Menika Mining Ltd.

(An Exploration Stage Company)

Condensed Interim Financial Statements

For The Six Month Period Ended August 31, 2014

(Unaudited: Expressed in Canadian Dollars)

Menika Mining Ltd.

August 31, 2014

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCAL STATEMENTS

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 unaudited condensed interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. They include appropriate accounting principles, judgment and estimates in accordance with IFRS for interim financial statements

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

Menika Mining Ltd.

Condensed Interim Statements of Financial Position

(Unaudited: Stated in Canadian Dollars)

		As at August 31 2014		As at February 28 2014
ASSETS				
CURRENT				
Cash	$	**2,654**	$	17,887
GST Receivable		**215**		4,821
Prepaid Expenses		**-**		-
		2,869		22,708
RECLAMATION DEPOSITS (Note 4)		**10,000**		10,000
EXPLORATION AND EVALUATION ASSETS (Note 5)		**1**		1
	$	**12,870**	$	32,709
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities (Note 6)		**9,830**		14,216
	$	**9,830**	$	14,216
SHAREHOLDERS' DEFICIENCY				
SHARE CAPITAL (Note 10)	$	**5,277,793**	$	5,277,793
SHARE OPTION RESERVE		**189,701**		189,701
SHARE WARRANT RESERVE		**129,437**		129,437
DEFICIT		**(5,593,891)**		(5,578,438)
	$	**3,040**	$	18,493
LIABILITIES AND SHAREHOLDERS' DEFICIENCY	$	**12,870**	$	32,709

Nature of Operations and Continuance of Business **1**

Approved on behalf of the Board of Directors on September 24, 2014:

"Anita Algie" **Director** *"Richard Ko"* **Director**

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

	Notes	**Three months ended August 31, 2014**	**Six months ended August 31, 2014**	Three months ended August 31, 2013	Six months ended August 31, 2013
Interest Income		**$ -**	**$ 32**	**$ -**	$ 56
Expenses					
Accounting and legal	6	**-**	**(2,000)**	(2,275)	3,678
Filing and listing fees		**551**	**1,530**	2,729	2,729
Management fees	6	**3,000**	**6.000**	15,000	30,000
Office and general		**432**	**6,560**	6,741	7,458
Registrar and transfer agent fees		**-**	**637**	330	1,005
Termination fees		**-**	**-**	-	60,000
Comprehensive loss for the period		**(3,983)**	**(12,695)**	(22,526)	(104,871)
OTHER ITEMS					
Write off uncollectible GST		**-**	**(3,514)**	-	-
Write off of accounts payable		**-**	**756**	-	-
		-	**4,270**	-	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		**3,983**	**15,453**	22,526	104,871
Loss per share – basic and diluted		**$ (0.01)**	**$ (0.01)**	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding – basic and diluted		**12,725,000**	**12,725,000**	28,899,156	28,899,156

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

	Share Capital		Share Reserves			
	Number of shares	Amount	Share Warrant Reserve	Share Option Reserve	Accumulated Deficit	Total
		$	$	$	$	$
Balance, March 1, 2013 (Audited)	**722,448**	**4,731,532**	**129,437**	**189,701**	**(5,368,698)**	**(318,028)**
Comprehensive loss for the six months ended August 31, 2013		-	-	-	(104,871)	(104,871)
Balance, August 31, 2013	**722,448**	**4,731,532**	**129,437**	**189,701**	**(5,473,569)**	**(422,899)**
Private placements	**10,287,500**	557,500	-	-	-	557,500
Share issuance costs	**-**	(11,239)	-	-	-	(11,239)
Comprehensive loss for the nine months ended February 28, 2014		-	-	-	(104,869)	(104,869)
Balance, February 28, 2014 (Audited)	**11,009,948**	**5,277,793**	**129,437**	**189,701**	**(5,578,438)**	**18,493**
Comprehensive loss for the three months ended August 31, 2014		-	-	-	(15,453)	(15,453)
Balance, August 31, 2014	**11,009,948**	**5,277,793**	**129,437**	**189,701**	**(5,593,891)**	**3,040**

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

Menika Mining Ltd.

Condensed Interim Statements of Cash flow

(Unaudited- Stated in Canadian Dollars)

		Six months ended August 31 2014	Six months ended August 31 2013
Cash provided by (used for):			
OPERATING ACTIVITIES			
Net loss for the period	$	**(15,453)**	(104,815)
Changes in non-cash operating working capital			
Decrease/(Increase) in GST receivable		**4,606**	1,834
Increase/(Decrease) in accounts payable		-	-
and accrued liabilities		**(4,386)**	62,459
		(15,233)	(40,524)
FINANCING ACTIVITIES			
Increase/(Decrease) in amounts due to related parties		**-**	24,000
Loan proceeds		**-**	90,115
Private placement proceeds		**-**	57,113
		-	171,228
INCREASE (DECREASE) IN CASH		**(15,233)**	130,704
Cash - beginning of period		**17,887**	1,725
CASH - END OF PERIOD	$	**2,654**	132,429
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid during the year for interest	$	-	-
Cash paid during the year for income taxes	$	-	-
NON-CASH FINANCING ACTIVITIES	$	-	-

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

NOTE 1 - NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS

Menika Mining Ltd. (the "Company") was incorporated in British Columbia and is a public company listed on the TSX Venture Exchange. The Company's registered address is 313-515 West Pender Street, Vancouver BC, V6B 6H5.

The Company is in the exploration stage and its principal business activity is the sourcing and exploration of mineral properties.

As at August 31, 2014, the Company was in the process of exploring its principal mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition thereof.

The Company incurred a loss of $15,453 (2013: $22,526) for the six months ended August 31, 2014. As at August 31, 2014 the Company had a working capital deficiency of $6,961 (2013: $289,617) and an accumulated deficit of $5,593,891 (2013: $5,473,513), which has been funded primarily by the issuance of equity. The Company's ability to continue as a going concern and to realize assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

NOTE 2 –BASIS OF PRESENTATION

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim financial statements are prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policies set out in Note 3. All amounts are expressed in Canadian dollars unless otherwise stated.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period

NOTE 2 –BASIS OF PRESENTATION - Continued

or in the period of the revision and further periods if the review affects both current and future periods. Estimates with a significant risk of material adjustment are discussed in Note 3. The assessment of the Company's ability to identify potential mineral reserves and obtain financing to fund the working capital requirements involves judgment. The judgment made by management with a significant risk of material adjustment is the going concern assumption. The condensed interim financial statements for the six month period ended August 31, 2014 (including comparatives) were approved and authorized for issue by the board of directors on September 24, 2014.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

[a]Use of estimates

The preparation of these condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. Significant areas requiring the use of management estimates include the determination of impairment of exploration and evaluation assets, decommissioning liabilities, deferred tax assets and liabilities, and assumptions used in valuing options and warrants in share-based compensation calculations. Actual results could differ from these estimates.

[b]Functional Currency

The Company's mineral properties are in Canada and the majority of transactions are in Canadian dollars and therefore the reporting and functional currency of the Company is the Canadian dollar.

[c]Financial instruments

Financial assets

All financial assets are initially recorded at fair value and classified upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash and amounts receivable are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and classified upon inception as FVTPL or other financial liabilities.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. The Company is not exposed to any derivative instruments and foreign exchange hedges in place at this time.

[d]Exploration and evaluation assets

Exploration and evaluation costs, including the acquisition, exploration and development of mineral properties are capitalized as exploration and evaluation assets on a project-by-project basis pending determination pending determination of the technical feasibility and the commercial viability of the project. The capitalized costs are presented as either tangible or intangible exploration or evaluation assets according to the nature of the assets acquired. Capitalized costs include costs directly related to exploration and evaluation activities in the area of interest. General and administrative costs are only allocated to the asset to the extent that those costs can be directly related to operational activities in the relevant area of interest. When a license is relinquished or a project is abandoned, the related costs are recognized in profit and loss immediately. Upon commencement of commercial production, the related accumulated costs are amortized to income using the units of production method over estimated recoverable ore reserves. Management periodically assesses the carrying values of non-producing properties and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that have lapsed, the unrecoverable amounts are expensed.

The recoverability of the carried amounts of mineral properties is dependent on the existence of economically recoverable ore reserves and the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The Company has not yet determined whether any of its mineral properties contain economically recoverable reserves.

Amounts capitalized as mineral properties represent costs incurred to date, less write-downs and recoveries, and do not necessarily reflect present or future values. The costs incurred include materials and fuel used, surveying costs, drilling costs and payments made to contractors.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

[e]Impairment

The Company's tangible and intangible assets are reviewed for indications of impairment at each statement of financial position date. If indications of impairment exist, the asset's recoverable amount is

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES - Continued

estimated. An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

[f] Decommissioning liabilities

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities and may from time to time incur asset retirement obligations and the associated retirement costs related to site reclamation and abandonment. The fair value of the liability for an asset retirement obligation is recorded when it is incurred and the corresponding increase to the asset is depreciated over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. As at August 31, 2014 and August 31, 2013, the Company had not incurred any asset retirement obligation related to the exploration and development of its mineral properties

[g]Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES – Continued

[h]Government Assistance

B.C. mining exploration tax credits for certain exploration expenditures incurred in B.C. are treated as a reduction of the exploration and development costs of the respective mineral property. No such tax credits were applied during the six months ended August 31, 2014 and August 31, 2013.

[i] Flow-through Shares

The Company finances some exploration expenditures through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. When the common shares are offered, the difference ("premium") between the amounts recognized in common shares and the amount the investors pay for the shares is recognized as a flow-through share related liabilities which is reversed into the statement of loss within other income when the eligible expenditures are incurred. The amount recognized as flow-through share related liabilities represented the difference between the fair value of the common shares and the amount the investor pays for the flow-through shares. No flow-through shares were issued during the six months ended August 31, 2014 and August 31, 2013.

[j] Share based payments

The Company has a stock option plan, which is described in Note 11. The Company applies the fair value method to all share based payments and to all grants that are direct awards of stock that call for settlement in cash or other assets. Compensation expense is recognized over the applicable vesting period with a corresponding increase in contributed surplus. When the options are exercised, share capital is credited for the consideration received and the related contributed surplus is decreased. The Company uses the Black Scholes option pricing model to estimate the fair value of share based payments

[k]Share Issuance Costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to expenses.

[l] Income taxes

The Company utilizes the asset and liability method of accounting for deferred taxes. Under the liability method, deferred income taxes and liabilities are recognized to reflect the expected deferred tax consequences arising from temporary differences between the carrying value and the tax bases of the deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against the asset can be utilized.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES - Continued

[m]Loss per share

The Company uses the treasury stock method in computing loss per share. Under this method, basic loss per share is computed by dividing losses available to common shareholders by the weighted average number of common shares outstanding during the year. For all periods presented the existence of warrants and options causes the calculation of fully diluted loss per share to be anti-dilutive. Accordingly, fully diluted loss per share information has not been shown.

[n]Accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company has not yet begun the process of assessing the impact that these new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

New accounting standards effective January 1, 2013, unless otherwise noted

IFRS 7 - Financial Instruments: Disclosures

In December 2011, the IASB issued an amendment to this standard, which requires entities to provide additional information about offsetting of financial assets and financial liabilities that will enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognized financial assets and recognized financial liabilities, on the entity's financial position. This amendment is not expected to affect the Company.

IFRS 9 – Financial Instruments

The IASB aims to replace IAS 39 ‘Financial Instruments: Recognition and Measurement’ (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning on or after January 1, 2015. Chapters dealing with impairment methodology and hedge accounting are still being developed. Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9’s financial asset classification model to address application issues. Management has yet to assess the impact of this new standard to the Company.

IFRS 10 – Consolidated Financial Statements

IFRS 10 establishes the principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 changed the definition of control such that the same criteria are applied to all entities to determine control. IFRS 10 supersedes all of the guidance in IAS 27, Consolidated and Separate Financial Statements and SIC 12, Consolidation – Special Purpose Entities.

IFRS 11 – Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES - Continued

operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC 13, Jointly Controlled Entities – Non-monetary

IFRS 12 – Disclosure of Interests in Other Entities Contributions.

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 – Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is 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. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value that is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

IAS 32 – Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

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 January 1, 2014 and are required to be applied retrospectively.

[n] Accounting standards issued but not yet effective – Cont'd

IFRIC 20 – Production Stripping Costs

In October 2011, the IASB issued IFRIC 20 Stripping Costs, which requires the capitalization and depreciation of stripping costs in the production phase if an entity can demonstrate that it is probable future economic benefits will be realized, the costs can be reliably measured and the entity can demonstrate that it is probable future economic benefits will be realized, the costs can be reliably measured and the entity can identify the component of the ore body for which access has been improved.

Amendments to other standards

In addition, there have been other amendments to existing standards, including IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

NOTE 4 – RECLAMATION DEPOSITS

Deposits are term deposits recorded at cost and held as security by the Provincial Government of British Columbia with regards to certain exploration properties.

NOTE 5 – MINERAL PROPERTIES

The Company's mineral properties are broken down as follows:

	Reliance	AVA	Total
Interest in claims:			
Acquisition costs, beginning and ending	32,172	6,610	38,782
Deferred exploration expenditures	2,214,320	95,683	2,310,003
Balance as at March 1, 2011	**2,246,492**	**102,293**	**2,348,785**
Impairment	(2,246,491)	(102,293)	(2,348,784)
Balance as at February 29, 2013 and August 31, 2013	1	-	1
Balance as at February 28, 2014 and August 31, 2014	**1**	**-**	**1**

Reliance Mining Group

The Company holds a 100% interest in 977.749 hectares known as the Reliance group of claims in the Lillooet Mining Division of British Columbia. During the year ended February 29, 2012, the Company wrote the Reliance Mining Group claims down to $1 to reflect the uncertainty related to its economic value.

AVA Property Claims

On July 12, 2006, the Company staked seven claims located in the Deadman Valley, of British Columbia. During December 2006, the Company added the Ava 9, Ava 10 and Mow 3 mineral claims to its portfolio, bringing the total to 2,336.479 hectares. During December 2012, four claims were left to expire with a total area of 1,015.940 hectares, bringing the total to 1,320.539 hectares. The claims are situated in the vicinity of the Vidette gold camp area. The AVA claims were written off during the year ended February 29, 2012.

NOTE 6 – ACCOUNTS PAYABLE AND ACRUED LABILITIES

	August 31, 2014	August 31, 2013
Accounts payable	**9,830**	107.207
Accrued liabilities	**-**	-
	9,830	107,207

NOTE 7– DUE TO RELATED PARTIES

The amounts due are non-interest bearing, unsecured with no specific terms of repayment.

	August 31, 2014	August 31, 2013
Amounts due to former directors	**-**	66,723
Amounts due to company assigned debt	**-**	239,500
Amounts due to a company controlled by former directors	**-**	15,000
Total amount due to related parties	**-**	291,295

NOTE 8 – RELATED PARTY TRASACTIONS AND KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate value of transactions relating to key management personnel and entities over which they have control or significant influence over are as follows: During the six months ended August 31, 2014, the Company had management fees of $Nil (2013: $15,000) paid or payable to a company controlled by the former Chief Executive Officer, Delore Management Limited. The amount paid for management fees was also considered payment to key management personnel. Amounts due to this company are described in Note 7. Certain former directors and former officers of the Company are also directors and officers of Green Valley Mine Incorporated and Delore Management Limited. Amounts due to those companies are described in Note 7.

NOTE 9– SHARE CAPITAL

[a] Authorized: Unlimited number of common shares without par value.

[b] Issued and Outstanding: Refer to Statements of Changes in Equity

[c] Shares held in escrow: Nil

[d] Warrants: A summary of the changes in the Company's warrants as of August 31, 2014 and August 31, 2013, and changes during the periods then ended is presented below.

NOTE 9– SHARE CAPITAL-Continued

	2014		2013	
	Warrants	Weighted Average Exercise Price	Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	10,000,000	0.07	-	-
Outstanding, end of period	**10,000,000**	**0.07**	**-**	**-**

At August 31, 2014 there are 10,000,000 warrants outstanding, which are exercisable for five year (December 31, 2018) at a price of $0.07 per share.

At August 31, 2013 there were no warrants outstanding.

NOTE 11 – SHARE-BASED PAYMENTS

The Company has established a stock option plan for directors, employees, and consultants. Under the Company's stock option plan, the exercise price of each option is determined by the Board, subject to the Discounted Market Price policies of the TSX Venture Exchange. The aggregate number of shares issuable pursuant to options granted under the plan is limited to 10% of the Company's issued shares at the time the options are granted. The aggregate number of options granted to any one optionee in a 12 month period is limited to 5% of the issued shares of the Company. The option vests on the date of grant. At August 31, 2014, there were no options outstanding (August 31, 2013 – nil). During the six months ended August 31, 2014 and 2013, there were no options granted by the Company.

NOTE 12 - SEGMENTED INFORMATION

The Company's operations are limited to a single industry segment being the acquisition, exploration and development of mineral properties. The mineral properties are located in Canada in the Province of British Columbia.

NOTE 13 – INCOME TAXES

As at August 31, 2014, the Company has $1,426,000 of non-capital losses carry forwards available to reduce taxable income for future years. These losses expire as follows:

2015	85,000	
2026	80,000	
2027	100,000	
2028	149,000	
2029	226,000	
2030	200,000	
2031	130,000	
2032	135,000	
2033	97,000	
2034	212,000	
2035	15,000	Estimate for the three months ended August 31, 2014
	1,429,000	

The Company also has certain allowances in respect of resource development and exploration costs of approximately $1,429,000 which, subject to certain restrictions, are available to offset against future taxable income. The application of non-capital losses and resource development costs against future taxable income is subject to final determination of the respective amounts by the Canada Revenue Agency.

NOTE 14 – MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares.

The Company includes the components of shareholders' equity in its management of capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares to raise cash and obtain bridging loans from related parties.

The Company's investment policy is to invest its cash in investment instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

NOTE 15 – FINANCIAL INSTRUMENTS AND RISK

Financial instruments

As at August 31, 2014, the Company's financial instruments consist of cash, accounts payable and due to related parties. The Company classifies its cash as fair value through profit and loss, and its accounts payable and due to related parties as other financial liabilities. The fair values of these financial instruments approximate their carrying values because of their current nature. The Company's financial instrument at August 31, 2014 and August 31, 2013 classified as "Level One – Quoted prices in active markets" is cash.

The Company thoroughly examines the various financial instrument risks to which it is exposed, and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management. There have not been any significant changes from the previous year as to how these risks are reviewed and monitored by management. The types of financial instrument risk exposures and the objectives and policies for managing these risks exposures is described below:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of advances made to related parties. The Company manages liquidity risk through the management of its capital structure and financial leverage. Management does not believe that there is significant credit risk arising from these advances. The maximum exposure to loss arising from these advances is equal to their total carrying amounts.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed commercial papers. Foreign exchange risk The Company's functional currency is the Canadian dollar. Therefore, the Company is not exposed to foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. Financial assets and financial liabilities are not exposed to interest rate risk because they are non-interest bearing.

Commodity price risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of palladium, nickel, and gold. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

NOTE 16– SUBSEQUENT EVENTS