EAGLE HILL

EXPLORATION

CONDENSED INTERIM FINANCIAL STATEMENTS

Nine Months Ended July 31, 2014

Expressed in Canadian Dollars

Unaudited – Prepared by Management

Eagle Hill Exploration Corporation
Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars)

	July 31, 2014	October 31, 2013
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	2,295,506	3,583,740
Tax credits and other receivables (Note 4)	730,709	1,085,993
Prepaid expenses	46,637	50,848
	3,072,852	4,720,581
Exploration and evaluation assets (Note 5)	33,957,522	27,314,497
Property and equipment (Note 6)	91,216	166,567
Reclamation deposit (Note 7)	570,000	-
Total assets	**37,691,590**	**32,201,645**
LIABILITIES		
Current liabilities		
Accounts payable and accruals	261,732	1,038,633
Flow-through premium (Note 8)	370,580	618,592
	632,312	1,657,225
Asset retirement obligation (Note 9)	573,203	562,924
Deferred income taxes (Note 10)	3,136,683	2,434,086
Total liabilities	4,342,198	4,654,235
EQUITY		
Share capital (Note 11)	39,772,455	34,867,540
Share-based payments reserve	10,651,119	8,090,980
Deficit	(17,074,182)	(15,411,110)
Total equity	33,349,392	27,547,410
Total liabilities and equity	**37,691,590**	**32,201,645**

Subsequent event (Note 15)

These financial statements are authorized for issue by the Board of Directors on September 23, 2014. They are signed on the Company's behalf by:

"John Proust"
John Proust, Interim Chief Executive Officer and Director

"Robert Parsons"
Robert Parsons, Director

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

Eagle Hill Exploration Corporation
Condensed Interim Statements of Comprehensive Loss
(Expressed in Canadian dollars)

	Three months ended July 31,2014	Three months ended July 31,2013	**Nine months ended July 31, 2014**	Nine months ended July 31,2013
	$	$	**$**	$
General and administrative expenses				
Amortization and accretion	14,620	7,205	33,430	22,450
Consulting	-	20,321	-	63,925
Directors’ fees (Note 12)	19,000	10,000	57,500	26,000
Investor relations	52,266	67,510	107,370	206,251
Office and miscellaneous	22,232	43,561	105,260	110,419
Professional fees	55,387	199,947	162,061	453,081
Management fees (Note 12)	71,500	-	206,500	-
Rent	50,260	23,267	118,540	69,283
Salaries (Note 12)	2,238	142,859	6,644	480,064
Share-based compensation (Note 11)	199,311	2,821	1,136,594	19,307
Transfer agent and regulatory	39,811	13,196	72,350	71,966
Travel	3,990	(715)	65,347	96,193
	(530,615)	(529,972)	(2,071,596)	(1,618,939)
Other items				
Loss on sale of property and equipment	(49,200)	-	(49,200)	-
Part XII.6 tax	(3,808)	-	(11,083)	(30,000)
Rental income	5,851	-	5,851	-
Interest income	9,075	81	20,429	13,832
	(38,082)	81	(34,003)	(16,168)
Loss before future income taxes	(568,697)	(529,891)	(2,105,599)	(1,635,107)
Income tax recovery (expense)	22,190	(15,339)	442,527	85,364
Net loss and comprehensive loss for the period	**(546,507)**	**(545,230)**	**(1,663,072)**	**(1,549,743)**
Loss per share, basic and diluted	(0.001)	(0.003)	(0.004)	(0.008)
Weighted average common shares outstanding, basic and diluted	469,907,838	186,938,840	418,453,930	185,159,817

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

Eagle Hill Exploration Corporation
Condensed Interim Statements of Changes in Equity
(Expressed in Canadian dollars)

	Number of Shares	Common Shares $	Share-based Payments Reserve $	Deficit $	Equity $
Balance – October 31, 2013	**373,946,340**	**34,867,540**	**8,090,980**	**(15,411,110)**	**27,547,410**
Shares issued pursuant to private placements, net of issue costs	80,595,665	4,114,538	-	-	4,114,538
Fair value of warrants issued	-	-	1,423,545	-	1,423,545
Liability to renounce exploration expenditures	-	(896,290)	-	-	(896,290)
Shares issued for exploration and evaluation assets	22,333,334	1,686,667	-	-	1,686,667
Share-based compensation	-	-	1,136,594	-	1,136,594
Loss for the period	-	-	-	(1,663,072)	(1,663,072)
Balance – July 31, 2014	**476,875,339**	**39,772,455**	**10,651,119**	**(17,074,182)**	**33,349,392**

	Number of shares	Common Shares $	Share-based Payments Reserve $	Deficit $	Equity $
Balance – October 31, 2012	**177,415,835**	**24,017,738**	**3,311,334**	**(11,854,816)**	**15,474,256**
Shares issued pursuant to private placements, net of issue costs	9,523,005	1,580,993	-	-	1,580,993
Liability to renounce exploration expenditures	-	(509,617)	-	-	(509,617)
Share-based compensation	-	-	19,307	-	19,307
Loss for the period	-	-	-	(1,549,743)	(1,549,743)
Balance – July 31, 2013	**186,938,840**	**25,089,114**	**3,330,641**	**(13,404,559)**	**15,015,196**

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

Eagle Hill Exploration Corporation
Condensed Interim Statements of Cash Flows
(Expressed in Canadian dollars)

	Nine months ended July 31, 2014	Nine months ended July 31, 2013
	$	$
Cash derived from (applied to)		
Operating activities		
Net loss for the period	**(1,663,072)**	**(1,549,743)**
Adjustment for		
Amortization and accretion	33,430	22,450
Interest income related to investing activities	-	(13,832)
Loss on disposition of property and equipment	49,200	-
Share-based compensation	1,136,593	19,307
Income and mining tax recovery		
Liability to renounce exploration expenditures	(1,144,302)	(418,142)
Deferred income tax expense	702,597	332,777
Changes in non-cash operating working capital items		
Receivables	(77,905)	473,147
Prepaid expenses	4,212	(7,384)
Accounts payable and accruals	(162,218)	363,065
	(1,121,465)	**(778,355)**
Financing activities		
Shares issued for cash, net of issue costs	5,538,083	1,580,993
Due to related parties	-	(471)
Due to Southern Arc Minerals Inc.	-	865,000
	5,538,083	**2,445,522**
Investing activities		
Exploration and evaluation expenditures	(5,537,740)	(3,449,239)
Reclamation deposit	(570,000)	-
Proceeds from provincial mining credit	396,725	1,044,516
Interest received	6,163	13,832
	(5,704,852)	**(2,390,891)**
Net change in cash and cash equivalents	(1,288,234)	(723,724)
Cash and cash equivalents		
Beginning of period	3,583,740	931,607
End of period	**2,295,506**	**207,883**
Cash and cash equivalents comprises		
Cash	2,238,006	150,383
Cashable guaranteed investment certificates	57,500	57,500
	2,295,506	207,883

Supplemental cash flow information (Note 13)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Eagle Hill Exploration Corporation ("Eagle Hill" or the "Company") is focused on exploring and developing the Windfall Lake Gold Project ("Windfall Lake Property"), located between Val-d'Or and Chibougamau in the Abitibi Gold Belt in Quebec, Canada. Eagle Hill is listed on the TSX Venture Exchange ("TSX-V") under the symbol "EAG", on the OTCQX International Exchange in the United States under the symbol "EHECF" and on the Frankfurt Stock Exchange in Germany under the symbol "EH0". The head office and principal address of the Company is located at Waterfront Centre, Suite 1680 - 200 Burrard Street, Vancouver, British Columbia, Canada V6C 3L6. All amounts, unless otherwise noted, are in Canadian dollars.

Going Concern

These condensed interim financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period.

At July 31, 2014, the Company had not achieved profitable operations, had an accumulated deficit of $17,074,182 and expected to incur further losses in the development of its business. During the year ended October 31, 2013, the Company raised $13.7 million by way of private placements of shares and warrants. During the period ended July 31, 2014, the Company raised an additional $2.74 million for general working capital by way of private placement of shares (Note 11), and $1 million for exploration by way of flow-through shares (Note 11). The Company will require additional capital in 2015 to fund its exploration and development programs as well as for administrative purposes. There is material uncertainty about whether the Company will be able to obtain additional capital. These conditions raise significant doubt regarding the Company's ability to continue as a going concern.

If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these consolidated financial statements. These financial statements do not include adjustments to amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34 Interim Financial Reporting. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended October 31, 2013, which have been prepared in accordance with IFRS as issued by the IASB.

These financial statements were authorized by the Board of Directors on September 23, 2014.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company has used the same accounting policies and methods of computation as in the annual financial statements for the year ended October 31, 2013, other than the following new standards that were adopted by the Company effective November 1, 2013:

- IFRS 10 - Consolidated Financial Statements. In May 2011, the IASB issued IFRS 10, which replaces IAS 27 - Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities. IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company has determined that there is no impact on its interim financial statements arising from this standard.

- IFRS 11 - Joint Arrangements. In May 2011, the IASB issued IFRS 11, which replaces IAS 31 - Interests in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-monetary Contributions by Venturers. IFRS 11 focuses on the rights and obligations of an arrangement rather than its legal form, as is currently the case. The standard distinguishes between joint operations, where the joint operator accounts for the assets, liabilities, revenues and expenses relating to its involvement, and joint ventures, which must be accounted for using the equity method. The Company has determined that there is no impact on its interim financial statements arising from this standard.

- IFRS 12 - Disclosure of Interests in Other Entities. IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint operations, joint ventures, associates and unconsolidated structured entities. The Company has determined that there is no impact on its interim financial statements arising from this standard.

- IFRS 13 - Fair Value Measurement. IFRS 13 is a new standard that applies to both financial and non-financial items measured at fair value. It defines fair value, sets out a single framework for measuring fair value and requires disclosures about fair value measurements. Previously, a variety of fair value techniques and disclosures were possible under the requirements of separate applicable IFRSs. The Company has determined that there is no impact on its interim financial statements arising from this standard.

The following is an overview of accounting standard changes that the Company will be required to adopt in future years. The Company does not expect to adopt any of these standards before their effective dates. The Company continues to evaluate the impact of these standards on its financial statements.

- IFRS 9 - Financial Instruments. This standard partially replaces IAS 39 - Financial Instruments: Recognition and Measurement. IFRS 9 measures financial assets, after initial recognition, at either amortized cost or fair value, whereas IAS 39 classifies financial assets into four measurement categories. The standard is effective for annual periods beginning on or after January 1, 2015. In the year of adoption, the Company is required to provide additional disclosures relating to the reclassified financial assets and liabilities. The Company may apply the standard retroactively, but is not required to do so. In and after the year of adoption, certain disclosures relating to financial assets will change to conform to the new categories.

4. TAX CREDITS AND OTHER RECEIVABLES

	July 31, 2014	October 31, 2013
	$	$
Value added tax	347,642	271,159
Provincial mining tax and mining duties credits	374,215	803,421
Other receivables	8,852	11,413
	730,709	1,085,993

The Company has a $374,215 receivable from the Quebec government as a mining tax credit under the *Quebec Mining Tax Act*. These tax credits are subject to review and audit by the Quebec government. Any changes in the amount of the estimated credits resulting from review and audit of the amounts will be recorded prospectively.

Accordingly, no allowance for uncollectible amounts has been recorded against the tax credits and other receivables as at July 31, 2014.

5. EXPLORATION AND EVALUATION ASSETS

	October 31, 2012 $	Additions $	October 31, 2013 $	Additions $	**July 31, 2014 $**
Windfall Lake Property					
Acquisition	2,326,643	6,881,608	9,208,251	2,246,667	**11,454,918**
Deferred exploration expenditures					
Assay	-	78,711	78,711	230,198	**308,909**
Depreciation	76,320	15,552	91,872	-	**91,872**
Drilling	6,191,908	1,287,024	7,478,932	1,131,459	**8,610,391**
Economic analysis	-	673,601	673,601	-	**673,601**
Environmental	95,812	12,851	108,663	1,115	**109,778**
Field supplies	1,427,636	578,060	2,005,696	996,994	**3,002,690**
Geochemistry	2,044,733	531,081	2,575,814	731,671	**3,307,485**
Geology	1,679,550	667,733	2,347,283	369,872	**2,717,155**
Geophysics	477,183	51,116	528,299	122,640	**650,939**
Land fees	-	12,258	12,258	10,871	**23,129**
Logistics	458,506	117,494	576,000	83,382	**659,382**
Miscellaneous and others	-	-	-	37,978	**37,978**
Resource estimation	313,363	52,231	365,594	9,003	**374,597**
Salary, labour, and contractors	2,283,493	628,043	2,911,536	637,873	**3,549,409**
Trenching	30,395	13,527	43,922	-	**43,922**
	15,078,899	4,719,282	19,798,181	4,363,056	**24,161,237**
Asset retirement obligation	-	559,539	559,539	-	**559,539**
Provincial mining credits	(2,351,637)	(9,199)	(2,360,836)	33,302	**(2,327,534)**
	12,727,262	5,269,622	17,996,884	4,396,358	**22,393,242**
	15,053,905	12,151,230	27,205,135	6,643,025	**33,848,160**
Maria Property					
Acquisition	98,454	-	98,454	-	**98,454**
Deferred exploration expenditures	9,258	1,650	10,908	-	**10,908**
	107,712	1,650	109,362	-	**109,362**
Total exploration and evaluation assets	15,161,617	12,152,880	27,314,497	6,643,025	**33,957,522**

5. EXPLORATION AND EVALUATION ASSETS (continued)

Windfall Lake Property

The Windfall Lake Property was obtained by the Company and recently consolidated by entering into a series of purchase and option agreements as follows.

Windfall Lake 2009 Option Agreement

On July 20, 2009, the Company earned its initial interest in the Windfall Lake Property by entering into an option agreement with Noront Resources Ltd. ("Noront"). Noront had a 50% interest in 24 of the mining claims ("The 29 Claims") and a 100% interest in the remaining 56 claims. In addition, certain of the claims in this option agreement were still subject to payment of various net smelter royalty ("NSR") payments of up to 2% to previous claim owners. Through execution of the option agreement, they Company paid Noront a total of $1,000,000 in cash and incurred $5,000,000 in exploration expenditures, and earned a 75% interest in the Windfall Lake Property.

Windfall Lake 100% Consolidation Agreement

In August 2013, the Company completed an acquisition whereby it acquired from Noront the remaining 25% of the Windfall Lake Property along with all other interests. This agreement eliminated all future NSRs or other payments to Noront and all other buyback rights held by Noront. In consideration for this purchase, the Company paid Noront $5,000,000 in cash and issued 25 million common shares of the Company to Noront. The commitment by the Company to assume any environmental liability associated with the property remains in force. After closing the acquisition, the Company owned 100% of 56 claims and 50% of The 29 Claims.

On May 6, 2014, the Company completed its purchase of three 2% NSRs related to Eagle Hill's Windfall Lake Project. The Company paid a total of $60,000 and issued a total of 3,333,334 shares to purchase the NSRs, which cover 3,469.9 hectares of the 12,400-hectare Windfall Lake Property.

Windfall Lake Expansion

<u>The 29 Claim and 184 Claim Expansions</u>

On October 8, 2009 the Company entered into two separate agreements with two companies that jointly hold several claims contiguous to the Windfall Lake Property (The 29 Claims and "The 184 Claims"). One of these companies had a director in common with the Company at the time of executing these agreements; this individual is no longer on Eagle Hill's Board of Directors.

On April 1, 2014, the Company completed the purchase of The 29 Claims and The 184 Claims immediately adjacent to the Windfall Lake Gold Project. In consideration for purchasing the remaining interests in The 29 Claims and The 184 Claims, the Company paid $250,000 and issued 9.5 million common shares to each of the optionors. In addition, the Company granted a 0.5% NSR for The 29 Claims and a 1% NSR for The 184 Claims to each of the optionors. The Company retained the right to buy back any of the NSRs at any time prior to first commercial production by paying $500,000 to the holder of the NSR.

5. EXPLORATION AND EVALUATION ASSETS (continued)

Windfall Lake Property (continued)

Windfall Lake Expansion (continued)

The Rousseau Property

In May 2010, the Company entered into a 50/50 joint venture agreement (the "Rousseau Joint Venture") with a public company having a director in common at the time of signing the agreement. The Rousseau Joint Venture purchased from another non-related company 100% of a group of 18 mineral claims contiguous to the Windfall Lake Property and subject to a 2% NSR ("the Rousseau Property"). The Rousseau Joint Venture has the right to buy back 1% of the NSR anytime for $1,000,000 and also has the right of first refusal to buy back the remaining 1% of the NSR. The Company's share of the cost to acquire the Rousseau Property was $5,000 and 100,000 common shares. On August 2, 2011, the Company entered into an agreement whereby it acquired the remaining 50% of the Rousseau Joint Venture by paying $5,000 and issuing 200,000 common shares to its joint venture partner. The Company now has a 100% interest in the Rousseau Property, subject to the NSR provisions.

The Windfall Lake East Property

In May 2010, the Rousseau Joint Venture acquired, by staking, a 100% interest in four mineral claims covering 64 hectares contiguous to the Windfall Lake Properties. As a result of the Company's acquisition of the remaining 50% of the Rousseau Joint Venture, as noted above, the Company now also holds a 100% interest in the Windfall Lake East Property, subject to remaining NSR provisions

Maria Property

On January 19, 2012, the Company entered into an agreement to acquire a 100% interest in 11 mineral claims covering 795 hectares in the Bartouille Township of Quebec. Acquisition of the claims was completed by making a payment of $60,000 and issuing 300,000 common shares to the sellers. The agreement is subject to a 2% NSR held by the seller, which may be bought down any time to a 1% NSR at the Company's election for a cash payment of $1,000,000.

Arizona Pipes Uranium Property

During 2010, the Company entered into an agreement to transfer this property to a third party in return for a 1% NSR and the third party assuming the costs of renewing the claims. This 1% NSR will expire when the Company has received cumulative payments of US$400,000. As the fair value of this NSR is undeterminable, the Company has valued its interest in the property at $1.

6. PROPERTY AND EQUIPMENT

	Computer Equipment	Furniture	Leasehold Improvements	Exploration Equipment	Camp Equipment	Total
Cost	$	$	$	$	$	$
At October 31, 2012	49,652	98,630	30,905	20,000	180,000	379,187
Additions for the year	6,049	-	-	-	-	6,049
At October 31 , 2013	55,701	98,630	30,905	20,000	180,000	385,236
Disposition during the period	-	(98,630)	-	-	-	-
At July 31, 2014	**55,701**	**-**	**30,905**	**20,000**	**180,000**	**286,606**
Accumulated amortization						
At October 31, 2012	34,920	32,239	23,385	2,000	76,320	168,864
Amortization for the year	7,990	9,959	7,520	3,600	20,736	49,805
At October 31, 2013	42,910	42,198	30,905	5,600	97,056	218,669
Amortization for the period	4,317	4,232	-	2,160	12,442	23,151
Disposition during the period	-	(46,430)	-	-	-	(46,430)
At July 31, 2014	**47,227**	**-**	**30,905**	**7,760**	**109,498**	**195,390**
Net book value						
At October 31, 2013	12,791	56,432	-	14,400	82,944	166,567
At July 31, 2014	**8,474**	**-**	**-**	**12,240**	**70,502**	**91,216**

During the period ended July 31, 2014, amortization of $nil (October 31, 2013: $15,552) was capitalized to exploration and evaluation assets.

7. RECLAMATION DEPOSIT

During the period ended July 31, 2014, the Company made a reclamation deposit of $570,000 with the Quebec Ministry of Energy and Natural Resources as a financial guarantee covering the cost of mine reclamation related to the Company’s Windfall Lake Property.

8. FLOW-THROUGH PREMIUM

A flow-through premium liability of $896,290 was created when cash was raised by the Company during the nine months ended July 31, 2014 by issuing flow-through shares. The flow-through premium liability will be amortized proportionally as these exploration commitments are satisfied. As at July 31, 2014, the Company had a remaining commitment to spend approximately $72,000 on mineral exploration within Canada on or before December 31, 2014 and $1,000,000 on or before December 31, 2015.

The Company previously had a commitment to spend $2,372,007 on mineral exploration within Canada on or before December 31, 2013. This commitment was met with the Fall 2013 drill program. The Company paid Part XII.6 tax in the amount of $41,083 during the period ended July 31, 2014.

9. ASSET RETIREMENT OBLIGATION

The Company's asset retirement obligations are estimated based on the Company's site remediation and restoration plan and the estimated timing of the costs to be paid in future periods. The total undiscounted amount of cash flows required to settle the Company's asset retirement obligations is approximately $712,218.

The following table summarizes the Company's asset retirement obligations:

	$
Balance – October 31, 2012	-
Liabilities recognized during the year	559,539
Accretion expense for the year	3,385
Balance – October 31, 2013	562,924
Accretion expense for the period	10,279
Balance – July 31, 2014	**573,203**

The following are the assumptions used to estimate the provision for asset retirement obligations:

	2014	2013
Total undiscounted value of payments	$712,218	$712,218
Discount rate	2.42%	2.42%
Expected life	9.25 years	10 years
Inflation rate	2.0%	2.0%

10. INCOME TAXES

The material components of the income tax expense for the nine months ended July 31, 2014 and the year ended October 31, 2013 are as follows:

	July 31, 2014 $	October 31, 2013 $
Current mining tax recovery	(821)	(10,625)
Deferred mining tax expense	702,597	642,305
Deferred income tax recovery on reversal of flow-through shares premium liability	(1,144,301)	(629,959)
Total deferred income tax (recovery) expense	(441,704)	12,346
Total income and mining tax (recovery) expense recognized in statements of comprehensive loss	(442,525)	1,721

10. INCOME TAXES (continued)

A reconciliation of the income tax provision computed at statutory rates to the reported income tax provision is as follows:

	July 31, 2014 $	October 31, 2013 $
Loss for the period before taxes	(2,105,598)	(3,554,573)
Statutory tax rate	26.00%	25.58%
Expected income tax recovery	(547,455)	(909,260)
(Increase) decrease in income tax recovery resulting from		
Non-deductible expenses	278,269	265,161
Share issue costs	(89,803)	(127,162)
Change in tax rate and other	(131,095)	(308,865)
Renunciation of eligible expenditures	1,166,525	1,088,073
Recognized deferred tax asset	(676,441)	(7,946)
Change in Quebec mining duty tax	701,776	631,679
Amortization of premiums on flow-through shares	(1,144,301)	(629,959)
Actual income and mining tax (recovery) expense	(442,525)	1,721

The significant components of the Company's deferred income tax assets and liabilities after applying enacted corporate tax rates are as follows:

	July 31, 2014 $	October 31, 2013 $
Federal and Quebec Provincial income taxes		
Deferred tax assets		
Non-capital losses	3,798,154	3,435,732
Exploration and evaluation assets	843,768	493,049
Share issue costs and others	468,098	-
Deferred liabilities		
Exploration and evaluation assets	(5,110,020)	(3,928,781)
	-	-
Quebec mining taxes		
Deferred liabilities		
Exploration and evaluation assets	(3,136,683)	(2,434,086)
Net deferred tax liability	(3,136,683)	(2,434,086)

Deferred tax assets have not been recognized in respect of the following items:

	July 31, 2014 $	October 31, 2013 $
Deductible temporary differences	391,708	2,858,000

10. INCOME TAXES (continued)

At July 31, 2014, the Company had accumulated Canadian Exploration and Development Expenditures of $14,961,162 (October 31, 2013: $12,709,000) and accumulated non-capital losses totaling $14,119,534 (October 31, 2013: $12,772,000), which expire in various amounts from 2027 to 2034.

In assessing the realizability of deferred tax assets, management considers whether it is possible that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of the deferred tax asset considered realizable could change materially in the near term based on future taxable income during the carry-forward period.

During the year ended October 31, 2012, the Company issued 62,536,517 flow-through units for gross proceeds of $10,538,080. During the year ended October 31, 2013, the Company issued an additional 9,523,005 flow-through units for gross proceeds of $1,699,992. During the first quarter of fiscal 2013, the Company renounced exploration expenditures of $12,238,072. The total qualifying expenditures of $6,480,256 were incurred in the calendar year of 2012 and the remaining $5,757,816 was renounced under the look-back rule. The Company spent the remaining $5,757,816 of flow-through proceeds on exploration activities by December 31, 2013.

During the nine-month period ended July 31, 2014, the Company issued 25,700,615 flow-through shares for gross proceeds of $3,000,000. Qualifying expenditures of $1,927,601 were incurred in the same period with the remaining $72,399 to be spent on exploration expenditures within Canada on or before December 31, 2014 and $1,000,000 to be spent on exploration expenditures within Canada on or before December 31, 2015.

11. SHARE CAPITAL

Common Shares

The authorized share capital comprises an unlimited number of common shares with no par value. The following is a summary of changes in share capital:

	Number of Shares	Issue Price $	Share Capital $
Balance – October 31, 2012	**177,415,835**		**24,017,738**
Private placement of units – flow-through	5,405,405	0.185	1,000,000
Private placement of units – flow-through	4,117,600	0.170	699,992
Private placement of units	160,000,000	0.075	12,000,000
Fair value of warrants in units issued	-	-	(3,808,000)
Units issued for finders' fees	1,600,000	0.075	120,000
Fair value of warrants in finders' units issued	-	-	(16,320)
Liability to renounce exploration expenditures	-	-	(509,617)
Shares issued for exploration and evaluation assets	25,000,000	0.075	1,875,000
Warrants exercised	407,500	0.100	40,750
Fair value of warrants exercised	-	-	53,204
Less share issue costs	-	-	(605,207)
Balance – October 31, 2013	**373,946,340**	**-**	**34,867,540**
Private placement of shares – flow-through	18,181,818	0.110	2,000,000
Shares issued for exploration and evaluation assets	19,000,000	0.080	1,520,000
Shares issued for exploration and evaluation assets	3,333,334	0.050	166,667
Private placement of units – flow-through	7,518,797	0.133	1,000,000
Fair value of warrants in units issued – flow-through	-	-	(198,041)
Private placement of units	54,895,050	0.050	2,744,753
Fair value of warrants in units issued	-	-	(1,225,504)
Liability to renounce exploration expenditures	-	-	(896,290)
Share issue costs	-	-	(206,670)
Balance – July 31, 2014	**476,875,339**		**39,772,455**

On June 20, 2014, the Company closed the final tranche of a non-brokered private placement announced on April 22, 2014 (the "Offering"), raising $32,500 to be used for general working capital. The Company issued 650,000 units of the Company (the "Units") at $0.05 per Unit. Each Unit consists of one common share (a "Share") and one share purchase warrant (a "Warrant") of the Company. Each Warrant entitles the holder to acquire one Share at a price of $0.08 until June 20, 2016. The Shares, Warrants and Shares issuable upon exercise of the Warrants are subject to a four-month hold expiring on October 21, 2014.

On June 5, 2014, the Company closed the second tranche of the Offering, raising $384,752 for general working capital. The Company issued 7,695,050 Units of the Company at $0.05 per Unit. Each Warrant entitles the holder to acquire one Share at a price of $0.08 until June 5, 2016. The Shares, Warrants and Shares issuable upon exercise of the Warrants are subject to a four-month hold expiring on October 6, 2014. The Company paid a 6% cash finder's fee for placement of 6,800,000 Units.

11. SHARE CAPITAL (continued)

Common Shares (continued)

On May 9, 2014, the Company closed the first tranche of the Offering, raising $2.3 million for general working capital. The Company issued 46,550,000 Units of the Company at $0.05 per Unit. Each Warrant entitles the holder to acquire one Share at a price of $0.08 until May 8, 2016. The Shares, Warrants and Shares issuable upon exercise of the Warrants are subject to a four-month hold expiring on September 9, 2014. The Company paid a 6% cash finder's fee for placement of 6,550,000 Units.

On April 8, 2014, the Company completed the "flow-through" portion of a non-brokered private placement for issuance of 7,518,797 units of the Company on a flow-through basis (the "FT Units") at $0.133 per FT Unit for gross proceeds of $1,000,000. Each FT Unit consists of one share and one warrant of the Company exercisable at $0.133 until April 8, 2016.

On December 30, 2013, the Company completed a non-brokered private placement for issuance of 18,181,818 common shares of the Company on a flow-through basis at a price of $0.11 per share, for gross proceeds of $2,000,000.

On August 14, 2013, the Company completed a private placement financing for total proceeds of $12,000,000 with Southern Arc Minerals Inc. ("Southern Arc") and Dundee Corporation ("Dundee") in which Southern Arc purchased 97,654,000 units of the Company at a price of $0.075 per unit for gross proceeds of $7,324,050 and Dundee purchased 62,346,000 units of the Company at a price of $0.075 per unit for gross proceeds of $4,675,950. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant with each full warrant entitling the holder to purchase one common share of the Company for $0.10 per share until August 14, 2017. A finder's fee was paid consisting of $180,000 and 1,600,000 common shares and 800,000 warrants exercisable for one year at $0.10 per warrant.

In December 2012, the Company completed a flow-through private placement for gross proceeds of $1,699,992 consisting of 4,117,600 shares at $0.17 per common share for proceeds of $699,992 and 5,405,405 common shares at $0.185 for proceeds of $1,000,000. The Company paid commissions of $119,000 in cash for net proceeds of $1,580,993.

11. SHARE CAPITAL (continued)

Warrants

A continuity table of warrants for the years ended October 31, 2013 and the nine months ended July 31, 2014 is as follows:

	Number of Warrants	Weighted Average Exercise Price $
Outstanding at October 31, 2012	11,222,555	0.19
Granted	80,800,000	0.10
Exercised	(407,500)	0.10
Expired	(3,187,499)	0.18
Outstanding at October 31, 2013	**88,427,556**	**0.11**
Granted	62,413,847	0.08
Expired	(6,027,556)	0.18
Outstanding as at July 31, 2014	**144,813,847**	**0.10**

The summary of outstanding warrants, whereby each warrant qualifies its holder to purchase one common share of the Company, is as follows:

Number of Warrants	Price Per Share $	Expiry Date
800,000	0.10	August 14, 2014
1,600,000	0.25	May 2, 2015
80,000,000	0.10	August 14, 2017
7,518,797	0.10	April 9, 2016
46,550,000	0.08	May 8, 2016
7,695,050	0.08	June 5, 2016
650,000	0.08	June 20, 2016
144,813,847	0.10	

11. SHARE CAPITAL (continued)

Stock Options

Under the Company's stock option plan, the total number of stock options to be granted and outstanding may not exceed 10% of the total issued and outstanding common shares at the date of grant. Options are granted with an exercise price at the market price, less permitted discounts on the grant date, vest according to privileges set at the time the option is granted and must expire no later than five years from the date of grant.

A continuity table of stock options is as follows:

	Number of Options	**Weighted Average Exercise Price $**
Outstanding at October 31, 2012	14,685,000	0.22
Granted	20,650,000	0.11
Cancelled	(4,015,000)	0.23
Expired	(1,400,000)	0.25
Outstanding at October 31, 2013	**29,920,000**	**0.14**
Granted	2,400,000	0.11
Cancelled	(672,500)	0.22
Forfeited	(1,537,500)	0.11
Outstanding at July 31, 2014	**30,110,000**	**0.14**

The following table summarizes information about share options outstanding and exercisable at July 31, 2014:

	Options Outstanding		**Options Exercisable**	
Range of Exercise Prices	Number of Options	Weighted Average Contractual Life (Years)	Number of Options	Weighted Average Contractual Life (Years)
$0.10 to $0.14	21,500,000	4.18	10,975,000	4.15
$0.15 to $0.19	3,935,000	0.74	3,935,000	0.74
$0.20 to $0.24	1,600,000	0.04	1,600,000	0.04
$0.25 to $0.29	1,825,000	0.66	1,825,000	0.66
$0.30 to $0.35	1,250,000	0.04	1,250,000	0.04
	30,110,000	3.12	19,585,000	2.54

11. SHARE CAPITAL (continued)

Stock Options (continued)

The following table summarizes information about share options outstanding and exercisable at October 31, 2013:

	Options Outstanding		**Options Exercisable**	
Range of Exercise Prices	Number of Options	Weighted Average Contractual Life (Years)	Number of Options	Weighted Average Contractual Life (Years)
\$0.10 to \$0.14	20,650,000	4.87	5,162,500	4.87
\$0.15 to \$0.19	4,145,000	1.48	4,145,000	1.48
\$0.20 to \$0.24	1,750,000	0.72	1,750,000	0.72
\$0.25 to \$0.29	1,875,000	1.44	1,875,000	1.44
\$0.30 to \$0.35	1,500,000	0.90	1,500,000	0.90
	29,920,000	3.76	14,432,500	2.56

During the nine months ended July 31, 2014, the Company extended the expiry dates of 7,025,000 stock options from November 12, 2013 to August 14, 2014 and recognized a share-based compensation of \$39,380 related to this modification.

During the nine-month period ended July 31, 2014, the Company recognized a total expense of \$1,136,594 (2012: \$19,307) related to share-based compensation.

The fair value of the share-based payments was estimated using the Black-Scholes option pricing model with the following assumptions:

Nine months ended July 31,	**2014**	2013
Risk-free rate	1.02% – 1.53%	0.94% – 1.18%
Dividend yield	0%	0%
Expected volatility	87% – 134%	63% – 72%
Expected option life	0.75 – 5 years	0.5 – 1.75 years

Option pricing models require the input of subjective assumptions including the expected price volatility and expected option life. Management has calculated expected price volatility using data from the historical share prices of the Company. Changes in these assumptions may have a significant impact on the fair value calculation.

12. RELATED PARTY TRANSACTIONS AND BALANCES

Key Management Compensation

The key management personnel include the directors and other officers of the Company. Key management compensation consists of the following:

	Three months ended July 31, 2014 $	Three months ended July 31, 2013 $	**Nine months ended July 31, 2014 $**	Nine months ended July 31, 2013 $
Directors' fees	19,000	10,000	57,500	26,000
Management fees	71,500	6,000	206,500	18,000
Salaries and consulting fees	66,000	135,000	198,000	405,000
Share-based compensation	249,328	-	1,085,419	-
	405,828	151,000	1,547,419	449,000

Including in the account payables and accruals within the statements of financial position are amounts due to related parties:

	July 31, 2014 $	October 31, 2013 $
Due to related parties	7,000	56,250

13. SUPPLEMENTAL CASH FLOW INFORMATION

The Company incurred the following non-cash financing and investing activities:

	Nine months ended July 31, 2014 $	Nine months ended July 31, 2013 $
Investing activities		
Change in accounts payable regarding resource exploration and evaluation assets	614,683	189,049
Depreciation in exploration expenditures	-	15,552
Change in Provincial mining tax credits related to exploration and evaluation assets	33,301	418,772
Interest received related to Provincial mining tax credits	6,163	-
Share issued for exploration and evaluation assets	1,686,667	-
Recognition of asset retirement obligation	-	915,263
Financing activities		
Liability to renounce resource exploration expenditures	896,290	509,616
Fair value of warrants granted in unit issuance	1,423,545	-

14. COMMITMENTS

In August 2010, the Company entered into a lease rental agreement for office space that expires August 31, 2015. Payments due subsequent to July 31, 2014 over the remaining lease term, for the fiscal years ended October 31, are as follows:

	2014	2015	Total
	$	$	$
Rent expenses	24,213	80,710	104,923

The Company has entered into a sublease rental agreement to sublease the above office space from July 1, 2014 to August 31, 2015. Future minimum lease receivable subsequent to July 31, 2014 over the remaining lease term, for the fiscal years ended October 31, are as follows:

	2014	2015	Total
	$	$	$
Rent income	18,432	61,441	79,873

As at July 31, 2014, the Company had a commitment to spend approximately $72,000 on Canadian eligible exploration expenses by December 31, 2014 and $1,000,000 on Canadian eligible exploration expenses by December 31, 2015.

15. SUBSEQUENT EVENT

Subsequent to the period ended July 31, 2014, 800,000 warrants and 7,025,000 stock options to acquire shares of the Company expired unexercised (Note 11).