IAS 39. IFRS 9, which is to be applied retrospectively, will be effective for annual periods beginning on or after January 1, 2018.

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. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. 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. Management has not yet determined the potential impact the adoption of IFRS 9 will have on the Company's financial statements.

3. Property and equipment

COST

	Computer Equipment	Machinery and Equipment	Vehicles	Total
Balance, September 30, 2012	$ 8,554	$ 161,114	$ 66,405	$ 236,073
Balance, June 30, 2013	8,554	161,114	66,405	236,073
Balance, September 30, 2013	8,554	161,114	66,405	236,073
Balance, June 30, 2014	**$ 8,554**	**$ 161,114**	**$ 66,405**	**$ 236,073**

ACCUMULATED DEPRECIATION

	Computer Equipment	Machinery and Equipment	Vehicles	Total
Balance, September 30, 2012	$ 5,598	$ 98,331	$ 38,444	$ 142,373
Depreciation for the period	665	9,418	6,291	16,374
Balance, June 30, 2013	6,263	107,749	44,735	158,747
Depreciation for the period	222	3,139	2,097	5,458
Balance, September 30, 2013	6,485	110,888	46,832	164,205
Depreciation for the period	465	7,534	4,404	12,403
Balance, June 30, 2014	**$ 6,950**	**$ 118,422**	**$ 51,236**	**$ 176,608**

3. Property and equipment (Continued)

CARRYING AMOUNTS

	Computer Equipment	Machinery and Equipment	Vehicles	Total
At September 30, 2012	$ 2,956	$ 62,783	$ 27,961	$ 93,700
At June 30, 2013	2,291	53,365	21,670	77,326
At September 30, 2013	2,069	50,226	19,573	71,868
At June 30, 2014	**$ 1,604**	**$ 42,692**	**$ 15,169**	**$ 59,465**

4. Exploration and evaluation costs

On a quarterly basis, management of the Company reviews exploration costs to ensure mineral properties and deferred exploration expenditures include only costs and projects that are eligible for capitalization.

	Balance, September 30, 2013	Acquisition	Exploration	Reimbursements	Balance, June 30, 2014
Mount Jamie	$ 5,236,574	$ 40,900	$ (3,931)	$ -	**$ 5,273,543**
Rowan	4,127,481	-	18,440	-	**4,145,921**
Red Summit	651,263	-	448	-	**651,711**
	$ 10,015,318	$ 40,900	$ 14,957	$ -	**$ 10,071,175**

	Balance, September 30, 2012	Acquisition	Exploration	Reimbursements	Balance, September 30, 2013
Mount Jamie	$ 5,121,564	$ 37,550	$ 77,460	$ -	**$ 5,236,574**
Rowan	3,662,488	-	733,943	(268,950)	**4,127,481**
Red Summit	639,904	-	11,359	-	**651,263**
	$ 9,423,956	$ 37,550	$ 822,762	$ (268,950)	**$ 10,015,318**

5. Convertible debenture

On November 20, 2013, the Company issued an unsecured convertible debenture with a principal amount of $150,000. Total transaction costs of $4,275 were incurred on the issuance.

The debenture matures on November 20, 2015 and bears interest at an annual rate of 12%. At its sole discretion, the creditor may extend the maturity date for an additional year by providing the Company with a thirty day prior written notice. The debenture is convertible, in whole or in part, at the option of the holder at any time prior to the maturity date into common shares of the Company at a conversion price of $0.10 per common share during the first year of the term of the debenture, $0.15 per Common Share during the second year, and $0.20 per common share during the third year, if applicable.

In the event that the trading price of the Company's common shares closes at a minimum price of $0.50 per common share for twenty consecutive trading days, the Company may require the whole of the principal with all accrued and unpaid interest to be converted into common shares. In the event that the Company obtains a subsequent debt financing, the creditor shall have the right to accelerate repayment of the principal and any accrued interest on written request for the accelerated repayment within thirty days from the closing of the subsequent debt financing.

The Company used the residual value method to allocate the principal amount of the convertible debenture between the liability and equity components. The Company valued the debt component of the debentures by calculating the present value of the principal and interest payments, discounted at a rate of 20%, being management's best estimate of the rate that a non-convertible debenture with similar terms would bear. The equity conversion feature of the debenture comprises the value of the conversion option, being the difference between the face value of the debenture and the liability element calculated above. Based on this calculation, the liability component is $131,667 and the residual equity component is $18,333. Accretion charges attributable to the debenture for the three and nine months ended June 30, 2014 were $7,006 and $16,513, respectively. This amount is added to the liability component on the condensed interim statements of financial position and is included in accretion expense on the condensed interim statements of income (loss) and comprehensive income (loss).

6. Share capital

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

(i) On December 7, 2012, the Company closed the first tranche of a flow-through private placement totaling 3,114,000 Units of the Company at $0.15 per Unit for gross proceeds of $467,100. Each Unit consists of one flow-through common share and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one additional common share at a price of $0.20 for a period of 18 months from the date of closing. 2,004,000 of these units valued at $300,600 were included as units to be issued at September 30, 2012. Cash costs of issue amounted to $4,548.

The 3,114,000 warrants were assigned a fair value of $236,016 using the Black-Scholes pricing model. The following weighted average assumptions were used: Risk free interest rate – 1.11%; expected volatility – 166% (which is based on historical volatility of the Company's share price); Dividend yield - nil; expected life - 1.5 years; share price - $0.12. In connection with this financing, 207,920 broker compensation warrants were issued under the same terms and assumptions, resulting in a fair value of $15,875, using the Black-Scholes option-pricing model.

Subsequent to the closing of the first tranche, the Units were re-priced from $0.15 to $0.12 per Unit. As a result, subscribers of Units at $0.15 per Unit were issued a pro rata number of Units related to the re-pricing. A total of 778,500 Units were issued as a result.

6. Share capital (Continued)

(b) Issued (Continued)

(i) (Continued)

The 778,500 warrants were assigned a fair value of $38,254 using the Black-Scholes option-pricing model. The following weighted average assumptions were used: Risk free interest rate – 0.99%; expected volatility – 188% (which is based on historical volatility of the Company's share price); dividend yield - nil; expected life - 1.3 years; share price - $0.09.

(ii) On December 31, 2012, the Company closed the second tranche of a flow-through private placement totaling 3,600,000 Units of the Company at $0.12 per Unit for gross proceeds of $432,000. Each Unit consists of one flow-through common share and one common share purchase warrant (“Warrant”). Each Warrant entitles the holder to purchase one additional common share at a price of $0.20 for a period of 18 months from the date of closing. Cash costs of issue amounted to $17,502.

The 3,600,000 warrants were assigned a fair value of $309,600 using the Black-Scholes option-pricing model. The following weighted average assumptions were used: Risk free interest rate – 1.13%; expected volatility – 198% (which is based on historical volatility of the Company's share price); dividend yield - nil; expected life - 1.5 years; share price - $0.12. In connection with this financing, 260,000 broker compensation warrants were issued under the same terms and assumptions, resulting in a fair value of $22,360, using the Black-Scholes option-pricing model.

(iii) On January 15, 2013 the Company issued 30,000 common shares, with a fair value of $2,550, to satisfy property acquisition commitments in connection with an expansion of the Mount Jamie property.

(iv) On April 24, 2013, the Company closed a non-brokered flow-through private placement totaling 1,200,000 Units of the Company at $0.10 per Unit for gross proceeds of $120,000. Each Unit consists of one flow-through common share and one half common share purchase warrant (each whole warrant a "Warrant"). Each Warrant entitles the holder to purchase one additional common share at a price of $0.12 for a period of 18 months from the date of closing.

The flow-through units were issued at a premium to the market price in recognition of the tax benefits accruing to the subscribers. The deferred premium on flow-through units was calculated to be $72,600.

The 600,000 warrants were assigned a fair value of $11,400 using the Black-Scholes option-pricing model. The following weighted average assumptions were used: Risk free interest rate – 1.03%; expected volatility – 213% (which is based on historical volatility of the Company's share price); dividend yield - nil; expected life - 1.5 years; share price - $0.03.

(v) On May 30, 2013 the Company issued 400,000 common shares in exchange for investor relation consulting services. The fair value of these services was valued at $36,000.

(vi) On November 22, 2013 the Company issued 30,000 common shares, with a fair value of $900, to satisfy property acquisition commitments in connection with an expansion of the Mount Jamie property.

6. Share capital (Continued)

(b) Issued (Continued)

(vii) On November 22, 2013, the Company closed a non-brokered private placement of common share units and flow-through units for aggregated gross proceeds of $180,000. The placement was comprised of 1,600,000 common share units at a price of $0.05 per unit for proceeds of $80,000, and 2,000,000 flow-through units at a price of $0.05 per unit for proceeds of $100,000. Each common share unit consists of one common share and one common share purchase warrant (the “Warrant”). Each flow-through unit consists of one flow-through common share and one half of a Warrant. Each Warrant entitles its holder to purchase one additional common share at a price of $0.10 for a period of 24 months from the date of closing.

The flow-through units were issued at a premium to the market price in recognition of the tax benefits accruing to the subscribers. The deferred premium on flow-through units was calculated to be $15,000.

In connection with the placement, the Company paid finder's fees consisting of $10,000 in cash and 200,000 common shares of the Company.

The 2,600,000 warrants were assigned a fair value of $65,000 using the Black-Scholes option-pricing model. The following weighted average assumptions were used: Risk free interest rate – 1.08%; expected volatility – 239% (which is based on historical volatility of the Company's share price); dividend yield - nil; expected life - 2 years; share price - $0.03.

(viii) On December 31, 2013, the Company closed a non-brokered private placement of 6,500,000 flow-through units at a price of $0.05 per Unit for gross proceeds of $325,000. Each Unit consists of one flow-through common share and one half of a common share purchase warrant (each whole warrant a "Warrant"). Each Warrant entitles its holder to purchase one additional common share at an exercise price of $0.10 per share for a period of 24 months from the date of closing.

The flow-through units were issued at a premium to the market price in recognition of the tax benefits accruing to the subscribers. The deferred premium on flow-through units was calculated to be $139,750.

In connection with the placement, the Company paid finder's fees consisting of $12,800 in cash and 256,000 common shares of the Company.

The 3,250,000 warrants were assigned a fair value of $55,250 using the Black-Scholes option-pricing model. The following weighted average assumptions were used: Risk free interest rate – 1.13%; expected volatility – 248% (which is based on historical volatility of the Company's share price); dividend yield - nil; expected life - 2 years; share price - $0.02.

7. Warrants

The following summarizes the warrant activity for the nine months ended June 30, 2013 and June 30, 2014:

	Number of Warrants	Weighted Average Exercise Price($)
Balance, September 30, 2012	10,927,521	0.59
Issued (Note 6(b)(i),(ii) and (iv))	8,560,420	0.19
Expired	(5,866,521)	(0.82)
Balance, June 30, 2013	**13,621,420**	**0.26**
Balance, September 30, 2013	10,696,420	0.26
Issued (Note 6(b)(vii) and (viii))	5,850,000	0.10
Expired	(10,096,420)	(0.26)
Balance, June 30, 2014	**6,450,000**	**0.10**

As at June 30, 2014, the following warrants were outstanding:

Expiry Date	Number of Warrants	Exercise Price($)
October 24, 2014	600,000	0.12
November 22, 2015	2,600,000	0.10
December 31, 2015	3,250,000	0.10
	6,450,000	**0.10**

8. Stock options

The Company has a stock option plan (the "Plan") under which the directors of the Company may grant options to acquire common shares of the Company to directors and officers, employees, and consultants of the Company. Exercise prices cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years. The options vest immediately unless otherwise specified. The maximum aggregate number of common shares under options any time under the Plan cannot exceed 10% of the issued shares.

8. Stock options (Continued)

The following summarizes the stock option activity for the nine months ended June 30, 2013 and June 30, 2014:

	Number of Stock Options	Weighted Average Exercise Price($)
Balance, September 30, 2012	4,295,000	0.31
Expired	(500,000)	(1.00)
Balance, June 30, 2013	**3,795,000**	**0.22**
Balance, September 30, 2013	3,695,000	0.20
Expired	(400,000)	(0.18)
Balance, June 30, 2014	**3,295,000**	**0.20**

The following table provides additional information about outstanding stock options as at June 30, 2014:

Expiry	Exercise Price ($)	Weighted Average Exercise Price ($)	Contractual Life (Years)	Weighted Average Contractual Life (Years)	Number of Options Outstanding
August 10, 2014	0.15	0.03	0.11	0.02	600,000
December 7, 2014	0.20	0.02	0.44	0.05	400,000
March 1, 2015	0.20	0.01	0.67	0.02	100,000
June 15, 2015	0.15	0.02	0.96	0.15	525,000
April 28, 2016	0.40	0.08	1.83	0.37	670,000
June 19, 2017	0.18	0.02	2.97	0.36	400,000
August 29, 2018	0.10	0.02	4.17	0.76	600,000
		0.20		**1.74**	**3,295,000**

As at June 30, 2014, all options are exercisable.

9. Related party transactions

Officers, directors and companies controlled by officers and directors of the Company and individuals related to them charged management fees, consulting fees and professional fees and shareholder information for the three and nine months ended June 30, 2014, in the amount of $40,344 and $125,906, respectively (three and nine months ended June 30, 2013 - $82,219 and $267,635, respectively) to the Company, of which $nil and $6,000, respectively (three and nine months ended June 30, 2013 - $47,496 and $179,596, respectively) was deferred to exploration and evaluation costs.

9. Related party transactions (Continued)

Remuneration of officers and directors of the Company was as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2014	**2013**	**2014**	**2013**
Salaries and benefits	**$ 40,344**	$ 82,219	**$ 125,906**	$ 267,635

Officers and directors of the Company were also reimbursed out of pocket expenses that occurred in the normal course of operations.

At June 30, 2014, accounts payable and accrued liabilities includes $194,811 (September 30, 2013 - $110,941) owing to officers, directors and companies controlled by officers and directors.

At June 30, 2014, units to be issued includes $nil (September 30, 2013 - $40,000) from directors of the Company.

The above noted transactions are in the normal course of business and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

As at June 30, 2014, directors of the Company that individually control less than 10% of the common shares collectively control 4,184,562 common shares of the Company or approximately 6.59% of shares outstanding.

As at June 30, 2014, Accilent Capital Management Inc., a corporation in which a director of the Company is President and Chief Investment Officer, has indirect control and direction over 14,247,928 common shares and direct control and direction over 304,000 common shares of the Company, representing approximately 22.91% of shares outstanding.

To the knowledge of directors and officers of the Company, the remainder of the Company's outstanding common shares are widely held. These holdings can change at any time, at the sole discretion of the shareholders.

10. Commitments

(a) Mineral properties and deferred exploration costs:

Year ended September 30,	**2014**	**2015**	**Total**
Mount Jamie Mine Property			
Cash Payments	$ -	$ 40,000	$ 40,000

(b) Pursuant to the Mount Jamie Mine property (Golden Tree claims) letter of agreement dated March 5, 2007, a one-time payment of $500,000 is to be paid within 30 days of the Company obtaining a bankable feasibility study. In addition, the Company must make advance royalty payments of $10,000 per year, which will deductible from future net smelter royalties, if any.

(c) The Company is partly financed by the issuance of flow-through shares. However, there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company has committed to take all the necessary measures for this purpose. The Company has an obligation to spend $545,000 on Canadian exploration expenditures prior to December 31, 2014. As at June 30, 2014, the balance of the obligation is $535,000.

10. Commitments (Continued)

(d) Subsequent to June 30, 2014, the Company received the final results of an audit by the Canada Revenue Agency on the expenses renounced related to flow-through shares issued in calendar 2009, 2010, and 2011. As a result, the Company will pay an additional Part XII.6 tax of $8,690 and certain shareholders of the Company will be subject to an income tax liability for which the Company will indemnify the shareholders. The Company will reimburse shareholders for income taxes owing as a result of the reduced tax deduction of $68,512. As at June 30, 2014, the Company has accrued $30,000 and $8,690, respectively (September 30, 2013 - $nil and $nil, respectively), as the estimated tax and actual Part XII.6 tax amounts, respectively, related to these commitments in accounts payable and accrued liabilities.

11. Subsequent event

Option expiry

On August 10, 2014, 600,000 options with an exercise price of $0.15 expired unexercised.