(A Development Stage Enterprise)

Financial Statements
June 30, 2013 and 2012

(Stated in Canadian Dollars)

BENTON RESOURCES INC.
(A Development Stage Enterprise)

June 30, 2013

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Wasserman Ramsay

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Benton Resources Inc.:

We have audited the accompanying financial statements of Benton Resources Inc. which comprise the statements of financial position as at June 30, 2013 and 2012 and the statements of loss and comprehensive loss, changes in equity and cash flows 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.

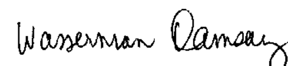
Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 auditor's 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 auditor considers 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 is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Benton Resources Inc. as at June 30, 2013 and 2012 and the results of its operations and 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 matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.



Markham, Ontario
October 24, 2013

Chartered Accountants
Licensed Public Accountants

BENTON RESOURCES INC.
(A Development Stage Enterprise)

STATEMENTS OF FINANCIAL POSITION

As at	**June 30, 2013 $**	June 30, 2012 $
		(note 3)
ASSETS		
Current		
Cash	**44,740**	1
Temporary investments (note 6)	**8,648,220**	-
Accounts and other receivables	**58,292**	-
Prepaid expenses	**13,498**	15,343
Refundable security deposits (note 18)	**106,309**	139,354
	8,871,059	154,698
Long-term investments (note 7)	**1,108,313**	6,557,064
Property and equipment, net (note 8)	**79,801**	116,922
Exploration and evaluation assets (note 9)	**7,995,319**	6,809,483
	18,054,492	13,638,167
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Current		
Accounts payable and accrued liabilities (note 11)	**81,294**	-
Deferred income tax liability (note 13)	**293,456**	143,496
	374,750	143,496
Shareholders' Equity		
Capital Stock (note 10)		
Share capital	**27,451,536**	1
Reserves	**934,008**	22,092,665
Deficit	**(10,705,802)**	(8,597,995)
	17,679,742	13,494,671
	18,054,492	13,638,167

See Nature of Operations and Going Concern – Note 1
See Subsequent Events – Note 21

These financial statements are authorized for issue by the Board of Directors on October 24, 2013. They are signed on the Corporation's behalf by:

"Stephen Stares" President, Chief Executive Officer and Director
"Clint Barr" Director

BENTON RESOURCES INC.
(A Development Stage Enterprise)

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS FOR THE YEARS ENDED JUNE 30

	2013 $	2012 $
		(note 3)
EXPENSES		
Advertising and promotion	138,104	211,955
Share-based payments (note 14)	475,137	1,230,784
General and administrative	891,584	842,562
Professional fees	88,243	294,219
Stock exchange and filing fees	38,498	28,012
Depreciation expense	38,526	52,582
Write-down (recovery) of exploration and evaluation assets	1,147,766	2,597,917
Pre-acquisition exploration and evaluation	36,971	36,416
Foreign currency translation adjustment	(110,503)	-
	(2,744,326)	(5,294,447)
Other income (expense):		
Interest income	93,374	272,547
Other income	-	23,600
Management fees (note 11)	28,000	-
Adjustment to fair value for fair value through profit and loss investments	511,232	(7,588,260)
Gain on sale of exploration and evaluation assets	305,578	775,000
Loss on sale of investments	(66,508)	-
	871,676	(6,517,113)
Loss before income taxes	(1,872,650)	(11,811,560)
Current income tax recovery (note 13)	-	403,750
Deferred income tax recovery (expense) (note 13)	(235,157)	2,482,244
Loss and comprehensive loss for the year	(2,107,807)	(8,925,566)
Loss and comprehensive loss per common share – basic and diluted	(0.03)	(0.12)
Weighted average shares outstanding – basic and diluted	75,716,090	76,281,509

See accompanying notes to the financial statements

BENTON RESOURCES INC.
(A Development Stage Enterprise)

STATEMENTS OF CHANGES IN EQUITY
For the years ended June 30, 2013 and 2012

	Share Capital			Retained earnings (deficit)	Total shareholders' equity
	Number	Amount	Reserves		
		$	$	$	$
Balance at July 1, 2011	-	-	15,681,286	327571	16,008.857
Shares issued on incorporation	1	1	-	-	1
Loss and comprehensive loss for the year	-	-	-	(8,925,566)	(8,925,566)
Funding and expenses paid by Benton Resources Corp.			6,411,379	-	6,411,379
Balance at June 30, 2012 (Note 3)	**1**	**1**	**22,092,665**	**(8,597,995)**	**13,494,671**
Funding by Benton Capital Corp.	-	-	362,730	-	362,730
Transfer of assets by Benton Capital Corp. pursuant to plan of Arrangement (note 2)	76,273,531	28,070,522	(22,455,395)	-	5,615,127
Cancellation of seed share	(1)	(1)	-	-	(1)
Loss and comprehensive loss for the year	-	-	-	(2,107,807)	(2,107,807)
Issued in connection with property option agreements	25,000	2,750	-	-	2,750
Shares purchased and cancelled under normal course issuer bid	(1,689,500)	(621,736)	458,871	-	(162,865)
Share-based payments	-	-	475,137	-	475,137
Balance at June 30, 2013	**74,609,031**	**27,451,536**	**934,008**	**(10,705,802)**	**17,679,742**

See accompanying notes to the financial statements

BENTON RESOURCES INC.
(A Development Stage Enterprise)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30

	2013 $	2012 $
		(note 3)
CASH FLOWS FROM (USED IN):		
OPERATING ACTIVITIES		
Loss and comprehensive loss for the year	(2,107,807)	(8,925,566)
Deferred income tax expense (recovery)	235,157	(2,592,415)
Write-down of exploration and evaluation assets	1,147,766	2,597,917
Unrealized change in fair value for fair value through profit and loss investments	(511,232)	7,643,899
Gain on sale of exploration and evaluation assets	(305,578)	
Loss on sale of long-term investments	66,508	-
Depreciation expense	38,526	52,582
Share-based payments	475,137	
Net change in non-cash working capital balances related to operating activities	59,518	(1,196,237)
Cash flows used in operating activities	(902,005)	(2,419,820)
FINANCING ACTIVITIES		
Funding by Benton Capital Corp.	255,136	6,411,380
Shares purchased and cancelled under normal course issuer bid	(162,865)	-
Cash and temporary investments transferred from Benton Capital Corp.	5,615,127	-
Redemption of seed capital	(1)	-
Cash flows provided by financing activities	5,707,397	3,906,589
INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(2,330,852)	(3,005,422)
Proceeds on sale of exploration and evaluation assets	20,000	-
Purchase of property and equipment	(1,405)	(24,638)
Purchase of long-term investments	(217,385)	(961,500)
Net proceeds on sale of long-term investments	6,417,209	-
Cash flows provided by (used in) investing activities	3,887,567	(3,991,560)
Increase in cash and temporary investments	8,692,959	-
Cash and temporary investments - beginning of year	1	-
Cash and temporary investments – end of year	8,692,960	-

Supplemental cash flow information (note 17)

See accompanying notes to the financial statements

BENTON RESOURCES INC.
(A Development Stage Enterprise)

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

1. NATURE OF OPERATIONS AND GOING CONCERN:

Benton Resources Inc. ("Benton" or the "Company") was incorporated on November 8, 2011 as 0924698 B.C. Ltd. (renamed Benton Resources Inc. on July 25, 2012) under the laws of British Columbia and is a development stage public company whose shares began trading on the TSX Venture Exchange on August 1, 2012. Its principal business activities are the acquisition, exploration and development of mineral properties. On July 27, 2012, the Company received certain assets by way of a court-approved plan of arrangement (the "Arrangement") (note 2) from Benton Capital Corp. (formerly Benton Resources Corp.).

The accompanying condensed interim financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes the realization of assets and the settlement of liabilities in the normal course of business. The appropriateness of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and/or generate continued financial support in the form of equity financings. These condensed interim financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classification that would be necessary if the going concern assumption were not appropriate and such adjustments could be material.

	June 30, 2013	June 30, 2012
Working capital	$ 8,789,765	$ 154,698
Deficit	$(10,705,802)	$(8,597,995)

2. PLAN OF ARRANGEMENT:

Under the Arrangement, each Benton Capital Corp. share was exchanged for one new Benton Capital Corp. common share and one common share of Benton Resources Inc.

All of Benton Capital Corp.'s assets were transferred to Benton Resources Inc. with the exception of the Goodchild property, the 57,866,754 shares of Coro Mining Corp., and approximately $730,000 in working capital.

The formation of Benton Resources Inc. was the result of the transfer of assets between entities under common control: accordingly, the transaction is excluded from the scope of IFRS 3, Business Combinations. These financial statements have been presented using predecessor accounting with balance sheet amounts based on the amounts recorded by Benton Capital Corp. up to July 27, 2012.

Carrying value of the net assets transferred and acquired pursuant to the Arrangement on July 27, 2012 consisted of the following:

Cash and temporary investments	$	5,615,127
Other deposits and prepaids		153,043
Property and Equipment, net		113,620
Long-term investments		6,557,064
Exploration and evaluation assets		6,939,032
Deferred income tax liability		(55,019)
	$	**19,322,867**

3. FINANCIAL PRESENTATION:

Benton was incorporated on November 8, 2011 and began operations on July 27, 2012. Financial information prior to this date reflects the financial position, statements of income (loss) and comprehensive income (loss) and deficit and cash flows of the related Benton Resources Inc. business of Benton Capital Corp. This information has previously been reported as the Benton Resources Inc. business. The Company's statements of Loss and Comprehensive Loss for the year ended June 30, 2013 include an allocation of Benton Capital Corp.'s general and administrative expenses incurred from July 1, 2012 to July 27, 2012 and the expenses incurred directly by Benton Resources Inc. thereafter to June 30, 2013.

The allocation of general and administrative expense was calculated on the basis of the ratio of costs deferred on the Benton Resources Inc. business properties in each period presented as compared to the costs incurred on all mineral properties in each period. The financial statements have been presented under the continuity of interests basis of accounting with statement of financial position amounts based on the amounts recorded by Benton Capital Corp. Management cautions readers of these financial statements that the allocation of expenses was done for comparative purposes only and does not necessarily reflect future general and administrative expenses.

The opening deficit of Benton Resources Inc. at July 1, 2011 has been calculated by applying the same allocation principles outlined above to the cumulative transactions relating to the mineral properties and includes an allocation of Benton Capital Corp.'s general and administrative expenses. The allocation of these general and administrative expenses was calculated in the same manner as described above.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Statement of Compliance and Conversion to International Financial Reporting Standards ("IFRS")

These financial statements, including comparatives, have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of Presentation

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

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

These financial statements including comparatives have been prepared on the basis of IFRS standards that were in effect on June 30, 2013.

The standards that are effective in the annual financial statements for the year ending June 30, 2013 are subject to change and may be affected by additional interpretation(s).

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are presented in Canadian dollars (CDN), which is also the functional currency of the Company.

Business combinations

Business combinations that occurred prior to January 1, 2010 were not accounted for in accordance with IFRS 3, Business Combinations ("IFRS 3") or IAS 27, Consolidated and Separate Financial Statements ("IAS 27"), as the Company in the transition year chose to apply the IFRS 1 exemption.

For business combinations occurring after July 1, 2010, the requirements of IFRS 3 have been applied. The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Company recognizes identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognized in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognized amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognized in profit or loss immediately.

Financial Instruments

Financial assets
The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category are as follows:

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Corporation's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of earnings in the period of determination.

Fair value through profit or loss - This category includes derivatives, and investments acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the statement of comprehensive income (loss).

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in other comprehensive earnings. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from other comprehensive earnings and recognized in the statement of comprehensive income (loss).

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets are impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities
The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:
Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the statement of earnings.

Other financial liabilities - This category includes accounts payables and accrued liabilities, all of which are recognized at amortized cost.

Fair value hierarchy:

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to the valuation technique used to measure fair value as per IFRS 7. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company has valued all of its financial instruments using Level 1 measurements.

Impairment of financial assets:

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to profit or loss in the period.

Financial assets are assessed for indicators of impairment at the end of each reporting period.

Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as AFS, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at

the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term investments, highly liquid investments that are readily convertible into known amounts or cash and which are subject to an insignificant risk of changes in value.

Investments

Investments in associates over which the Company exercises significant influence are accounted for using the equity method. Investments under which the Company cannot exert significant influence are recorded initially at cost and adjusted to reflect changes in the fair value in subsequent periods. For mining and other investments classified as available for sale, any subsequent changes in the fair value are recorded in other comprehensive earnings. If in the opinion of management there has been a decline in value of the investment below the carrying value that is considered to be other than temporary, the valuation adjustment is recorded in net earnings in the period of determination. The fair value of the investments is based on the quoted market price on the closing date of the period.

Investments in Joint Ventures

Entities whose economic activities are controlled jointly by the Company and other ventures independent of the Company (joint ventures) are accounted for using the proportionate consolidation method, whereby the Company's share of the assets, liabilities, income and expenses is included line by line in the consolidated financial statements.

Unrealized gains and losses on transactions between the Company and its joint ventures are eliminated to the extent of the Company’s interest in those entities. Where unrealized losses are eliminated, the underlying asset is also tested for impairment.

Amounts reported in the financial statements of jointly controlled entities have been adjusted where necessary to ensure consistency with the accounting policies of the Company.

Exploration and Evaluation Assets

Exploration and evaluation assets include the costs associated with exploration and evaluation activity (e.g. geological, geophysical studies, exploratory drilling and sampling), and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. The Company follows the practice of capitalizing all costs related to the acquisition of, exploration for and evaluation of mineral claims and crediting all revenue received against the cost of related claims. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the income statement.

Capitalized costs, including general and administrative costs, are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

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. The aggregate costs related to abandoned mineral claims are charged to operations at the time or any abandonment or when it has been determined that there is evidence of a permanent impairment.

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 the 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.

Restoration, Rehabilitation and Environmental Obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either an unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses. The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

Property and Equipment

Purchased property and equipment are carried at acquisition cost less subsequent depreciation and impairment losses.

Depreciation is recognized on a declining balance basis to write down the cost or valuation less estimated residual value of property and equipment. The periods generally applicable are:

Computer Equipment	30-55%
Computer Software	100%
Furniture and Equipment	20%
Exploration Camps	30%
Automotive	30%

Material residual value estimates and estimates of useful life are updated as required, but at least annually, whether or not the asset is revalued.

Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss within “other income” or “other expenses.”

Impairment of non-financial assets

At each financial position reporting date the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any 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 values 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 to their present value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less that its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

When 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 so that the increased carrying amount 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.

Revenue Recognition

Operator fees on mineral properties are earned based on an agreed upon percentage of development expenses incurred on specific properties. Recognition of all revenue is subject to the provision that ultimate collection is reasonably assured at the time of recognition.

Interest

Interest income and expenses are reported on an accrual basis using the effective interest method.

Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in joint ventures is not provided if the reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against the excess.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority

Changes in deferred tax assets or liabilities are recognized as a component of taxable income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Foreign Currency Translation

Accounts of foreign operations, consisting of the Company’s exploration and evaluation expenditures on the Elizabeth Anne project are translated as follows:

- (i) Monetary assets and liabilities are translated at the rate of exchange in effect at the balance sheet date;
- (ii) Long-term investments carried at fair market value are translated at the rate of exchange in effect at the balance sheet date;
- (iii) Non-monetary assets and liabilities, and equity are translated at historical rates; and
- (iv) Revenue and expense items are translated at the rate of exchange prevailing at the time of the transaction or at average exchange rates during the period as appropriate.

Gains and losses on re-measurement to the functional currency are included in the results of operations for the period.

Share-based payment transactions

The Company operates equity-settled share-based remuneration plans for its employees, directors and consultants. None of the Company's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognized as an expense in profit or loss with a corresponding credit to 'reserves'.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Flow-Through Financing

The Company raises equity through the issuance of flow-through shares. Under this arrangement, shares are issued which transfer the tax deductibility of mineral property exploration expenditures to investors. The Company allocates the proceeds from the issuance of these shares between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the shares. A deferred flow through premium liability is recognized for the difference. The liability is reversed when the expenditures are made and is recorded in the statement of loss and comprehensive loss. The spending also gives rise to a deferred tax timing difference between the carrying value and tax value of the qualifying expenditure.

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

Segment reporting

An operating segment is a component of an entity (i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (ii) whose operating results are regularly reviewed by the entity's management, and (iii) for which discrete financial information is available. The Company has only one single reportable operating segment. The Company operates in two geographical segments (Canada and the United States) as disclosed in Note 20.

Operating Expenses

Operating expenses are recognized in profit and loss upon utilization of the services or at the date of their origin.

Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the balance sheet date 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, but are not limited to, the following:

i. the recoverability of amounts receivable and prepayments which are included in the consolidated statement of financial position;

ii. the carrying amount and recoverability of exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after costs are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available;

iii. the estimated useful lives of property and equipment which are included in the consolidated statement of financial position and the related depreciation included in the consolidated statement of comprehensive income (loss) for the period ended June 30, 2013;

iv. the inputs used in accounting for share-based payment expense in the consolidated statement of comprehensive loss; and

v. the provision for income taxes which is included in the consolidated statements of comprehensive income (loss) and composition of deferred income tax assets and liabilities included in the consolidated statements of financial position at June 30, 2013.

Critical accounting judgments

The following accounting policies involve judgments or assessments made by management:

- The determination of categories of financial assets and financial liabilities;
- The determination of a cash-generating unit for assessing and testing impairment;
- The allocation of exploration costs to cash-generating units; and
- The determination of when an exploration and evaluation asset moves from the exploration stage to the development stage.

Earnings (loss) Per Share

Earnings (loss) per share is calculated on the basis of weighted average number of shares outstanding during the year. Diluted earnings per share are computed using the treasury stock method whereby the weighted average shares outstanding are increased to include additional shares from the exercise of warrants and stock options, if dilutive. For warrants and stock options, the number of additional common shares is calculated by assuming that outstanding warrants and stock options were exercised and that the proceeds from such exercises were used to acquire shares of common stock at the average market price during the reporting period.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance expense (“notional interest”).

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed. The Company presently does not have any amounts considered to be provisions.

5. NEW AND FUTURE ACCOUNTING PRONOUNCEMENTS

The following standards are effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not early adopted these standards and is currently assessing the impact they will have on the consolidated financial statements.

IFRS 10, Consolidated Financial Statements: IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27, Consolidated and Separate Financial Statements, and SIC-12, Consolidation – Special Purpose Entities.

IFRS 11, Joint Arrangements: IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes current IAS 31, Interests in Joint Ventures and SIC-13, Jointly Controlled Entities-Non – Monetary Contributions by Venturers.

IFRS 12, Disclosure of Interests in Other Entities: IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity.

IFRS 13, Fair Value Measurement: The main provisions of the standard include defining fair value, setting out in a single standard a framework for measuring fair value, and specifying certain disclosure requirements about fair value measurements.

In July 2011, the IASB agreed to defer the effective date of IFRS 9, Financial Instruments from 2013 to 2015. The standard is the first part of a multi-phase project to replace IAS 39, Financial Instruments: Recognition and Measurement.

IAS 28, Investments in Associates and Joint Ventures: IAS 28 has been updated and it is to be applied by all entities that are investors with joint control of, or significant influence over, an investee. The scope of the current IAS 28 Investments in Associates does not include joint ventures. Early application is permitted.

6. TEMPORARY INVESTMENTS:

	June 30, 2013 $
Debenture	165,798
Money Market Mutual funds	6,618,422
Guaranteed Investment Certificates	900,000
Investment Trust	964,000
	8,648,220

These funds are available for exploration and other purposes upon the request of the Company.

The debenture has a maturity date of December 30, 2013 bearing interest at 1.893% per annum,
The mutual funds consist of fully liquid, managed money market fund units that yield regular monthly dividends at market rates.
The guaranteed investment certificates mature on October 15, 2013 with interest rates ranging from 1.80% to 1.88%.
The investment trust is a fully liquid senior loan fund and bears an anticipated initial yield of 6% per annum.

7. LONG-TERM INVESTMENTS:

	June 30, 2013		June 30, 2012	
	Market $	Cost $	Market $	Cost $
Canadian Equities				
Marathon Gold Corporation	-	-	602,525	1,119,644
Stillwater Mining Company	-	-	3,024,581	7,005,896
Mineral Mountain Resources	453,177	3,107,500	1,694,792	4,067,500
Global Cobalt Corporation	131,759	423,361	759,549	423,361
Golden Dory Resources	15,500	201,500	69,750	201,500
Parkside Resources Corporation	300,000	547,708	347,708	347,708
Gold Royalties Corporation	176,283	285,578	-	-
Other	31,595	401,348	58,160	441,346
	1,108,314	4,966,995	6,557,065	13,549,572

During year ended June 30, 2011 Marathon PGM Corporation ("Marathon") and Stillwater Mining Company ("Stillwater") completed a definitive agreement pursuant to which Stillwater acquired all of the outstanding shares of Marathon by paying Marathon shareholders $1.775 per share and issuing 0.112 shares of Stillwater for every share of Marathon. In addition, shareholders of Marathon received a distribution of one half of a share of Marathon's subsidiary, Marathon Gold Corporation, for every Marathon share held immediately prior to the Stillwater exchange. During the 2011 year the Company realized $2,777,875 cash, received 175,280 shares of Stillwater (NYSE:SWC) and received 782,500 shares of Marathon Gold Corporation (TSX:MOZ). The Company recognized a loss during the 2011 fiscal year on the pro-rata disposal of the Marathon PGM shares pertaining to the cash portion of the plan of arrangement in the amount of $1,661. During the year ended June 30, 2011, 175,000 shares of Stillwater were sold for net proceeds of $3,896,066. During the year ended June 30, 2013, the Company sold the Marathon Gold Corporation shares for gross proceeds of $665,125 and recorded a loss on disposition in the amount of $458,432.

During the year ended June 30, 2011, Stillwater completed the purchase of the Bermuda property from the Company for gross proceeds of $14 million. Pursuant to the asset purchase and sale agreement, one-half ($7 million) was paid in shares of Stillwater with the remaining amount paid in cash. During the year ended June 30, 2013, the Company disposed of the shares of Stillwater for net proceeds of $5,046,921 and recorded a gain on disposition in the amount of $622,819.

The Mineral Mountain Resources ("Mineral Mountain") shares are valued at the June 30, 2013 closing price of $0.07 per common share. The shares were received during the fiscal 2011 period pursuant to the Company selling its option to earn into the Golden Harp Copper Hill Block 'A'. Mineral Mountain is listed on the TSX Venture Exchange under the symbol "MMV". During the year ended June 30, 2013, the Company sold 2 million Mineral Mountain shares for gross proceeds of $715,153 and recorded a loss on disposition in the amount of $250,924.

The Global Cobalt Corporation ("GCO") (formerly Puget Ventures Inc.) shares are valued at June 30, 2013 closing price of $0.09 per common share (June 30, 2012 - $0.49). The initial 103,100 shares were received pursuant to a joint venture agreement with GCO and the claims were subsequently sold to GCO on March 26, 2010 for an additional 1,550,000 shares of GCO (valued at $0.27 per share) for gross proceeds in the amount of $418,500. GCO is listed on the TSX Venture Exchange under the symbol "GCO".

The Golden Dory Resources Corp. ("Golden Dory") shares were subscribed for during the 2012 fiscal year pursuant to a private placement at a price of $0.13 per unit. Each unit consists of one common share and one share purchase warrant with an exercise price of $0.20 for a period of 18 months following the date of issuance, subject to an acceleration provision at the election of Golden Dory should the stock trade above a price of $0.30 per share for 10 consecutive days. Golden Dory is listed on the TSX Venture Exchange under the symbol "GDR". The shares are valued at the June 30, 2013 trading price of $0.01 per share. The warrants received in the private placement expired unexercised during the year ended June 30, 2013. Subsequent to June 30, 2013 (effective October 1, 2013), Golden Dory completed a 1:10 share consolidation and underwent a company name change to Sokomon Iron Corp. and commenced trading on the TSX Venture Exchange under the symbol "SIC". As a result, the Company's shareholdings were consolidated to 155,000 shares of Sokomon Iron Corp. in the subsequent period.

The Parkside Resources Corporation ("Parkside") shares were acquired by the Company by optioning its Forester Lake gold property to Parkside for 1 million shares. In addition the Company provided equity financing to Parkside totaling $400,000 for another 4 million shares (for a total of 5 million shares), $200,000 of which was subscribed for during the year ended June 30, 2013 at $0.10 per unit, with each unit consisting of one common share and one common share purchase warrant exercisable at $0.20 for 24 months expiring February 17, 2015. At June 30, 2013, the Company held approximately 18.98% of the outstanding shares of Parkside. During the year ended June 30, 2013, Parkside commenced trading on the TSX Venture Exchange under the symbol "PKS". The Company's share position in Parkside is subject to certain escrow conditions and as a result only 1,250,000 shares of Parkside are free trading at June 30, 2013. The shares are valued at the June 30, 2013 trading price of $0.06 per common share.

The Gold Royalties Corporation shares were received by the Company pursuant to the sale of the Company's 1% net smelter return royalty interest on the Bermuda Project located near Marathon, Ontario during the year ended June 30, 2013. The shares were valued at the June 30, 2013 trading price of $0.50 per common share and are subject to an escrow agreement that releases them from escrow on February 28, 2014.

8. PROPERTY AND EQUIPMENT:

	June 30, 2013			June 30, 2012		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Computer Equipment	$ 56,883	$ 52,727	$ 4,156	$ 55,479	$ 49,589	$ 5,890
Furniture and Equipment	85,511	54,334	31,177	85,511	46,687	38,824
Computer Software	106,947	106,151	796	106,947	96,520	10,427
Exploration Camps	181,232	155,087	26,145	181,232	144,245	36,987
Automotive	41,671	24,144	17,527	41,671	16,877	24,794
Total	$ 472,244	$ 392,444	$ 79,801	$ 470,840	$ 353,918	$ 116,922

9. EXPLORATION AND EVALUATION ASSETS:

Mineral property acquisition, exploration and development expenditures are deferred until the properties are placed into production, sold, impaired or abandoned. These deferred costs will be amortized over the estimated useful life of the properties following commencement of production, or written-down if the properties are allowed to lapse, are impaired, or are abandoned. The deferred costs associated with each property for the year ended June 30, 2013 and 2012 is summarized in the tables below:

For the year ended June 30, 2013

		Saganaga/Q9 (a)	Long Range (b)	Elizabeth Anne (c)	Shebandowan (d)	Abernethy (e)	Cornerstone Option (f)	Other (g)	Total
June 30, 2012 - Acquisition Costs	$	280,143	200,230	56,972	86,933	13,569	-	709,700	1,347,547
Additions		810	2,900	115,189	-	-	22,750	126,427	268,076
Writedowns/Recoveries/Disposals **(h)**		-	-	-	(86,933)	-	-	(147,594)	(234,527)
Subtotal	$	810	-	115,189	(86,933)	-	22,750	(21,167)	33,549
June 30, 2013 - Acquisition Costs	$	**280,953**	**203,130**	**172,161**	**-**	**13,569**	**22,750**	**688,553**	**1,381,096**
June 30, 2012 - Exploration and Evaluation Expenditures	$	1,939,538	1,232,797	363,080	708,157	352,848	-	865,515	5,461,935
					-				
Assaying		29,629	-	236,127	2,073	-	6,095	21,938	295,862
Prospecting		3,046	-	101,274	1,576	-	5,170	60,020	171,086
Geological		29,095	-	132,759	-	-	60,051	41,496	263,401
Geophysical		-	-	46,276	-	-	1,042	-	47,318
Line Cutting		-	-	-	-	-	19,699	-	19,699
Trenching		-	-	-	-	-	30,000	14,204	44,204
Diamond Drilling		6,377	-	1,208,701	2,359	-	7,264	-	1,224,701
Miscellaneous		5,749	-	15,988	99	400	22,544	11,677	56,457
Writedowns/Recoveries/Disposals **(h)**		-	-	-	(714,264)	-	-	(256,176)	(970,440)
Subtotal	$	73,896	-	1,741,125	(708,157)	400	151,865	(106,841)	1,152,288
June 30, 2013 - Exploration and Evaluation Expenditures	$	**2,013,434**	**1,232,797**	**2,104,205**	**-**	**353,248**	**151,865**	**758,674**	**6,614,223**
June 30, 2013 - Total	$	**2,294,387**	**1,435,927**	**2,276,366**	**-**	**366,817**	**174,615**	**1,447,207**	**7,995,319**

For the year ended June 30, 2012

		Saganaga/Q9 (a)	Long Range (b)	Elizabeth Anne (c)	Shebandowan (d)	Abernethy (e)	Other (g)	Total
June 30, 2011 - Acquisition Costs	$	279,317	200,010	-	65,381	13,478	877,185	1,435,371
Additions		826	220	56,972	21,552	91	75,441	155,102
Writedowns/Recoveries/Disposals **(h)**		-	-	-	-	-	(242,926)	(242,926)
Subtotal	$	826	220	56,972	21,552	91	(167,485)	(87,824)
June 30, 2012 - Acquisition Costs	$	**280,143**	**200,230**	**56,972**	**86,933**	**13,569**	**709,700**	**1,347,547**
June 30, 2011 - Exploration and Evaluation Expenditures	$	1,226,528	963,729	-	665,951	645	2,109,749	4,966,602
Assaying		66,117	-	26,975	8,356	28,661	25,772	155,881
Prospecting		4,206	-	-	5,835	10,052	33,082	53,175
Geological		42,731	400	1,410	22,273	7,468	120,176	194,458
Geophysical		19,285	-	533	403	-	42,281	62,502
Line Cutting		82,167	-	-	58	4,629	36,404	123,258
Trenching		30,374	-	-	-	-	-	30,374
Diamond Drilling		461,196	-	330,032	754	295,263	943,119	2,030,364
Miscellaneous		6,934	268,668	4,130	4,527	6,130	59,924	350,313
Writedowns/Recoveries/Disposals **(h)**		-	-	-	-	-	(2,504,991)	(2,504,991)
Subtotal	$	713,010	269,068	363,080	42,206	352,203	(1,244,233)	495,333
June 30, 2012 - Exploration and Evaluation Expenditures	$	**1,939,538**	**1,232,797**	**363,080**	**708,157**	**352,848**	**865,516**	**5,461,936**
June 30, 2012 - Total	$	**2,219,681**	**1,433,027**	**420,052**	**795,090**	**366,417**	**1,575,216**	**6,809,483**

(a) Saganaga Lake/Q9 Property

The Saganaga Lake Property consists of mining rights for 100% of 20 claims totalling 51 units and the Company also has earned 100% in one claim totalling 2 units and 99% of 10 claims under option from Wing Resources in the Saganaga Lake area of Thunder Bay. Pursuant to an option agreement dated September 27, 2005, the Company acquired a 100% interest in the mining claims by paying the vendor a total of $100,000 in cash and issuing 100,000 shares over a four year period (completed). The vendor will retain a 3% NSR of which the Company has the right to buy back up to 50% for $500,000 per 0.5% NSR.

The Q-9 property is located approximately 160km west of Thunder Bay, Ontario and adjoins the Saganaga Gold property. The project was subject to an asset purchase, sale and royalty agreement dated May 8, 2006 between the Company and Stares Contracting Corp., a company controlled by Stephen Stares, Director and Officer and Michael Stares, Director of the Company, whereby the Company has a 100% interest subject to a 2% NSR in the project as a result of the Company having paid $75,000 and issued 200,000 shares.

(b) Long Range Property

The Long Range property is located in central Newfoundland and is the result of a 40%/40%/20% joint venture agreement initially formed between the Company, Buchans Minerals Corporation ("Buchans") and Golden Dory Resources Corp. ("Golden Dory") and is comprised of claims totaling 222km^2. The joint venture was subsequently revised to a 50%/50% joint venture between the Company and Buchans upon Golden Dory withdrawing from the agreement and the remaining two parties assuming an equal interest. Buchans is currently operating the project and the Company has informed Buchans that it will not be contributing to any future work programs on the project and will be diluted accordingly.

(c) Elizabeth Anne Property

The Elizabeth Anne property is located in San Bernardino County, California, USA. The Company acquired the property under option dated March 30, 2012 and has the exclusive right to acquire a 100% interest in the property by paying to the vendor $1.2 million in cash over a period of thirteen (13) years as follows:

i) $40,000 on execution of this Option Agreement (paid);
ii) $50,000 on the first anniversary of the Option Agreement Date (paid);
iii) $60,000 on the second anniversary of the Option Agreement Date;
iv) $70,000 on the third anniversary of the Option Agreement Date;
v) $80,000 on the fourth anniversary of the Option Agreement Date;
vi) $90,000 on the fifth anniversary of the Option Agreement Date;
vii) $100,000 on the sixth anniversary of the Option Agreement Date;
viii) $100,000 on the seventh anniversary of the Option Agreement Date;
ix) $100,000 on the eighth anniversary of the Option Agreement Date;
x) $100,000 on the ninth anniversary of the Option Agreement Date;
xi) $100,000 on the tenth anniversary of the Option Agreement Date;
xii) $100,000 on the eleventh anniversary of the Option Agreement Date;
xiii) $100,000 on the twelfth anniversary of the Option Agreement Date; and
xiv) $110,000 on the thirteenth anniversary of the Option Agreement Date.

The cash payments can be accelerated at the Company's sole election. In addition, the Company had an obligation to drill, within nine months of the option agreement date, 2 HQ core drill holes to a depth of 1,200 feet on the property which has been fulfilled. The option can be terminated by the Company at any time and no further payments would be required nor would any interest in the project transfer to the Company until the payments are made in their entirety. In addition, the agreement is subject to a 3% NSR of which the Company has the exclusive right to buy back 1.5% for $1.5 million and will hold the exclusive right to match any offer on the remaining 1.5% of the NSR.

(d) **Shebandowan Property**

The Shebandowan property is located approximately 90km west of Thunder Bay, Ontario. The Company acquired by staking a 100% interest in 17 staked claims totaling 209 units. The Company also entered in an agreement with Trillium North Minerals Ltd. ("Trillium North") in December 2010 that grants the Company the exclusive right to earn up to a 70% interest in 5 adjoining mineral claims totaling 27 units by paying Trillium North $80,000 cash ($20,000 paid), issuing 100,000 shares of the Company (25,000 shares issued) and spending $1 million on the property over a period of seven years. During the year ended June 30, 2013, the Company terminated the option with Trillium North and has no further work planned on its 100% owned claims and as a result, wrote off $801,197 in capitalized acquisition and exploration and evaluation expenditures. The Company still holds the staked claims in good standing and will seek out a joint venture partner or outright purchaser of the claims or let them lapse.

(e) **Abernethy Property**

The Abernethy property is located 10km southwest of Kenora, Ontario. The Company acquired through staking, a 100% interest in the property which consists of 9 claims totaling 67 units.

(f) **Cornerstone Option – Windowglass Hill and 51 Zone Deposits**

During the year ended June 30, 2013, the Company signed a binding letter of intent with Cornerstone Capital Resources Inc. ("Cornerstone") to acquire up to a 75% interest in Cornerstone's Windowglass Hill and 51 Zone deposits (collectively the "Property"), located approximately 25km northeast of the town of Port aux Basques in southwestern Newfoundland. The Property consists of a single 183-claim mineral license which covers an area of 4,575 ha. To earn the initial 70%, the Company must make cash payments totaling $125,000 ($20,000 paid on signing) and 155,000 common shares of the Company (25,000 shares paid on signing) as well as work commitments totaling $2 million, all over a period of four years. The Company can earn the additional 5% (taking its interest to 75%) by incurring an additional $1 million in exploration expenditures at its sole election but such election must be made within a period that is 18 months from the date that the Company's interest vests at 70%. See subsequent events note 21 for events occurring after June 30, 2013.

(g) **Other Properties**

Other property consists of several early stage projects and that the Company is evaluating for exploration potential at the year ended June 30, 2013. Included in Other property are certain projects that are subject to agreements that are more fully described below.

(i) Kingurutik Lake Property

The Kingurutik Lake property was acquired 100% by staking in late October 2006. The Property is located approximately 60km north of Voisey's Bay, Labrador and consists of 488 claim units.

The Company has entered into a Participation Agreement with Teck Resources Ltd. ("Teck") whereby the Company and Teck will form the Kingurutik Lake project by amalgamating and jointly exploring certain of their land positions in Labrador. The project is located approximately 60km north of the Voisey's Bay copper-nickel deposit and consists of 488 claim units held by the Company, (previously known as the NBK property), and 266 claim units held by Teck.

Under the terms of the Agreement, Teck completed a private placement financing with the Company during a previous fiscal year whereby the Company issued 1,000,000 common shares at $0.70 per share for total proceeds of $700,000 which resulted in the Company and Teck Cominco each holding a 50% interest in the combined properties. The Company then agreed to fund the initial $600,000 in exploration work to be carried out by Teck, which Teck then has the option to increase its interest in the property to 60% by incurring an additional $4 million in expenditures over the initial three years with an additional right to increase its interest to 70% by incurring an additional $7 million in expenditures (for a total of $11 million) over a further three years.

During the 2009 fiscal year, Teck notified the Company that it has elected to exercise its option to increase its interest in the project to 60% by incurring the aforementioned expenditures. However, during fiscal 2010, Teck informed the Company that it did not fulfill its expenditure requirement under the 60% option and would not be participating in

future exploration programs. The Company has assumed operatorship and will dilute Teck's interest accordingly should any further work be planned on the project.

(ii) Bark Lake Property

The Bark Lake property consists of 19 claims totaling 3,884 hectares in the Boot Bay Area, Northwestern Ontario and is owned 100% by the Company. During the 2011 fiscal year, the Company entered into an agreement granting Platinum Group Metals Ltd. ("PTM") the exclusive right to earn up to a 75% interest in the project. Under the terms of the agreement, PTM must pay $145,000 cash to the Company ($35,000 received), issue 215,000 shares of PTM to the Company and expend $1,625,000 on the property over a seven year period. PTM has the option to earn the final 5% (75% total) by completing a pre-feasibility study.

During the year ended June 30, 2012, the Company received notice from PTM that they were terminating the agreement and as a result, the property reverted back to the Company. As a result of no further work planned on the project, the Company wrote off $577,718 in capitalized expenditures associated with the property during the 2012 fiscal year included in other property.

(iii) Forester Lake

The Forester Lake property was acquired by staking and is owned 100% by the Company and consists of 21 claims totaling 272 units and is located approximately 100km north of Pickle Lake, Ontario. During the 2011 fiscal year, the Company entered into an agreement with Parkside Resources Corp. ("Parkside) granting Parkside the right to earn a 60% interest in the property. Under the terms of the agreement, Parkside must pay the Company $50,000 in cash (received), issue to the Company 1 million Parkside common shares (received) and expend $300,000 on the property over a period of three years with a minimum of $100,000 to be spent in each 12 month period of the three year period (fulfilled). Parkside, at their election, can earn an additional 10% (70% total) by expending an additional $700,000 on the property over an additional three year period. In addition, the Company provided Parkside with $200,000 in equity financing in fiscal 2011 (including $150,000 in flow through financing) and $200,000 in the current year ended June 30, 2013 in exchange for an additional 4 million common shares of Parkside (taking the Company's share position to 5 million shares – see note 7 "Long Term Investments").

(iv) Onion Lake Property

The Onion Lake property was acquired by staking and consists of 105 claims totaling 1,198 units and is located 30km north of Thunder Bay, Ontario. In fiscal 2010, the Company entered into an agreement with Glory Resources Limited ("Glory") which grants Glory the right to earn an initial 30% interest in the property (earned) by paying the Company $95,000 cash (received) and expending $500,000 on the property over a period of two years following the effective date (expended). Glory can earn an additional 30% (taking interest to 60%) by expending an additional $1.8 million on the property over an additional two year period (currently earning). Glory may earn an additional 10% (taking interest to 70%) by expending an additional $1.5 million on the property over an additional 18 month period.

(v) Turtle Pond Property

The Turtle Pond project is composed of 5 mining claims totaling 58 units and is located approximately 24km southwest of Dryden, Ontario. The project was acquired under option agreement dated October 20, 2011 with prospectors Alexander Glatz and Ivar Riives (the "Vendors"). The agreement allows the Company the option to earn a 100% interest in the project by making cash payments totaling $200,000 over a four year period ($20,000 paid) and conducting a minimum of $40,000 in exploration expenditures in each of the four years. The Vendors will retain a 2% NSR with the Company having the sole option to buy back 1% of the NSR for $1 million. During the year ended June 30, 2013, the Company reached an agreement with the Vendors to amend the option agreement and delay the first anniversary payment of $30,000 for one year (thereby extending the subsequent anniversary payments by one year each as well) by paying $15,000 (paid). All other terms of the option agreement remain the same. The Company has determined that no further exploration work would be conducted on the property and as a result wrote off $87,133 in deferred exploration and evaluation expenditures during the 2013 fiscal year.

(vi) Rim Property

During the 2008 fiscal year, the Company acquired, through staking, 1,823 claims in Northern Labrador. The property is located nearly 100km south of Voisey's Bay and adjacent to the Pants Lake Intrusion. The Company has no further

plans to explore the Rim property and during the 2012 year wrote off all capitalized acquisition and exploration costs associated with the property. During the 2012 fiscal year, the Company received a grant from the Newfoundland and Labrador government in the amount of $150,000 thereby reducing the deferred expenditures.

(vii) Sewell Property

The Sewell property is located in the Sewell Township in the west Timmins mining area. The Company entered into an agreement with four prospectors to acquire a 100% interest in the property by paying $200,000 cash ($20,000 paid) and issuing 200,000 (20,000 shares issued) shares of the Company over a four year period. The property is also subject to a 2% Net Smelter Return with the Company retaining the option to buy back 1%. During the quarter ended September 30, 2012, the Company terminated the option agreement on the project and it was returned to the optionors. The Company has no further commitments on the project. During the 2012 fiscal year, capitalized exploration and evaluation expenditures totaling $354,630 were written off.

(h) **Writedowns/Recoveries/Disposals**

Reductions to the carrying costs of associated properties pertaining to writedowns or as a result of cost recoveries or earn-ins, or due to dispositions during the year ended June 30, 2013 and the year ended June 30, 2012 were as follows:

	Year ended June 30, 2013	Year ended June 30, 2012
	$	$
Writedowns:		
Shebandowan Property	801,197	-
Other Properties	346,570	2,597,917
Subtotal	1,147,767	2,597,917
Recoveries:		
Other – Rim	-	150,000
Other – Cape Ray East	57,200	-
Subtotal	57,200	150,000
Total	**1,204,967**	**2,747,917**

10. CAPITAL STOCK:

(a) Share Capital

Authorized:
Unlimited common shares
One voting preference share

Issued:
74,609,031 common shares
Nil preference shares – during the year one preference share was issued and subsequently cancelled as part of the spin-out arrangement

(i) During the year ended June 30, 2013, the Company applied for and received regulatory approval for a Normal Course Issuer Bid (the "Bid") to purchase, through the facilities of the TSX Venture Exchange, up to 5,000,000 shares of its issued and outstanding common shares. The actual number of shares that may be purchased and the timing of such purchases will be determined by the Company and purchases pursuant to the Bid will be conducted through BMO Nesbitt Burns. During the year ended June 30, 2013, the company acquired a total of 1,689,500 common shares at a total cost of $162,865. The shares were cancelled during the year ended June 30, 2013.

(b) Stock Options

Details of stock option transactions for the year ended June 30, 2013 and the year ended June 30, 2012 are as follows:

	# of Options	Weighted Average Exercise Price
Balance, June 30, 2011/June 30, 2012	-	Nil
Granted during the year	8,250,000	$0.15
Expired during the year	(200,000)	$0.15
Balance, June 30, 2013	8,050,000	$0.15

As at June 30, 2013 the following stock options were outstanding:

Expiry Date	Exercise Price	March 31, 2013 # of Options	Options exercisable
August 15, 2017	$0.15	7,850,000	4,025,000
September 5, 2017	$0.15	200,000	100,000
		8,050,000	4,125,000

(c) Stock Option Plan

The Company has a Stock Option Plan (the "Plan") for directors, officers, employees and consultants. The Plan authorizes the granting of options to purchase up to a maximum of 15,524,706 common shares of which 8,050,000 are outstanding at June 30, 2013. The Plan provides that:

i) any options granted pursuant to the Plan shall expire no later than five years after the date of grant;

ii) any options granted pursuant to the Plan shall be non-assignable and non-transferable;

iii) the number of common shares issuable pursuant to the Plan to any one person in any 12 month period shall not exceed 5% of the outstanding common shares;

iv) the number of common shares issuable pursuant to the Plan to any one consultant in any 12 month period may not exceed 2% of the outstanding common shares;

v) the number of common shares issuable pursuant to the Plan to persons employed in investor relation activities may not exceed 2% of the outstanding common shares in any 12 month period.

vi) the Plan provides that options shall expire and terminate 30 days following the date the optionee ceases to be an employee, director or officer of, or consultant to, the Company, provided that if such termination is as a result of death of the optionee, the optionee's personal representative shall have one year to exercise such options.

vii) The number of common shares: (1) reserved for issuance to insiders of the Company may not exceed 20% of the issued and outstanding common shares; and (2) which may be issued to insiders within a one year period may not exceed 20% of the issued and outstanding common shares.

viii) the Plan provides that options granted under the plan shall vest in the optionee, and may be exercisable by the optionee as follows: (1) 25% on the date of granting; (2) 25% six months from the date of granting; (3) 25% twelve months from the date of granting; and (4) 25% eighteen months from the date of granting.

11. RELATED PARTY TRANSACTIONS:

The Company paid or accrued the following amounts to related parties during the year ended June 30, 2013 and 2012:

Payee	Description of Relationship	Nature of Transaction	June 30, 2013 Amount ($)	June 30, 2012 Amount ($)
Stares Contracting Corp.	Company controlled by Stephen Stares, Director and Officer and Michael Stares, Director	Payments for office rental costs included in general and administrative expenses and expense reimbursements included in exploration and evaluation expenditures	69,160	61,301
Gordon J. Fretwell Law Corporation	Company controlled by Gordon Fretwell, Director and Officer	Legal fees and disbursements charged/accrued during the year	43,083	98,398
Stares Prospecting Ltd.	Company controlled by Alexander Stares, Brother of Stephen and Michael Stares	Prospecting services and equipment rentals	384	12,360

The purchases from and fees charged by the related parties are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the year ended June 30, 2013, the Company paid director fees to one of its directors totaling $10,000 for services rendered on the Company's Audit Committee. The director is to receive $2,500 per quarter.

Included in accounts payable and accrued liabilities is $8,705 (2012 - $4,063) to Stares Contracting Corp. and $17,000 (2012 - $40,501) to Gordon J. Fretwell Law Corporation. The repayment terms are similar to the repayment terms of non-related party trade payables.

During the 2013 year, the Company invoiced and accrued $28,000 in management fees (2012 - $NIL) to Benton Capital Corp. to offset certain overhead covered by the Company on Benton Capital Corp.'s behalf.

Key management personnel remuneration during the year included $543,098 (2012 - $569,213) in salaries and benefits and $355,704 (2012 - $1,117,185) in share-based payments. There were no post-retirement or other long-term benefits paid to key management personnel during the year.

12. NET EARNINGS (LOSS) PER SHARE:

Basic loss per common share has been calculated using the weighted average number of common shares outstanding in each respective period. As the issue of shares upon the exercise of stock options and warrants would be anti-dilutive, diluted loss per common share is equivalent to basic loss per common share.

13. INCOME TAXES:

(a) Provision for Current Income Taxes

The provision for (recovery of) income taxes differs from the amount that would have resulted by applying Canadian federal and provincial statutory tax rates of 25.875% (June 30, 2012 – 27.25%).

	June 30, 2013 $	June 30, 2012 $
Net income (loss) before taxes	(1,872,650)	(8,925,566)
Income tax expense reconciliation		
Expected income tax expense (recovery) calculated using statutory rates	(484,548)	(2,432,217)
Tax effect of the following items:		
Non-deductible expense allocations from plan of arrangement	38,725	-
Non-deductible stock based compensation	122,942	335,389
Non-deductible expenses and other items	36,394	(181,159)
Non-deductible write-down of mineral properties	296,883	707,932
Adjustment to fair value for fair value through profit and loss investments	(127,246)	2,067,801
Capital gains	-	-
CCA deducted	(13,420)	(18,881)
Recognized impact of deferred tax liabilities (assets)	365,229	(3,609,279)
Change in effective tax rates	198	244,420
Expected income tax expense (recovery) calculated for tax purposes	235,157	(2,885,994)
Valuation allowance		-
Income tax expense (recovery)	235,157	(2,885,994)

Income tax expense (recovery) consists of:		
Current income taxes	-	(403,750)
Deferred income taxes	235,157	(2,482,244)
	235,157	(2,885,994)

(b) Deferred Tax Balances

The tax effect of temporary differences that give rise to deferred income tax assets and deferred income tax liabilities at the combined Canadian federal and provincial statutory tax rates are as follows:

	June 30, 2013 $	June 30, 2012 $
Deferred tax assets (liabilities) – long term		
Non-capital losses	125,857	-
Property and equipment	7,170	14,836
Investments	999,482	1,573,187
Deferred development expenditures	(1,425,965)	(1,731,519)
Net deferred income tax liability	(293,456)	(143,496)

(c) Additional Income Tax Information

The Company non-capital losses of $500,184 available to reduce taxable income in future years as well as net capital losses in the amount of $921,244 available for carryforward. In addition, the Company has available $363,255 in Cumulative Canadian exploration expenses, $151,967 in Cumulative Canadian development expenses and $1,776,236 in Foreign exploration and development expenses available for deduction against taxable income in future periods.

14. SHARE-BASED PAYMENTS:

The Company applies the fair value method of accounting for share-based payments to directors, officers, employees and non-employees and accordingly $475,137 is recorded as share-based payments and under reserves as equity settled benefits for the 7,057,736 options vesting to directors, officers, and employees during the year. The fair value of the options vesting below during the year ended June 30, 2013 was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions:

Grant Date	# of Options Vested	Exercise Price	Expiry Date	Fair Value of Option	Dividend Yield	Volatility	Risk-free Interest Rate	Expected Life
August 15, 2012	6,889,446	$0.15	August 15, 2017	$0.067	0%	104%	1.47%	5 yrs
September 5, 2012	168,290	$0.15	September 5, 2017	$0.079	0%	106%	1.26%	2 yrs
	7,057,736							

15. CAPITAL DISCLOSURES:

The Company's objectives when managing capital are as follows:

- To safeguard the Company's ability to continue as a going concern;
- To raise sufficient capital to finance its exploration and development activities on its mineral exploration properties;
- To raise sufficient capital to meet its general and administrative expenditures.

The Company manages its capital structure and makes adjustments to it based on the general economic conditions, its short term working capital requirements, and its planned exploration and development program expenditure requirement. The capital structure of the Company is composed of working capital and shareholders' equity. The Company may manage its capital by issuing flow through or common shares, or by obtaining additional financing.

The Company utilizes annual capital and operating expenditure budgets to facilitate the management of its capital requirement. These budgets are approved by management and updated for changes in the budgets underlying assumptions as necessary.

There were no changes in the Company's approach to managing capital during the year.

In order to maintain or adjust the capital structure, the Company considers the following;

i) incremental investment and acquisition opportunities;
ii) equity and debt capital available from capital markets;
iii) equity and debt credit that may be obtainable from the marketplace as a result of growth in mineral reserves;
iv) availability of other sources of debt with different characteristics than the existing bank debt;
v) the sale of assets;
vi) limiting the size of the investment program; and
vii) new share issuances if available on favorable terms.

Except as otherwise disclosed, the Company is not subject to any external financial covenants at June 30, 2013.

16. FINANCIAL RISK MANAGEMENT:

The Company's financial instruments are exposed to certain risks, including credit risk, interest rate risk and liquidity risk.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to credit risk consist of cash, temporary investments, accounts and other receivables and refundable security deposits. The Company's cash is held through a large Canadian Financial Institution. The temporary investments are held through major Canadian Financial Institutions with only the highest credit quality as determined by rating agencies. The temporary investments are available for cash requirement purposes at the request of the Company. Refundable security deposits are held by the Government of Newfoundland. The Company has no significant concentration of credit risk arising from operations. Management believes the risk of loss to be remote.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. While management feels the risk of capital loss on its temporary investments is remote given its investment in only highly rated, investment grade fixed income securities with reputable Canadian financial institutions, the income derived from these securities can fluctuate as a result of changes in interest rates upon reinvestment of matured funds. The Company's temporary investments are purchased at fixed interest rates and are either fully liquid or bear short staggered maturity dates to mitigate the risk of fluctuating interest rates. At June 30, 2013, a 1% change in yields on the Company's short term investments would result in an approximate $86,500 (June 30, 2012 - $59,605) change in interest income per annum.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company monitors and reviews current and future cash requirements and matches the maturity profile of financial assets and liabilities. This is generally accomplished by ensuring that cash and temporary investments are always available to settle financial liabilities. At June 30, 2013, the Company had cash on hand of $44,740 (June 30, 2012 - $1) and temporary investments available to the Company of $8,648,220 (June 30, 2012 – $NIL) to settle current liabilities of $81,294 (June 30, 2012 - $NIL). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(d) Currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The majority of the Company's operations are in Canada; therefore, management believes the foreign exchange risk derived from any currency conversions is negligible and therefore does not hedge its foreign exchange risk.

(e) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and is comprised of currency risk, interest rate risk, and equity price risk. The fair value of the Company's long term investments are impacted by changes in the quoted market price of the underlying issuer's securities with the resulting change impacting net income.

17. SUPPLEMENTAL CASH FLOW INFORMATION:

The following transactions did not result in cash flows and have been excluded from operating, financing and investing activities:

	June 30, 2013	June 30, 2012
Non-cash operating activities		
Non-cash working capital balances transferred from Benton Capital Corp.	$(153,043)	$ -
Gain on sale of exploration and evaluation assets	(285,578)	
Non-cash financing activities		
Non-cash transfers of assets from Benton Capital Corp. pursuant to plan of arrangement	$ 153,043	
Common shares issued for mineral property option	$ 2,750	$ 15,750
Non-cash investing activities		
Mineral property financed through common share issuance	$ (2,750)	$(15,750)
Shares received pursuant to sale of Bermuda royalty	285,578	

18. REFUNDABLE SECURITY DEPOSITS:

Refundable security deposits of $106,309 (June 30, 2012 - $139,354) represents security deposits paid to the Government of Newfoundland and Labrador in connection with mineral property claims located in the Province of Newfoundland. These refundable security deposits are refundable to the Company upon submission by the Company of a report covering the first year work requirements, which meets the requirements of the Government of Newfoundland and Labrador.

19. COMMITMENTS:

The company has commitments as described in note 9 related to mineral properties and deferred development expenditures. The Company leases certain office equipment for $488 per month until August 2015.

20. GEOGRAPHIC SEGMENTED INFORMATION

Details are as follows:

	Canada $	United States $	Total $
June 30, 2013			
Loss and comprehensive loss for the year	2,107,807	-	2,107,807
Non-current assets	6,970,067	2,276,366	9,183,433
Total assets	15,778,126	2,276,366	18,054,492
Total liabilities	359,833	14,917	374,750
June 30, 2012			
Loss and comprehensive loss for the year	(8,925,566)	-	(8,925,566)
Non-current assets	13,063,417	420,052	13,483,469
Total assets	13,218,115	420,052	13,638,167
Total liabilities	118,512	24,984	143,496

21. SUBSEQUENT EVENTS

The following events occurred subsequent to the reporting year ended June 30, 2013:

- On July 4, 2013, the Company amended its original agreement dated December 19, 2012 with Cornerstone Capital Resources Inc. ("Cornerstone") which allowed the Company to purchase a 100% interest in the Cape Ray Gold project by making a one-time payment of $200,000 (paid) and by issuing 350,000 common shares (issued) of the Company. Cornerstone will retain a 0.25% NSR which will result in there being a total of 2% NSR on the project of which the Company has the right to purchase back 1% for $1 million. The amended agreement was subsequently given regulatory approval and was completed.

- On July 31 and August 7, 2013, the Company acquired through staking a total of 1,017 claim units representing approximately 261 square kilometres within the Mealy Lake intrusion (the "Mealy Project") in Labrador. On August 16, 2013, the Company executed an option agreement with Platinum Group Metals Ltd. ("PTM") on the Mealy Project whereby PTM can earn a 71% interest in the Mealy Project by paying to the Company $51,000 (received) on the effective date (the "Effective Date") and by incurring an aggregate of $2.4 million in exploration expenditures on the Mealy Project as follows:

    i. $300,000 on or before the date which is 12 months from the Effective Date;
    ii. a further $300,000 on or before the date which is 24 months from the Effective Date;
    iii. a further $400,000 on or before the date which is 36 months from the Effective Date;
    iv. a further $1.4 million on or before the date which is 48 months from the Effective Date.

    The Company will retain a 1% NSR on the Mealy Project and PTM will be the operator while it holds a majority interest.

- On August 15, 2013, the Company acquired by staking 16 claim units near Hearst, Ontario (the "Project"). On August 19, 2013, the Company executed an agreement with Alabama Graphite Corp. ("Alabama Graphite") pursuant to which Alabama Graphite purchased a 100% interest in the Project by paying the Company $8,000 (subsequently received) and issuing to the Company, 2 million common shares of Alabama Graphite (subsequently received) with the following restrictions:

    i. 500,000 common shares with the standard 4 month trading restriction legend from the date of issuance;
    ii. 500,000 common shares with a 10 month trading restriction legend from the date of issuance;
    iii. 500,000 common shares with a 16 month trading restriction legend from the date of issuance; and
    iv. 500,000 common shares with a 22 month trading restriction legend from the date of issuance.

    The Company will also retain a 2% NSR with Alabama Graphite having the right to buy back 50% of the NSR (i.e. 1%) for $1 million.

- On October 8, 2013, the Company entered into an option agreement with Tenacity Gold Mining Company Ltd. ("Tenacity") to purchase a 100% interest in four mining claims which encompasses the 04, 41, Isle Aux Mort and Big Pond gold deposits located in southwest Newfoundland. The Company paid $400,000 and issued 1.5 million common shares of the Company and will issue a further 1.5 million common shares of the Company (for a total of 3 million common shares) in 12 months. The claims are subject to a sliding scale NSR on the production of metals: a 3% NSR on production when gold is below $2,000 per ounce; a 4% NSR when gold is from $2,000 per ounce or more but less than $3,000 per ounce with the Company having the right to buy back 1% for $500,000; and a 5% NSR when gold is $3,000 or above subject to the Company having the right to buy back 1% for $500,000.