NIOGOLD
MINING CORPORATION

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED AUGUST 31, 2014

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
NioGold Mining Corporation

We have audited the accompanying financial statements of NioGold Mining Corporation, which comprise the statements of financial position as at August 31, 2014 and 2013, and the statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of NioGold Mining Corporation as at August 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about the ability of NioGold Mining Corporation to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada   Chartered Accountants

December 17, 2014

NIOGOLD MINING CORPORATION
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

	August 31, 2014	August 31, 2013
ASSETS		
Current		
Cash	$ 6,765,730	$ 3,410,185
Receivables (Note 4)	72,100	213,392
Prepaid expenses and deposits	14,682	15,823
Refundable tax credits and mining duties receivable	354,413	361,087
Marketable securities (Note 5)	542,959	412,225
	7,749,884	4,412,712
Equipment (Note 6)	74,332	86,831
Exploration and evaluation assets (Note 7)	17,676,415	16,527,915
	$ 25,500,631	$ 21,027,458
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 175,215	$ 184,024
Flow-through premium	1,070,296	446,296
	1,245,511	630,320
Shareholders' equity		
Share capital (Note 8)	39,302,028	35,428,625
Reserves (Note 8)	4,393,341	4,280,105
Deficit	(19,440,249)	(19,311,592)
	24,255,120	20,397,138
	$ 25,500,631	$ 21,027,458

Nature and continuance of operations (Note 1)
Subsequent Events (Note 14)

Approved and authorized by the Board on December 17, 2014:

"Michael Iverson" Director *"Robert Wares"* Director

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

NIOGOLD MINING CORPORATION
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED AUGUST 31

	2014	2013
OPERATING EXPENSES		
Depreciation (Note 6)	$ 29,110	$ 34,059
Management fees	150,000	170,000
Office and administrative	203,135	438,200
Professional fees	152,944	261,068
Shareholder communications	245,730	261,251
Share-based payments (Note 8)	113,236	638,505
Travel and automotive	46,766	26,963
Recovery of administrative expenses (Note 7(a))	-	(15,992)
Total operating expenses	(940,921)	(1,814,054)
Interest income	35,498	50,654
Gain on sale of equipment (Note 6)	5,072	-
Recognition of flow-through premium liability (Note 10)	356,000	375,274
Realized gain on marketable securities (Note 5)	164,500	-
Unrealized gain (loss) on marketable securities	251,194	(384,980)
Write-off of exploration and evaluation assets	-	(1,192,147)
	812,264	(1,151,199)
Loss and comprehensive loss for the year	$ (128,657)	$ (2,965,253)
Basic and diluted loss per share	$ (0.00)	$ (0.03)
Weighted average number of common shares outstanding	106,764,874	103,834,469

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

NIOGOLD MINING CORPORATION
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED AUGUST 31

	2014	2013
CASH FROM OPERATING ACTIVITIES		
Loss for the year	$ (128,657)	$ (2,965,253)
Items not affecting cash:		
Depreciation	29,110	34,059
Gain on sale of capital assets	(5,072)	-
Share-based payments	113,236	638,505
Realized gain on marketable securities	(164,500)	-
Unrealized (gain) loss on marketable securities	(251,194)	384,980
Deferred tax recovery	(356,000)	(375,274)
Write-off of exploration and evaluation assets	-	1,192,147
Changes in non-cash working capital items:		
Receivables	131,160	(16,978)
Prepaid expenses and deposits	1,141	(4,783)
Refundable tax credits and mining duties receivable	6,674	-
Accounts payable and accrued liabilities	(26,390)	9,767
Net cash used in operating activities	(650,492)	(1,102,830)
CASH FROM INVESTING ACTIVITIES		
Exploration and evaluation asset expenditures, net of tax credits	(1,316,634)	(3,034,571)
Exploration and evaluation asset recoveries	-	892,499
Proceeds on sale of net smelter royalty rights	150,000	-
Proceeds on sale of capital assets	7,500	-
Proceeds on sale of marketable securities	284,960	-
Equipment acquired	(19,039)	(9,484)
Net cash used in investing activities	(893,213)	(2,151,556)
CASH FROM FINANCING ACTIVITIES		
Proceeds on private placement	4,900,000	2,549,700
Share issuance costs	(750)	(206,982)
Proceeds on stock options and warrants exercised	-	32,000
Net cash provided by financing activities	4,899,250	2,374,718
Change in cash during the year	3,355,545	(879,668)
Cash, beginning of year	3,410,185	4,289,853
Cash, end of year	$ 6,765,730	$ 3,410,185

	2014	2013
Supplemental cash flow information:		
Exploration and evaluation asset expenditures accrued through accounts payable	$ 52,315	$ 76,299
Exploration and evaluation asset recoveries accrued through receivables	-	10,132
Exploration and evaluation asset recoveries accrued through refundable tax credits and mining duties receivable	-	361,087
Recognition of tax credits and mining duties receivable through accounts payable and accrued liabilities	-	352,896
Recognition of flow-through premium	980,000	821,570
Share issuance costs accrued through accounts payable	45,847	-

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

NIOGOLD MINING CORPORATION
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Share capital				
	Number	**Amount**	**Reserves**	**Deficit**	**Total**
Balance at August 31, 2012	100,968,874	$ 33,849,294	$ 3,667,783	$ (16,346,339)	$ 21,170,738
Issued for:					
Private placement	5,666,000	2,549,700	-	-	2,549,700
Stock options exercised	130,000	58,183	(26,183)	-	32,000
Share issuance costs	-	(206,982)	-	-	(206,982)
Flow-through premium	-	(821,570)	-	-	(821,570)
Share-based payments	-	-	638,505	-	638,505
Loss for the year	-	-	-	(2,965,253)	(2,965,253)
Balance at August 31, 2013	106,764,874	35,428,625	4,280,105	(19,311,592)	20,397,138
Issued for:					
Private placement	14,000,000	4,900,000	-	-	4,900,000
Share issuance costs	-	(46,597)	-	-	(26,597)
Flow-through premium	-	(980,000)	-	-	(980,000)
Share-based payments	-	-	113,236	-	113,236
Loss for the year	-	-	-	(128,657)	(128,657)
Balance at August 31, 2014	120,764,874	$ 39,302,028	$ 4,393,341	$ (19,440,249)	$ 24,255,120

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Niogold Mining Corporation (the "Company" or "NioGold") was incorporated in the Province of British Columbia on March 30, 1988, as Penn-Gold Resources Inc. The Company's name was changed to Moreno Ventures Inc. on April 7, 1998, and to Niogold Mining Corporation on September 25, 2003. The Company is engaged in the exploration and evaluation of resource properties in Quebec, Canada.

The Company's head office and principal address is 24549 53rd Avenue, Langley, British Columbia, Canada, V2Z 1H6. The address of the registered and records office is 1600 – 609 Granville Street, Vancouver, British Columbia, Canada, V7Y 1C3.

The Company is in the process of acquiring and exploring mineral properties in Canada. The recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration and begin development of those reserves and upon future profitable production.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available or be available on favourable terms. An inability to raise additional financing may materially impact the future assessment of the Company as a going concern in the long term.

The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, necessary financings, or generate profitable operations in the future.

2. BASIS OF PREPARATION

Statement of Compliance

These financial statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Presentation

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Use of Estimates and Critical Judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

2. BASIS OF PREPARATION (cont'd…)

Use of Estimates and Critical Judgments (cont'd…)

The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project.

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

The most significant judgments relate to the recoverability of capitalized amounts and refundable tax credits and mining duties receivable, recognition of deferred tax assets and liabilities and the determination of the economic viability of a project.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

Financial assets

All financial assets are initially recorded at fair value and designated 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 profit and loss. The Company's cash and marketable securities are classified as FVTPL. Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company's receivables and refundable tax credits and mining duties receivable are classified as loans and receivables. 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. At August 31, 2014, the Company has not classified any financial assets as available for sale.

Transaction 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 designated upon inception as FVTPL or 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 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 has not classified any financial liabilities as FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Financial liabilities (cont'd…)

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 cost 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 are classified as other financial liabilities.

Financial instrument disclosures

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Refundable tax credits and mining duties

The Company is entitled to apply for government grants in the form of refundable tax credits and mining duties in respect of qualifying mining exploration expenses incurred in the Province of Quebec. These recoveries are accounted for using the cost reduction approach whereby amounts received or receivable are applied against the cost of related assets or expenditures.

Marketable securities

Securities held for trading are traded on a recognized securities exchange, are recorded at fair values based on quoted closing bid prices at the statement of financial position dates or closing bid prices on the last day the security traded if there were no trades at the statement of financial position dates with both realized and unrealized gains and losses recorded in profit or loss.

Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is recognized using the declining balance method at the following annual rates:

Computer equipment	30 to 50%
Mining equipment	20%
Office furniture and equipment	20%
Vehicles	30%

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Exploration and evaluation assets

Exploration and evaluation assets include the costs of acquiring licenses and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. All costs related to the acquisition and exploration of mineral properties are capitalized by property as an intangible asset. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the statement of loss and comprehensive loss.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Provisions

a) Environmental rehabilitation provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an environmental rehabilitation obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized asset retirement costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional rehabilitation costs). The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated.

Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to the statement of loss and comprehensive loss. The Company had no rehabilitation obligations as at August 31, 2014 or August 31, 2013.

b) Other provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Warrants that are issued as payment for an agency fee or other transaction costs are accounted for as share-based payments.

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Share-based payments (cont'd…)

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

If and when the stock options are exercised, the applicable amounts of reserves are transferred to share capital.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the asset.

Flow-through shares

The Company will, from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and the premium is recognized as other income.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a period of up to two years.

New standards, interpretations and amendments adopted

As of September 1, 2013, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The Company has adopted these new and amended standards without any significant effect on its financial statements.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 *Consolidated and Separate Financial Statements* that dealt with consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor controls 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New standards, interpretations and amendments adopted (cont'd…)

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements (cont'd…)

To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities — Non-monetary Contributions by Venturers*. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

IFRS 13 Fair Value Measurement

IFRS 13 is a comprehensive standard for all 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 additional disclosures regarding fair value measurements.

IAS 19 Employee Benefits

IAS 19 outlines the accounting requirements for employee benefits, including short-term benefits (e.g. wages and salaries, annual leave), post-employment benefits such as retirement benefits, other long-term benefits (e.g. long service leave) and termination benefits, establishing the principle that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable.

New standards not yet adopted

The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended August 31, 2014:

- IFRIC 21 — This is an interpretation of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event, known as an obligating event. The interpretation clarifies that the obligation event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. [i]
- IFRS 10, IFRS 12, IAS 27 (Amendments) — IFRS 10 is amended to define an "investment entity" and introduce an exception from consolidation for investment entities. IFRS 12 and IAS 27 are amended to introduce disclosures required for investment entities. [i]
- IAS 32 (Amendment) — Amendment to provide clarifications on the application of the offsetting rules [i]
- IAS 36 (Amendment) — Amendment to address disclosures required regarding the recoverable amount of impaired assets or cash generating units for periods in which an impairment loss has been recognized or reversed. [ii]

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New standards not yet adopted (cont'd…)

- IFRS 7 (Amendment) — Amendment to require additional financial instrument disclosures on transition from IAS 39 to IFRS 9. (iii)
- IFRS 9 — New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets(iv)

(i) Effective for annual periods beginning on or after January 1, 2014
(ii) Effective for annual periods beginning on or after July 1, 2014
(iii) Effective for annual periods beginning on or after January 1, 2015
(iv) Effective for annual periods beginning on or after January 1, 2018

The Company anticipates that the application of these standards, amendments and interpretations will not have a material impact on the results and financial position of the Company.

4. RECEIVABLES

	August 31, 2014	August 31, 2013
GST/QST and other receivables	$ 72,100	$ 203,260
Exploration partner receivable	-	10,132
Total	$ 72,100	$ 213,392

5. MARKETABLE SECURITIES

The Company holds securities that have been designated as fair value through profit and loss as follows:

	Common shares of public companies	
	Market Value	Cost
August 31, 2013	$ 412,225	$ 4,465,142
August 31, 2014	542,959	3,164,380

During the year ended August 31, 2014, the Company sold marketable securities for proceeds of $285,960 and recognized a gain on disposition of $164,500.

(Expressed in Canadian Dollars)

6. EQUIPMENT

	Computer equipment	Mining equipment	Office furniture and equipment	Vehicles	Total
Cost					
Balance, August 31, 2012	$ 117,708	$ 27,051	$ 85,557	$ 139,283	$ 369,599
Additions for the year	9,484	-	-	-	9,484
Balance, August 31, 2013	127,192	27,051	85,557	139,283	379,083
Additions for the year	15,064	-	3,976	-	19,040
Disposals for the year	-	-	-	(32,409)	(32,409)
Balance, August 31, 2014	$ 142,256	$ 27,051	$ 89,533	$ 106,874	$ 365,714
Accumulated depreciation					
Balance, August 31, 2012	$ 99,418	$ 19,515	$ 60,592	$ 78,668	$ 258,193
Depreciation for the year	9,375	1,507	4,993	18,184	34,059
Balance, August 31, 2013	108,793	21,022	65,585	96,852	292,252
Depreciation for the year	10,782	1,206	4,392	12,730	29,110
Disposals for the year	-	-	-	(29,980)	(29,980)
Balance, August 31, 2014	$ 119,575	$ 22,228	$ 69,977	$ 79,602	$ 291,382
Carrying amounts					
As at August 31, 2013	$ 18,399	$ 6,029	$ 19,972	$ 42,431	$ 86,831
As at August 31, 2014	$ 22,681	$ 4,823	$ 19,556	$ 27,272	$ 74,332

During the year ended August 31, 2014, the Company sold a vehicle with a carrying value of $2,428 for proceeds of $7,500, resulting in a gain on sale of capital assets of $5,072.

7. EXPLORATION AND EVALUATION ASSETS

Title to mineral properties

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain mineral titles as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties.

(a) Malartic Properties - Vassan, Dubuisson, Malartic and Fournière Townships, Quebec

Marban Block

The Marban Black of properties consist of 40 mining claims and 3 mining concessions known as the Marban, First Canadian, and Norlartic properties. The Company earned a 100% interest in the properties by paying $400,000, issuing 1,000,000 common shares and incurring $2,500,000 of exploration expenses. The Marban claims are subject to a net smelter royalty ("NSR") of 1% to 1.5%. The First Canadian claims are subject to a 10% net profits interest. The vendor retains a 0.5% NSR on the Marban claims, a 1% NSR on the First Canadian claims, and a 2% NSR on the Norlartic claims, one-half of the royalties may be repurchased for $1,000,000.

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

(a) Malartic Properties - Vassan, Dubuisson, Malartic and Fournière Townships, Quebec (cont'd…)

Marban Block (cont'd…)

During fiscal 2006, the Company entered into an option agreement to acquire two mining claims known as the Gold Hawk claims covering 61 hectares in Malartic Township, Quebec. The claims are contiguous to the Marban and First Canadian properties. The Company earned a 100% interest in the claims by paying $50,000, issuing 400,000 shares, and incurring $250,000 of exploration and development expenses. The claims are subject to a 2% NSR of which 1% may be repurchased for $1,000,000.

During fiscal 2010, the Company entered into a definitive option agreement with Aurizon Mines Ltd. ("Aurizon") whereby Aurizon could earn up to 65%, subject to underlying royalties, of the Marban Block property, located in the Malartic gold camp, Abitibi region, Quebec, subject to certain terms and payments. From the commencement of the option agreement until August 31, 2013, Aurizon had incurred $11,590,100 in exploration expenditures on the Marban Block. During fiscal 2013, Aurizon elected to terminate the option agreement and the Company retained a 100% interest, subject to the royalties noted above.

During fiscal 2013, the Company received $15,992 toward administrative expenses relating to operating the Marban Block program which is recorded as a recovery of administrative expenses in the statement of loss and comprehensive loss.

During fiscal 2014, the Company sold its rights to repurchase half of the existing NSR on the Marban, First Canadian, Norlactic, and Gold Hawk claims to Osisko Gold Royalties ("Osisko") for consideration of $75,000.

Malartic Block (formerly Camflo West)

During fiscal 2004 to 2009 the Company acquired a block of properties known as the Malartic Block through a combination of purchase and option agreements. The Company has issued an aggregate of 1,250,000 shares and has paid $22,000 as acquisition costs. The claims are subject to various NSR's ranging from 1.5% to 3%, certain of which, or portions thereof, can be repurchased for payments ranging from $200,000 to $1,500,000.

During fiscal 2012, the Company entered into a property acquisition and joint venture agreement with Republic Goldfields Inc. ("RGF") to acquire an 85% interest in RGF's Malartic property. The property consists of six mining claims and one mining concession covering 127 hectares, located approximately 20 kilometres west of Val d'Or, Quebec. The property is contiguous to the Company's Malartic Block and Marban Block properties. In order to acquire an 85% interest, the Company paid $100,000 and issued 1,000,000 common shares at a value of $375,000 to RGF. In accordance with terms of the resulting joint venture, the Company acquired the remaining 15% interest by paying $25,000 and granting to RGF a 2% NSR. During fiscal 2013, the Company acquired the NSR for $10,000.

Malartic Hygrade NSM

During fiscal 2007, the Company entered into an option agreement to acquire a 50% interest in three claims covering 106 hectares in Malartic Township. The Company earned a 50% interest in the claims by paying $10,000, issuing 200,000 common shares and incurring $100,000 of exploration expenses. The claims were previously part of the historic Malartic Hygrade property. Upon earning 50%, a joint venture was formed between the Company and Northern Star Mining ("NSM") for the further exploration of the property. In 2011, NSM was declared bankrupt and, in a subsequent court ordered sale process, a creditor of NSM acquired all of NSM's assets. Prior to the bankruptcy the claims were subject to a 2% NSR of which 1% could be repurchased for $1,000,000.

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

(a) Malartic Properties - Vassan, Dubuisson, Malartic and Fournière Townships, Quebec (cont'd…)

Malartic Hygrade NSM (cont'd…)

During the year ended August 31, 2014, the Company sold its rights to repurchase half of the existing 2% NSR to Osisko for consideration of $75,000.

Malartic H

During fiscal 2008, the Company entered into an option agreement with Breakwater Resources Ltd. ("Breakwater") and Atlanta Gold Inc. to acquire up to 80% interest in a group of claims known as the Malartic H property. The property consists of 18 mining claims covering 780 hectares located in Malartic Township, Quebec. The Company earned an initial 60% by paying $25,000 and incurring $1,200,000 of exploration expenditures. During fiscal 2009 the Company negotiated a one year extension to the exploration expenditure period and issued 201,005 common shares as consideration for the extension. During fiscal 2010, the Company incurred the required exploration expenditures.

Upon earning 60% a joint venture was deemed to have formed. The Company may acquire an additional 20% interest in the property by fulfilling certain conditions.

During the year ended August 31, 2014, the Company acquired the remaining 40% of the Malartic H property from Breakwater in exchange for a cash payment of $100,000, and amalgamated the property into its Malartic Block property.

(b) Héva Property, Malartic and Cadillac Townships, Quebec

The Héva Property was initially acquired by map designation of 22 mining claims covering 961 hectares in Malartic and Cadillac Townships, Quebec.

During fiscal 2008, the Company entered into an option agreement to acquire ten additional mining claims covering 339 hectares in Malartic Township. The Company earned a 100% interest by paying $20,000 and issuing 200,000 common shares. The claims are subject to a 1.5% NSR of which 0.75% may be repurchased for $200,000.

The Company acquired additional claims by map designation The Héva property presently consists of 55 mining claims covering 2,149 hectares.

(c) Vassan and Siscoe East Properties - Vassan and Dubuisson Townships, Quebec

During fiscal 2004, the Company acquired a block of 19 contiguous mining claims covering 301 hectares in Vassan Township, Quebec for $1,000 cash. During fiscal 2005 and 2006, the Company acquired a further 18 claims by map designation which increased the block to 37 mining claims covering 1,068 hectares.

During fiscal 2007, the Company entered into an option agreement with Alexandria Minerals Corporation ("Alexandria"). Alexandria acquired a 70% interest in the Vassan Property by issuing 100,000 shares and incurring $65,000 of exploration expenditures on the property.

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

(c) Vassan and Siscoe East Properties - Vassan and Dubuisson Townships, Quebec (cont'd…)

During fiscal 2008, the Company entered into an option and joint venture agreement with Alexandria to acquire a 50% interest in 59 mining claims covering 1,432 hectares in Vassan and Dubuisson Townships known as the Siscoe East claims and re-acquire a 20% interest in the Vassan claims. Pursuant to the agreement, the Company issued 650,000 common shares, of which 200,000 valued at $55,000 were issued in fiscal 2010 and the remaining 450,000 were issued in fiscal 2011. In fiscal 2011, the Company earned its 50% interest by having incurred $750,000 of exploration expenditures on the claims by June 25, 2011. The claims are subject to a 2% NSR on 13 claims, of which 1% may be repurchased for $1,000,000, and a 2% NSR on 45 claims, of which 1% may be repurchased for $1,000,000. Upon earning 50%, a joint venture was deemed to have formed between the Company and Alexandria that included the Vassan and Siscoe East claims.

During fiscal 2009, the Company acquired a 100% interest in 21 mineral claims located adjacent to the Siscoe East claims for $30,000 and 200,000 shares. Five claims are within the area of interest of the Siscoe East option and joint venture agreement with Alexandria. During fiscal 2010, the Company received $15,000 and 140,871 shares of Alexandria for Alexandria's 50% participation in the new claims. The remaining 16 claims are known as the Val-d'Or property (see note 7 (d)).

During fiscal 2009, the Company acquired a 100% interest in 4 mineral claims adjacent to the Siscoe East claims by paying $30,000 and issuing 240,000 shares. The claims are subject to a 2% NSR of which 1% may be repurchased for $750,000. During fiscal 2010, the Company received $15,000 and 140,781 common shares of Alexandria for Alexandria's 50% participation in the new claims.

The Company and Alexandria acquired additional mining claims in Vassan and Dubuisson Townships by map designation. The combined Vassan and Siscoe East properties presently consist of 110 mining claims covering 2,504 hectares. During fiscal 2011, the Company received 120,000 common shares of Alexandria for Alexandria's 50% participation in the new claims. During fiscal 2013, the Company received $78,359 for Alexandria's 50% participation in exploration expenditures.

(d) Val-d'Or Property - Dubuisson Township, Quebec

During fiscal 2009, the Company acquired a 100% interest in 21 mineral claims located adjacent to the Siscoe East claims for $30,000 and 200,000 shares. Five claims are within the area of interest of the Siscoe East option and joint venture agreement with Alexandria (Note 7(c)). The remaining 16 claims, known as the Val-d'Or property, form a contiguous block south of the town of Val-d'Or in Dubuisson Township. The claims were subject to a 2% NSR, which the Company purchased for $17,000 during fiscal 2013.

During fiscal 2010 the Company acquired by map designation an additional 2 mining claims. The Val-d'Or property presently consists of 18 mining claims covering 533 hectares.

(e) Montviel Property - Montviel Township and Pump Lake Property - Le Sueur Controlled Zone, Quebec

During fiscal 2003, the Company entered into an option agreement to acquire a 100% undivided interest in the Montviel Carbonatite and the Goeland-Waswanipi Property, located in Quebec. The Company earned a 100% interest by issuing 1,600,000 common shares and incurring $250,000 in exploration expenditures. During fiscal 2006, the Company abandoned the Goeland-Waswanipi claim blocks and the associated acquisition and exploration cost were written off. During subsequent years, the Company acquired additional mining claims by map designation. The Montviel property presently consists of 68 mining claims covering 3,777 hectares.

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

(e) Montviel Property - Montviel Township and Pump Lake Property - Le Sueur Controlled Zone, Quebec (cont'd…)

During fiscal 2007, the Company entered into an option agreement to acquire 146 mining claims known as the Pump Lake property, located southeast of Val-d'Or, Quebec. The Company earned a 100% interest in the claims by paying a total of $100,000, issuing a total of 500,000 common shares, and incurring $500,000 of exploration expenses. The claims are subject to a 2% NSR of which 1% may be repurchased for $750,000. During subsequent periods, the Company acquired additional mining claims by map designation. The Pump Lake property presently consists of 324 mining claims covering 18,570 hectares. A onetime payment of $500,000 will be payable upon a production decision on any part of the property.

During fiscal 2010, a definitive option and joint venture agreement was entered into with GeoMega Resources Inc. ("GeoMega") in respect to the Montviel and Pump Lake properties, which was subsequently amended on May 2, 2011. GeoMega paid $100,000 in fiscal 2010 and issued 1,100,000 common shares in fiscal 2011 prior to signing the amending agreement. Pursuant to the amending agreement, GeoMega acquired a 100% interest in the Montviel property by issuing an additional 1,525,000 common shares (issued) to the Company valued at $4,163,250 resulting in a recovery of $3,584,017 realized through the statement of comprehensive loss. The Company will retain a 2% net output return royalty ("NORR") on the 68 Montviel claims and any mining titles acquired by GeoMega within the 5 kilometre area of interest of the Montviel property before and six months after the signing of the amending agreement. In addition, GeoMega will, upon securing 70% of the capital requirements specified in the feasibility study for the Montviel property, pay $4,500,000 in cash or common shares at the election of the Company as a non-refundable advanced royalty payment.

Pursuant to the amending agreement, GeoMega had the option earn up to 100% interest in the Pump Lake property. GeoMega could earn an initial 75% interest by incurring $400,000 in exploration expenditures in stages by the fourth anniversary of the definitive agreement.

Upon earning a 75% interest, GeoMega will have the option to abandon the property or form a joint venture with the Company. If any party fails to make its required contribution under the joint venture the Company's interest will be reduced pro-rata. In the event a party is diluted to a 10% interest the party's interest shall automatically convert to a 2.0% NORR and the joint venture will be terminated.

Upon formation of the joint venture, GeoMega will have the option, before the end of fiscal 2017, to obtain the final 25% interest in the property by paying $7,500,000 in cash or common shares of GeoMega (each party to have an election on half of the amount). The Company will also be reimbursed for its contribution to the joint venture plus a non-cumulative 20% premium, payable in cash or shares at the Company's election. The Company will retain a 1% NORR, of which one-half (0.5%) can be repurchased for $500,000. GeoMega elected to abandon its option on the Pump Lake property.

During fiscal 2013, due to a delay in development on the Pump Lake Property, the Company wrote-down all associated acquisition and exploration costs of $1,192,147.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

(f) Mineral property acquisition and deferred exploration costs

August 31, 2014	Acquisition costs	Exploration costs	Total
Malartic Block Properties			
Opening balance	$ 1,778,006	$ 15,172,124	$ 16,950,130
Administration	-	36,354	36,354
Drilling	-	578,251	578,251
Filing fees and staking	-	17,623	17,623
Geological and project related costs	-	405,312	405,312
Technical studies	-	9,922	9,922
Recovery	(75,000)	-	(75,000)
Ending balance	1,703,006	16,219,586	17,922,592
Malartic NSM Property			
Opening balance	84,876	287,597	372,473
Drilling	-	124	124
Geological	-	323	323
Recovery	(75,000)	-	(75,000)
Ending balance	9,876	288,044	297,920
Malartic H Property			
Opening balance	66,897	1,498,768	1,565,665
Acquisition payments	100,000	-	100,000
Drilling	-	56,958	56,958
Filing fees and staking	-	140	140
Geological	-	16,070	16,070
Ending balance	166,897	1,571,936	1,738,833
Heva Property			
Opening balance	78,065	237,886	315,951
Filing fees and staking	-	945	945
Geological	-	432	432
Ending balance	78,065	239,263	317,328
Vassan Property			
Opening balance and ending balance	(9,813)	16,760	6,947
Siscoe East Property			
Opening balance	273,578	901,409	1,174,987
Filing fees and staking	-	566	566
Geological	-	22,530	22,530
Ending balance	$ 273,578	$ 924,505	$ 1,198,083

- Continued -

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

(f) Mineral property acquisition and deferred exploration costs (cont'd…)

August 31, 2014	Acquisition costs	Exploration costs	Total
Continued...			
Val-d'Or Property			
Opening balance	$ 12,370	$ 47,551	$ 59,921
Drilling	-	1,645	1,645
Filing fees and staking	-	1,268	1,268
Geological	-	5,173	5,173
Ending balance	12,370	55,637	68,007
Total costs	2,233,979	19,315,731	21,549,710
Refundable tax credits	-	(3,873,295)	(3,873,295)
Total costs, August 31, 2014	$ 2,233,979	$ 15,442,436	$ 17,676,415

August 31, 2013	Acquisition costs	Exploration costs	Total
Malartic Block Properties			
Opening balance	$ 1,768,006	$ 13,029,711	$ 14,797,717
Acquisition payments	10,000	-	10,000
Administration	-	106,293	106,293
Filing fees and staking	-	28,419	28,419
Drilling	-	2,051,466	2,051,466
Geological and project related costs	-	234,514	234,514
Technical studies	-	445,155	445,155
Recovery	-	(723,434)	(723,434)
Ending balance	1,778,006	15,172,124	16,950,130
Malartic NSM Property			
Opening balance	84,876	287,223	372,099
Geological	-	374	374
Ending balance	84,876	287,597	372,473
Malartic H Property			
Opening balance	66,897	1,494,218	1,561,115
Filing fees and staking	-	889	889
Geological	-	3,661	3,661
Ending balance	$ 66,897	$ 1,498,768	$ 1,565,665

- Continued -

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

(f) Mineral property acquisition and deferred exploration costs (cont'd…)

August 31, 2013	Acquisition costs	Exploration costs	Total
Continued...			
Heva Property			
Opening balance	$ 78,065	$ 228,842	$ 306,907
Drilling	-	2,935	2,935
Filing fees and staking	-	3,476	3,476
Geological	-	2,633	2,633
Ending balance	78,065	237,886	315,951
Vassan Property			
Opening balance and ending balance	(9,813)	16,760	6,947
Siscoe East Property			
Opening balance	256,578	824,153	1,080,731
Acquisition payments	17,000	-	17,000
Drilling	-	129,456	129,456
Filing fees and staking	-	11,922	11,922
Geological	-	14,237	14,237
Recovery	-	(78,359)	(78,359)
Ending balance	273,578	901,409	1,174,987
Val-d'Or Property			
Opening balance	12,370	42,327	54,697
Filing fees and staking	-	481	481
Geological	-	4,743	4,743
Ending balance	12,370	47,551	59,921
Pump Lake Property			
Opening balance	119,854	1,065,218	1,185,072
Geological	-	3,801	3,801
Filing fees and staking	-	3,274	3,274
Write-off	(119,854)	(1,072,293)	(1,192,147)
Ending balance	-	-	-
Total costs	2,283,979	18,162,095	20,446,074
Refundable tax credits	-	(3,918,159)	(3,918,159)
Total costs, August 31, 2013	$ 2,283,979	$ 14,243,936	$ 16,527,915

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES

Authorized share capital

As at August 31, 2014, the authorized share capital of the Company is an unlimited number of common shares without par value and an unlimited number of preferred shares. All issued shares, consisting only of common shares are fully paid.

Private placements

During the year ended August 31, 2014, the Company completed a private placement with Osisko, in which the Company issued 14,000,000 flow-through shares to Osisko at a price of $0.35 per share for total proceeds of $4,900,000, of which $980,000 was allocated to the flow-through premium liability.

During the year ended August 31, 2013, the Company completed a private placement of 5,666,000 flow-through common shares at a price of $0.45 per share for gross proceeds of $2,549,700, of which $821,570 was allocated to the flow-through premium liability. The Company paid cash commission of $151,991 and other share issuance costs of $54,991.

Stock options and warrants

Stock option and warrant transactions are summarized as follows:

	Options		Warrants	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Balance, August 31, 2012	6,650,000	$ 0.35	8,603,628	$ 0.48
Expired	(765,000)	0.36	(8,603,628)	0.48
Exercised	(130,000)	0.25	-	-
Granted	4,730,000	0.29	-	-
Balance, August 31, 2013	10,485,000	0.32	-	-
Expired / Cancelled	(4,275,000)	0.37	-	-
Granted	550,000	0.25	-	-
Balance, August 31, 2014	6,760,000	$ 0.29	-	$ -

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES (cont'd…)

Stock options outstanding

The following incentive stock options were outstanding at August 31, 2014:

Expiry Date	Exercise Price	Number	Remaining Life in Years
October 14, 2014(i)	$ 0.300	100,000	0.12
March 31, 2015	0.200	50,000	0.58
April 6, 2015	0.200	50,000	0.60
April 15, 2015	0.260	150,000	0.62
June 1, 2015(ii)	0.250	250,000	0.75
October 19, 2015	0.350	1,050,000	1.13
June 17, 2016	0.370	250,000	1.80
September 19, 2016	0.350	75,000	2.05
January 24, 2017	0.365	175,000	2.40
September 10, 2017(ii)	0.420	225,000	3.03
December 14, 2017	0.310	1,935,000	3.29
August 29, 2018	0.200	1,800,000	4.00
August 29, 2018	0.300	200,000	4.00
October 28, 2018	0.300	250,000	4.16
January 6, 2019	0.200	200,000	4.35
Number outstanding		6,760,000	
Number exercisable		5,258,000	

(i) Expired unexercised subsequent to year end.
(ii) A total of 100,000 options cancelled subsequent to year end.

Share-based payments

The Company has an incentive share option plan whereby it may grant common share purchase options to its directors, officers, employees and consultants. The number of options granted under the plan may not exceed 10% of the shares outstanding and the exercise price of each option must not be less than the "discounted market price", as determined pursuant to the policies of the TSX-V, on the date of the grant. The options may have a maximum term of ten years with vesting at the discretion of the Board.

During the year ended August 31, 2014, the Company granted 550,000 (2013 – 4,730,000) stock options to directors, officers and consultants. The weighted-average fair value of options granted during the period was $0.06 (2013 - $0.13) per option. Total share-based payments recognized in the statement of loss and comprehensive loss for the year ended August 31, 2014 was $83,706 (2013 - $638,505) for incentive options granted and vested, net of share-based payments reversed on unvested and cancelled options. This amount was also recorded as reserves on the statement of financial position.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES (cont'd…)

Share-based payments (cont'd…)

The following weighted average assumptions were used for the valuation of stock options granted during the period:

	2014	2013
Expected share price volatility	78.07%	70.79%
Expected risk-free interest rate	1.67%	1.59%
Expected dividend yield	0.0%	0.0%
Expected life of options, in years	3.86	4.49
Expected forfeiture rate	0.0%	0.0%

9. RELATED PARTY TRANSACTIONS

During the year ended August 31, 2014, the Company paid or accrued the following amounts as compensation to key management personnel:

		2014		2013
Management fees paid or payable to a former director and officer and a company controlled by a director and officer of the Company	$	150,000	$	150,000
Professional fees paid or payable to a company controlled by an officer of the Company	$	55,000	$	55,000
Bonuses to three officers of the Company	$	-	$	50,000
Geological fees paid or payable to an officer of the Company	$	124,153	$	127,385
Consulting fees, included in shareholder communications paid or payable to an officer of the Company	$	83,000	$	90,000
Share-based payments expense to directors and officers for stock options vesting during the period	$	125,979	$	482,226
Office rent paid to a company controlled by a director and officer of the Company	$	6,000	$	6,000

As at August 31, 2014, $4,812 (2013 - $Nil) was owing to a related party.

(Expressed in Canadian Dollars)

10. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

		2014		2013
Loss for the year before income tax	$	(128,657)	$	(2,965,253)
Expected income tax recovery	$	(33,000)	$	(754,000)
Expenses not deductible for income tax purposes		(117,000)		118,000
Other		73,000		129,000
Impact of flow through shares		295,000		296,000
Changes in tax rates		-		(46,000)
Change in unrecognized deductible temporary differences		(218,000)		257,000
Total income tax (recovery)	$	-	$	-

The Canadian income tax rate declined during the year due to changes in the law that reduced federal corporate income tax rates in Canada. The future Canadian income tax rate increased during the year due to changes in the law that increased provincial corporate income tax rates in British Columbia.

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

		2014	Expiry date range		2013	Expiry date range
Temporary differences:						
Marketable securities	$	2,621,000	No expiry date	$	4,053,000	No expiry date
Share issuance costs		288,000	2034 to 2038		323,000	2034 to 2037
Allowable capital losses		512,000	No expiry date		4,000	No expiry date

The Company has Canadian non-capital losses of $9,310,000 available to offset future income. The non-capital losses expire 2014 to 2033. Tax attributes are subject to review, and potential adjustment, by tax authorities.

During fiscal 2013, the Company allocated $821,570 in flow-through private placement proceeds to the flow-through premium liability. During fiscal 2013, the Company incurred $1,164,644 in eligible expenditures, realizing other income of $375,274 and a remaining flow-through premium liability of $446,296.

During fiscal 2014, the Company allocated $980,000 in flow-through private placement proceeds to the flow-through premium liability. During fiscal 2014, the Company incurred $1,104,828 in eligible expenditures, realizing other income of $356,000 and a remaining flow-through premium liability of $1,070,296.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Cash and marketable securities are carried at fair value using a level 1 fair value measurement. The carrying value of receivables, refundable tax credits and mining duties receivable, and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and receivables. Receivables mainly consist of GST/QST and mining duties receivable due from the government of Canada. Management believes that the credit risk concentration with respect to receivables is minimal.

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed share capital financings or proceeds from property sales or options.

At August 31, 2014, the Company had a working capital balance of $7,574,669 (2013 - $4,228,688).

Market risk

Market risk is the risk of loss that may arise from changes in market fluctuations such as those listed below. The fluctuations may be significant.

a) Interest rate risk

Management believes the interest rate risk is low given the current low global interest rate environment.

b) Foreign currency risk

The Company's functional currency is the Canadian dollar. Management believes the foreign exchange risk derived from currency conversions and relative exchange rate between Canadian dollars and other currencies is low and therefore does not hedge its foreign exchange risk.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

12. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity to be 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. In order to maintain or adjust the capital structure, the Company may issue new shares through public and/or private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

13. SEGMENTED INFORMATION

The Company's operations comprise a single reportable operating segment engaged in resource exploration. Amounts disclosed in the financial statements for loss and loss per share represent segment amounts.

All of the company's operations and assets are located in Quebec, Canada.

14. SUBSEQUENT EVENTS

Subsequent to August 31, 2014, the Company:

a) Issued 100,000 common shares on exercise of stock options at a price of $0.20 per share.

b) Granted 800,000 stock options to an officer and a consultant at a price of $0.25, exercisable for a period of 5 years.

c) Cancelled 50,000 stock options at a price of $0.42, and 50,000 stock options at a price of $0.25. An additional 100,000 stock options at a price of $0.30 expired unexercised.