Condensed Interim Financial Statements

(Unaudited)

Periods ended

March 31, 2014

3rd Quarter

MONARQUES RESOURCES INC.

450, rue de la Gare-du-Palais
1st floor
Quebec (Quebec) G1K 3X2
Tél.: 418 614-0940
Fax.: 418 614-0627

TSX-V : MQR
WWW.MONARQUESRESOURCES.COM

Periods ended March 31, 2014 and 2013

CONDENSED INTERIM FINANCIAL STATEMENTS

MONARQUES RESOURCES INC.

MANAGEMENT'S REPORT

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed interim financial statements have been prepared by management and are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The management is responsible for the preparation, integrity and objectivity of the unaudited condensed interim financial statements and other financial information presented in this Annual Report. Other information included in these unaudited condensed interim financial statements are based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the unaudited condensed interim financial statements are presented fairly in all material respects.

A system of administrative, internal accounting and disclosure controls have been developed and are maintained by management to provide reasonable assurance that assets are safeguarded and that financial information is accurate and reliable.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and is mainly composed of independent outside directors. The Audit Committee meets periodically with management and the independent auditors to review accounting, auditing and internal control matters. These unaudited condensed interim financial statements have been reviewed and approved by the Board of Directors on the recommendation of the Audit Committee.

The unaudited condensed interim financial statements for the three-month and nine-month periods ended March 31, 2014 and 2013 have been reviewed by KPMG LLP, the independent auditors. The independent auditors have full and free access to the Audit Committee.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that all transactions are being made only in accordance with the authorization of management and/or directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements. However, because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

/s/ Jean-Marc Lacoste	*/s/ Steve Nadeau*
Jean-Marc Lacoste, President and CEO	Steve Nadeau, Chief Financial Officer

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2014 AND JUNE 30, 2013

	NOTE	MARCH 31, 2014	JUNE 30, 2013
		$	$
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	10 H)	724,538	2,093,271
Sales tax receivable		66,545	13,871
Marketable securities	6	120,000	-
Other receivables and deposits		-	35,000
Prepaid expenses		18,055	8,977
		929,138	2,151,119
NON-CURRENT ASSETS:			
Mining properties	4	**1,961,370**	7,803,136
Exploration and evaluation assets	5	**1,354,008**	4,727,923
Deferred mining properties acquisition costs and deposits	16 A) B)	**174,264**	-
		3,489,642	12,531,059
TOTAL ASSETS		**4,418,780**	14,682,178
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities		**126,154**	191,591
Liability related to flow-through shares	7 (i) (iv)	**32,787**	190,214
		158,941	381,805
NON-CURRENT LIABILITIES:			
Deferred income taxes and mining taxes	14	**-**	517,022
TOTAL LIABILITIES		**158,941**	898,827
EQUITY:			
Share capital and warrants	7	**17,011,877**	16,299,618
Contributed surplus		**573,041**	486,515
Accumulated other comprehensive income		**80,000**	-
Deficit		**(13,405,079)**	(3,002,782)
		4,259,839	13,783,351
TOTAL LIABILITIES AND EQUITY		**4,418,780**	14,682,178

Contingencies (Note 9); Commitments (Note 10); Subsequent events (Note 16)

The notes on pages 7 to 33 are an integral part of these unaudited condensed interim financial statements.

On behalf of the Board:

'Jean-Marc Lacoste, Director   *'Michel Baril'*, Director

CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

PERIODS ENDED MARCH 31, 2014 AND 2013

		THREE-MONTHS ENDED MARCH 31,		NINE-MONTHS ENDED MARCH 31,	
	Note	**2014**	2013	**2014**	2013
		$	$	**$**	$
EXPENSES:					
Compensation	13	**92,048**	108,319	**296,696**	267,197
Share-based payments	8	**-**	17,971	**86,526**	90,926
Rent, office expense and other expenses		**12,851**	11,627	**37,245**	36,735
Registration, listing fees and shareholders' information		**13,628**	10,173	**48,577**	53,132
Promotion and advertising		**13,096**	1,485	**30,105**	2,825
Representation, missions and trade shows		**11,378**	6,854	**27,618**	11,130
Consultant fees		**6,036**	5,817	**24,638**	36,262
Professional fees		**(15,242)**	16,903	**71,442**	60,053
		133,795	179,149	**622,847**	558,260
NET FINANCE EXPENSE (INCOME):					
Finance income		**(1,879)**	(6,362)	**(12,422)**	(10,666)
Finance expense		**738**	1,283	**7,165**	2,454
		(1,141)	(5,079)	**(5,257)**	(8,212)
Operating loss		**132,654**	174,070	**617,590**	550,048
OTHER ITEMS:					
Other income related to flow-through shares	7 (i) (iv)	**(11,298)**	(113,847)	**(207,827)**	(241,509)
Change in fair value of available-for sale marketable securities		**-**	-	**80,000**	-
Impairment of mining properties	4	**-**	-	**5,941,317**	-
Impairment of exploration and evaluation assets	5	**-**	-	**4,395,437**	-
		(11,298)	(113,847)	**10,208,927**	(241,509)
Net loss before income taxes		**121,356**	60,223	**10,826,517**	308,539
Income taxes (recovery) expense	14	**-**	111,166	**(517,022)**	201,417
Net loss for the period		**121,356**	**171,389**	**10,309,495**	**509,956**
Other comprehensive income:					
Change in fair value of available-for-sale marketable securities	6	**-**	-	**(80,000)**	-
Comprehensive loss for the period		**121,356**	**171,389**	**10,229,495**	**509,956**
Basic and diluted loss per share	15	**0.002**	0.003	**0.194**	0.012
Weighted average number of shares outstanding		**55,825,259**	50,567,900	**52,764,933**	41,985,235

The notes on pages 7 to 33 are an integral part of these unaudited condensed interim financial statements.

CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

PERIODS ENDED MARCH 31, 2014 AND 2013

	SHARE CAPITAL AND WARRANTS	CONTRIBUTED SURPLUS	ACCUMULATED OTHER COMPREHENSIVE INCOME	DEFICIT	TOTAL
	$	$	$	$	$
BALANCE AS AT JUNE 30, 2013	16,299,618	486,515	-	(3,002,782)	**13,783,351**
EQUITY FINANCING:					
Issuance of shares	250,400	-	-	-	**250,400**
Flow-through shares	201,600	-	-	-	**201,600**
Flow-through shares premium	(50,400)	-	-	-	**(50,400)**
Exercise of warrants	308,000	-	-	-	**308,000**
Share issuance costs	-	-	-	(90,143)	**(90,143)**
OPTIONS:					
Granted to employees, officers, directors, consultants or I.R. representatives (note 8)	-	86,526	-	-	**86,526**
Granted to brokers	2,659	-	-	(2,659)	**-**
	17,011,877	**573,041**	**-**	**(3,095,584)**	**14,489,334**
NET LOSS FOR THE PERIOD	-	-	-	(10,309,495)	**(10,309,495)**
OTHER COMPREHENSIVE INCOME:					
Change in fair value of available-for-sale marketable securities	-	-	80,000	-	**80,000**
BALANCE AS AT MARCH 31, 2014	**17,011,877**	**573,041**	**80,000**	**(13,405,079)**	**4,259,839**

The notes on pages 7 to 33 are an integral part of these unaudited condensed interim financial statements.

	SHARE CAPITAL AND WARRANTS	CONTRIBUTED SURPLUS	DEFICIT	TOTAL
	$	$	$	$
BALANCE AS AT JUNE 30, 2012	13,432,106	395,589	(2,117,781)	11,709,914
EQUITY FINANCING:				
Issuance of shares	1,463,800	-	-	1,463,800
Flow-through shares	1,647,200	-	-	1,647,200
Flow-through shares premium	(329,440)	-	-	(329,440)
Share issuance costs	-	-	(380,318)	(380,318)
OPTIONS:				
Granted to employees, officers, directors, consultants or I.R. representatives (note 8)	-	90,926	-	90,926
Granted to brokers	60,952	-	(60,952)	-
Recognition of deferred tax assets related to share issuance expenses	-	-	102,305	102,305
	16,274,618	**486,515**	**(2,456,746)**	**14,295,387**
Loss for the period	-	-	(509,956)	(509,956)
BALANCE AS MARCH 31, 2013	**16,274,618**	**486,515**	**(2,966,702)**	**13,794,431**

The notes on pages 7 to 33 are an integral part of these unaudited condensed interim financial statements.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

MARCH 31, 2014 AND 2013

	THREE MONTHS ENDED MARCH 31,		NINE MONTHS ENDED MARCH 31,	
	2014	**2013**	**2014**	**2013**
	$	$	**$**	$
Cash flows from operating activities:				
Net loss for the period	**(121,356)**	(171,389)	**(10,309,495)**	(509,956)
Adjustments for:				
Share-based payments	**-**	17,971	**86,526**	90,926
Other income related to flow-through shares	**(11,298)**	(113,847)	**(207,827)**	(241,509)
Change in fair value of marketable securities financial assets	**-**	-	**80,000**	-
Impairment of mining properties (note 4)	**-**	-	**5,941,317**	-
Impairment of exploration and evaluation assets (note 5)	**-**	-	**4,395,437**	-
Deferred income tax (recovery) expense	**-**	111,166	**(517,022)**	201,417
Net change in non-cash operating working capital	**60,039**	155,760	**(72,685)**	(185,184)
	(72,615)	**(339)**	**(603,749)**	**(644,306)**
Cash flows from financing activities:				
Proceeds from issuance of Shares	**200,000**	-	**250,400**	1,463,800
Flow-through shares	**-**	-	**201,600**	1,647,200
Exercise of warrants	**88,000**	-	**308,000**	-
Share issuance expenses	**(53,620)**	(110,726)	**(90,143)**	(380,318)
	234,380	**(110,726)**	**669,857**	**2,730,682**
Cash flows from investing activities:				
Deferred mining properties acquisition costs and deposits	**(38,907)**	-	**(174,264)**	-
Addition to mining properties	**(865)**	-	**(99,551)**	(40,000)
Increase in marketable securities	**-**	-	**(120,000)**	-
Increase in exploration and evaluation assets	**(93,421)**	(693,497)	**(1,041,026)**	(1,381,700)
	(133,193)	**(693,497)**	**(1,434,841)**	**(1,421,700)**
Net (decrease) increase in cash and cash equivalents	28,572	(804,562)	(1,368,733)	664,676
Cash and cash equivalents, beginning of the period	695,966	2,871,951	2,093,271	1,402,713
Cash and cash equivalents, end of the period	**724,538**	**2,067,389**	**724,538**	**2,067,389**

Other information related to cash flows (note 12)

The notes on pages 7 to 33 are an integral part of these unaudited condensed interim financial statements.

1. REPORTING ENTITY, NATURE OF OPERATIONS AND GOING CONCERN:

Monarques Resources Inc. ("the Company"), incorporated on February 16, 2011, under the *Canada Business Corporations Act*, is engaged in the acquisition and exploration of mining properties. Its shares trade on the TSX Venture Stock Exchange under the symbol MQR. Its activities are in Canada. The Company is an associate of Nemaska Lithium Inc. ("Nemaska"), a company that trades on the TSX Venture under the symbol NMX and owns 27.78% (31.25% as at June 30, 2013) of the share capital of the Company as at the date of these condensed interim financial statements.

The Company has not yet determined if the properties contain ore reserves are economically recoverable. Although the Company has taken steps to verify title to mineral properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

The recoverability of amounts shown for mining properties and related exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof. As at the date of the financial statements, management determined that the net carrying value of mining properties represents the best estimate of their net recoverable value. This value may nonetheless be reduced in the future.

Management expects that the funds available to the Company at the end of the period will provide the Company with adequate funding for the remaining of the current fiscal year, but not for the next 12 months, in order to cover its budget for general administrative expenses, to meet its short-term obligations, and to complete its planned 2014 calendar year exploration budget. Accordingly, the Company will need to raise funds during the second half of the 2014 calendar year in order to provide the Company with adequate funding to cover its budget for general administrative expenses, to meet its short-term obligations associated with its financial liabilities associated with its second half of the 2014-2015 fiscal year. Since the Company does not generate revenues, the Company will need to periodically obtain new funds to pursue its operations and, despite its ability to obtain funds in the past, there is no guarantee that it will be able to raise financing in the future. If the Company is unable to obtain sufficient additional financing, it may have to delay, scale back or eliminate exploration plans which could harm the business, financial condition and results of operations, and could impact the Company's ability to continue as a going concern beyond the current fiscal year.

These condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and on the assumption of going concern. The application of IFRS under the assumption of going concern may be inappropriate because the above condition indicates the existence of a material uncertainty which may cast significant doubt on the ability of the Company to continue as a going concern. These condensed interim financial statements do not include adjustments that should be made to the carrying amount of assets and liabilities if the assumption of going concern proves to be unfounded.

The address of the head office of the Company is 450, rue de la Gare-du-Palais, 1st floor, Quebec (Quebec), Canada G1K 3X2 and the web site is www.monarquesresources.com.

2. BASIS OF PREPARATION:

(A) STATEMENT OF COMPLIANCE:

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") on a basis consistent with those accounting policies followed by the Company in the most recent audited annual financial statements except where noted below. These unaudited condensed interim financial statements have been prepared under IFRS in accordance with IAS 34, Interim Financial Reporting. Certain information, in particular the accompanying notes, normally included in the audited annual financial statements prepared in accordance with IFRS has been omitted or condensed. Accordingly, these unaudited condensed interim financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the audited annual financial statements and the notes thereto for the year ended June 30, 2013. On May 27, 2014, the Board of Directors approved, for issuance, these condensed interim financial statements.

(B) BASIS OF MEASUREMENT:

The condensed interim financial statements have been prepared on the historical cost basis except for available-for-sale assets which are measured at fair value through other comprehensive income.

The condensed interim financial statements have been prepared on a going concern basis, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

(C) FUNCTIONAL AND PRESENTATION CURRENCY:

These condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

(D) USE OF ESTIMATES AND JUDGMENTS:

The preparation of the condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

In preparing these interim condensed financial statements, the significant judgments made by management applying the Company accounting policies and the key sources of estimation uncertainty were the same as those described in the Company's audited annual financial statements for the year ended June 30, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES:

These condensed interim financial statements have been prepared following the same accounting policies used in the audited financial statements for the year ended June 30, 2013, except as noted below:

FINANCIAL INSTRUMENTS

Investments are classified as available-for-sale financial assets. They are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognized in other comprehensive income and presented within equity in accumulated other comprehensive income.

When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. Investments in publicly traded companies are recorded at fair value based on quoted closing prices at the statement of financial position date. Unrealized gains and losses are recorded in other comprehensive income.

For an investment in an equity security, a significant or prolonged decline in its fair value below cost is objective evidence of impairment. Impairment losses on available-for-sale financial assets are recognized by reclassifying losses accumulated in accumulated other comprehensive income to profit or loss. The cumulative loss that is reclassified from accumulated other comprehensive income is the difference between the acquisition cost and the current fair value, less any impairment losses recognized previously in profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

CHANGES IN ACCOUNTING POLICIES

The following new standard and amendment to standards and interpretations has been applied in preparing the condensed interim financial statements as at March 31, 2014. The adoption of this new standard has not had a material impact on the financial statements.

IFRS 13, FAIR VALUE MEASUREMENT

IFRS 13 replaces the fair value measurement guidance contained in individual IFRS with a single source of fair value measurement guidance. It defines fair value as 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, which means an exit price. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements.

IFRS 13 explains ‘how’ to measure fair value when it is required or permitted by other IFRSs. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

The Company has included the additional disclosures required by this standard in note 6.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED:

The following new standards have been issued but are not yet applicable to the Corporation.

The following new standards, interpretations and amendments have been issued but are not yet effective and therefore have not been applied in preparing these financial statements:

IFRS 9, FINANCIAL INSTRUMENTS:

In November 2009, the IASB issued IFRS 9, *Financial Instruments* ("IFRS 9 (2009)"), and in October 2010, the IASB published amendments to IFRS 9 ("IFRS 9 (2010)").

In November 2013, the IASB issued a new general hedge accounting standard, which forms part of IFRS 9, *Financial Instruments* (2013). The new standard removes the January 1, 2015 effective date of IFRS 9. The new mandatory effective date will be determined once the classification and measurement and impairment phases of IFRS 9 are finalized.

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

IFRS 9 (2010) introduces additional changes relating to financial liabilities.

IFRS 9 (2013) includes a new general hedge accounting standard which will align hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness. However it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship.

Special transitional requirements have been set for the application of the new general hedging model.

The mandatory effective date is not yet determined; however, early adoption of the new standard is still permitted. Canadian reporting entities cannot early adopt IFRS 9 (2013) until it has been approved by the Canadian Accounting Standards Board.

AMENDMENTS TO IAS 32, OFFSETTING FINANCIAL ASSETS AND LIABILITIES:

In December 2011, the IASB published Offsetting Financial Assets and Financial Liabilities. The effective date for the amendments to IAS 32 is annual periods beginning on or after January 1, 2014. These amendments are to be applied retrospectively.

The amendments to IAS 32 clarify that an entity currently has a legally enforceable right to set off if that right is:

- not contingent on a future event; and
- enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

AMENDMENTS TO IAS 32, OFFSETTING FINANCIAL ASSETS AND LIABILITIES (CONTINUED):

The amendments to IAS 32 also clarify when a settlement mechanism provides for net settlement or gross settlement that is equivalent to net settlement.

The Corporation intends to adopt the amendments to IAS 32 in its financial statements for the annual period beginning January 1, 2014. The Corporation does not expect the amendments to have a material impact on the financial statements.

IFRIC 21, LEVIES:

In May 2013, the IASB issued IFRIC 21, *Levies*. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014 and is to be applied retrospectively.

IFRIC 21 provides guidance on accounting for levies in accordance with the requirements of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It also notes that levies do not arise from executor contracts or other contractual arrangements.

The interpretation also confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs.

The Corporation intends to adopt IFRIC 21 in its financial statements for the annual period beginning January 1, 2014. The Corporation does not expect the amendments to have a material impact on the financial statements.

4. MINING PROPERTIES:

Following the Company's decision to focus its time and resources on the acquisition & development of gold assets on the Cadillac Fault located in the Val-d'Or region an impairment was recognized on 10 mining properties located in the Nemaska region.

As a result, during the nine-month periods ended March 31, 2014, an impairment charge of $5,941,317 was recorded on mining properties in the condensed interim statements of loss and comprehensive loss. The recoverable amount was based on fair value less cost to sell which was estimated based on market participant information that management considered reasonable for assessment purposes and also based on other factors such as the current market conditions and change in the investment strategy of the Company.

4. MINING PROPERTIES (CONTINUED):

PROPERTIES [1]	LOCALIZATION	ROYALTIES [3]	JUNE 30, 2013	ACQUISITION	IMPAIRMENT	MARCH 31, 2014
			$	$	$	**$**
Amiral	SNRC 32O14, 32B03	-	716	-	(716)	-
Arques	SNRC 32O13, 32O14	1.4% to 2%	1,100,865	2,116	(1,102,981)	**-**
Belcourt	SNRC 32C06	-	-	1,585	-	**1,585**
Bel-Rive	SNRC 32C03	-	-	717	-	**717**
Bourier	SNRC 32O14, 32O15, 33B02, 33B03	1.4%	912,000	597	(912,597)	-
Caumont	SNRC 32N07, 32N08, 32N09	1.5% to 2%	240,691	-	(240,691)	-
Dumulon	SNRC 32N09	-	3,325	-	(3,325)	-
Duval	SNRC 32O12	2%	304,576	380	(304,956)	-
Lac Tavernier	SNRC 32C02	-	-	3,753	-	**3,753**
Lemare	SNRC 32O11, 32O12, 32O14	1.4% to 2%	846,248	3,071	(849,319)	-
Nisk	SNRC 32O11, 32O12, 32O13, 32O14	1.4% to 2%	3,537,829	1,385	(1,769,607)	**1,769,607**
Plator I	SNRC 32C03	1%	7,178	89	-	**7,267**
Plator II	SNRC 32C03	1%	7,178	-	-	**7,178**
Plator III	SNRC 32C03	1%	7,178	-	-	**7,178**
Plator IV	SNRC 32C03	1%	7,178	-	-	**7,178**
Plator V	SNRC 32C03	1%	7,178	-	-	**7,178**
Regcourt	SNRC 32C03	-	64,142	2,858	-	**67,000**
Rosebay	SNRC 33B02	-	1,764	-	(1,764)	**-**
Simkar [2]	SNRC 32C04	-	-	26,495	-	**26,495**
Tex-Sol	SNRC 32C04	-	-	56,234	-	**56,234**
Valiquette	SNRC 32N09, 32O12	2%	755,090	271	(755,361)	-
			7,803,136	**99,551**	**(5,941,317)**	**1,961,370**

(1) Except for the Simkar property, the properties are 100% owned by the Company and they are all located in the province of Québec, Canada.

(2) The Company owns a 57% undivided interest in two (2) mining concessions and eleven (11) mining claims comprised in the Simkar property, located in the province of Québec, Canada.

(3) See Note 10. The claims comprising the properties have either been acquired with different agreements or by map designation and therefore, royalties applicable, if any, are covered under the specific agreements as the case may be.

4. MINING PROPERTIES (CONTINUED):

PROPERTIES [1]	LOCALIZATION	ROYALTIES [2]	JUNE 30, 2012	ACQUISITION	IMPAIRMENT	JUNE 30, 2013
			$	$	$	$
Amiral	SNRC 32O14, 32B03	-	3,505	434	(3,223)	**716**
Arques	SNRC 32O13, 32O14	1.4% to 2%	1,090,517	15,544	(5,196)	**1,100,865**
Bourier	SNRC 32O14, 32O15, 33B02, 33B03	1.4%	897,595	14,405	-	**912,000**
Caumont	SNRC 32N07, 32N08, 32N09	1.5% to 2%	239,769	922	-	**240,691**
Dumulon	SNRC 32N09	-	1,643	1,682	-	**3,325**
Duval	SNRC 32O12	2%	309,294	1,139	(5,857)	**304,576**
Lemare	SNRC 32O11, 32O12, 32O14	1.4% to 2%	833,102	13,146	-	**846,248**
Nisk	SNRC 32O11, 32O12, 32O13, 32O14	1.4% to 2%	3,569,910	7,458	(39,539)	**3,537,829**
Plator I	SNRC 32C03	1%	-	7,178	-	**7,178**
Plator II	SNRC 32C03	1%	-	7,178	-	**7,178**
Plator III	SNRC 32C03	1%	-	7,178	-	**7,178**
Plator IV	SNRC 32C03	1%	-	7,178	-	**7,178**
Plator V	SNRC 32C03	1%	-	7,178	-	**7,178**
Regcourt	SNRC 32C03	-	-	64,142	-	**64,142**
Rosebay	SNRC 33B02	-	7,749	1,512	(7,497)	**1,764**
Valiquette	SNRC 32N09, 32O12	2%	753,788	1,302	-	**755,090**
			7,706,872	**157,576**	**(61,312)**	**7,803,136**

[1] Properties are 100% owned by the Company and they are all located in the province of Québec, Canada.

[2] See Note 10. The claims comprising the properties have either been acquired with different agreements or by map designation and therefore, royalties applicable, if any, are covered under the specific agreements as the case may be.

5. EXPLORATION AND EVALUATION ASSETS:

Exploration and evaluation assets by properties can be detailed as follows:

	JUNE 30, 2013	EXPLORATION EXPENSES	IMPAIRMENT	MARCH 31, 2014
	$	$	$	$
Amiral	49,142	-	(49,142)	**-**
Arques	338,340	-	(338,340)	**-**
Belcourt	-	2,449	-	**2,449**
Bel-Rive	-	1,841	-	**1,841**
Bourier	1,184,638	-	(1,184,638)	**-**
Caumont	411,963	600	(412,563)	**-**
Dumulon	216,246	-	(216,246)	**-**
Duval	265,538	-	(265,538)	**-**
Lac Tavernier	-	1,838	-	**1,838**
Lemare	1,154,229	600	(1,154,829)	**-**
Nisk	611,455	1,800	(306,627)	**306,628**
Plator I	-	120	-	**120**
Plator II	-	120	-	**120**
Plator III	-	120	-	**120**
Plator IV	-	120	-	**120**
Plator V	-	120	-	**120**
Regcourt	28,858	5,427	-	**34,285**
Rosebay	16,611	-	(16,611)	**-**
Simkar	-	997,978	-	**997,978**
Tex-Sol	-	8,389	-	**8,389**
Valiquette	450,903	-	(450,903)	-
	4,727,923	**1,021,522**	**(4,395,437)**	**1,354,008**

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED):

Exploration and evaluation assets by properties can be detailed as follows (continued):

	JUNE 30, 2012	EXPLORATION EXPENSES	ADJUSTMENT ON MINING DUTIES	IMPAIRMENT	JUNE 30, 2013
	$	$	$	$	$
Amiral	93,492	3,428	-	(47,778)	49,142
Arques	324,771	10,581	2,988	-	338,340
Bourier	1,154,275	27,572	2,791	-	1,184,638
Caumont	352,444	59,519	-	-	411,963
Dumulon	128,413	87,833	-	-	216,246
Duval	262,475	3,711	-	(648)	265,538
Lemare	188,885	965,344	-	-	1,154,229
Nisk	554,854	54,602	3,778	(1,779)	611,455
Regcourt	-	28,858	-	-	28,858
Rosebay	71,282	6,721	-	(61,392)	16,611
Valiquette	415,815	31,618	3,470	-	450,903
	3,546,706	**1,279,787**	**13,027**	**(111,597)**	**4,727,923**

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED):

Exploration and evaluation assets by nature can be detailed as follows:

	NINE-MONTH PERIOD ENDED MARCH 31, 2014	YEAR ENDED JUNE 30, 2013
	$	$
Exploration expenses:		
Salaries and supervision	**93,207**	347,625
Geology and geophysics	**69,179**	341,130
Test, sampling and prospecting	**87,495**	179,317
Drilling, equipment rental and other material	**765,316**	263,196
Lodging, meals and travel expenses	**6,325**	120,135
General exploration expenses	**-**	28,384
Increase of exploration expenses	**1,021,522**	1,279,787
Adjustment on mining duties	-	13,027
Impairment	(4,395,437)	(111,597)
Balance, beginning of period	4,727,923	3,546,706
Balance, end of period	**1,354,008**	4,727,923

Following the Company's decision to focus its time and resources on the acquisition & development of gold assets on the Cadillac Fault located in the Val-d'Or region an impairment was recognized on 10 mining properties located in the Nemaska region.

As a result, during the nine-month periods ended March 31, 2014, an impairment charge of $4,395,437 was recorded on mining properties in the condensed interim statements of loss and comprehensive loss. The recoverable amount was based on fair value less cost to sell which was estimated based on market participant information that management considered reasonable for assessment purposes and also based on other factors such as the current market conditions and change in the investment strategy of the Company.

6. MARKETABLE SECURITIES

On September 23, 2013, the Company acquired a 50% undivided interest in the Simkar gold mining property owned by Eloro Resources Ltd. ("Eloro") pursuant to a Conditional Asset Purchase Agreement entered into between the Company and Eloro.

Pursuant to the terms of the Agreement and in consideration of the acquisition, the Company committed to invest $120,000 as a private placement in the share capital of Eloro, at a price of $0.015 per common share, for a total of 8,000,000 common shares of Eloro, representing approximately 12.82% of Eloro's 62,398,480 common shares currently issued and outstanding as of March 31, 2014.

Aside from the 8,000,000 common shares it acquired under the Offering, which are listed on the TSX Venture Exchange, the Company does not own any other securities of Eloro.

6. MARKETABLE SECURITIES (CONTINUED)

The common shares issued to the Company by Eloro are subject to different holding periods as follows: 1,600,000 shares on January 21, 2014; 1,600,000 shares until March 20, 2014; 2,400,000 shares until June 20, 2014; and 2,400,000 shares until September 20, 2014. As at March 31, 2014, a total of 3,200,000 shares have been released from escrow. The Company was also committed to carry out $750,000 in exploration work on the Simkar property, such amount was reached in November 2013.

In addition, the Company has undertaken to vote the common shares issued by Eloro in favour of the election of the individuals nominated by current members of Eloro's Board of directors, up until 18 months from the September 23, 2013 closing date of the transaction, or until the Company ceases to be the beneficial owner of the shares issued under this placement, whichever occurs first.

The closing price of Eloro's shares on the TSX Venture Stock Exchange as at March 31, 2014 was $0.015, representing a total fair value of $120,000. During the nine-month periods ended March 31, 2014, the significant decline in the fair value of Eloro's shares was recorded as a loss in the statements of loss and the increase in Eloro's shares was recorded in the statements of comprehensive loss.

7. SHARE CAPITAL AND WARRANTS:

Authorized:

Unlimited number of common shares without par value.

Changes in the Company share capital and warrants were as follows:

	NUMBER OF WARRANTS	NUMBER OF SHARES	AMOUNT $
Balance at June 30, 2012	8,200,000	36,660,100	13,432,106
Paid in cash (ii)	6,842,950	7,319,000	1,497,727
Issued for mining properties (iii)	-	192,308	25,000
Flow-through shares (i) (ii)	3,023,840	6,588,800	1,344,785
Expired warrants	(3,510,000)	-	-
Balance at June 30, 2013 (i)	14,556,790	50,760,208	16,299,618
Paid in cash (v)	2,049,181	2,238,181	251,065
Flow-through shares (iv) (v)	693,000	1,260,000	153,194
Exercise of warrants	(2,800,000)	2,800,000	308,000
Balance at March 31, 2014	**14,498,971**	**57,058,389**	**17,011,877**

7. SHARE CAPITAL AND WARRANTS (CONTINUED):

Changes in the Company share capital and warrants were as follows (continued):

(i) The carrying amount of these flow-through shares is presented net of the liability related to flow-through shares of $329,440 that was recorded when the flow-through shares were issued during the financing that occurred in December 2012. As at June 30, 2013, the balance of the liability related to these flow-through shares was $190,214. A total amount of $nil and $190,214 has been fully recognized as other income related to flow-through shares in the statement of comprehensive loss during the three-month and nine-month periods ended March 31, 2014, respectively, representing the portion of the liability related to the increase in the exploration and evaluation assets during the periods in relation with the total flow-through shares financing. Therefore, the balance of the liability related to these flow-through shares is $nil as at March 31, 2014.

(ii) The fair value of the warrants issued to brokers during the financing that occurred in December 2012 was added to the value of the share capital, $33,927 was related to common shares paid in cash and $27,025 was related to the flow-through shares.

(iii) A total of 192,308 shares are escrowed as at June 30, 2013 and March 31, 2014. The common shares will be escrowed for a period of three years from the Closing Date, which was June 12, 2013, pursuant to the terms and conditions of an escrow agreement to be entered into between the Vendor and the Escrow Agent on the Closing Date (the “Escrow Agreement”). A proportion of 33% of the Escrow Shares shall be released from escrow at 12 months intervals from the Closing date.

(iv) The carrying amount of these flow-through shares is presented net of the liability related to flow-through shares of $50,400 that was recorded when the flow-through shares were issued during the financing that occurred on December 23, 2013. As at March 31, 2014, the balance of the liability related to these flow-through shares was $32,787. An amount of $11,298 and $17,613 has been recognized as other income related to flow-through shares in the statement of comprehensive loss for the three-month and nine-month periods ended March 31, 2014, respectively, representing the portion of the liability related to the increase in the exploration and evaluation assets during the period in relation with the total flow-through shares financing.

(v) The fair value of the warrants issued to brokers during the financing that occurred in December 2013 was added to the value of the share capital, $665 was related to common shares paid in cash and $1,994 was related to the flow-through shares.

(A) NINE-MONTH PERIOD ENDED MARCH 31, 2014

On February 10, 2014, a total of 800,000 warrants were exercised at a price of $0.11 per common share, following an approved warrants exercise price change from $0.20 to $0.11. The Company then issued a total of 800,000 common shares upon these exercises.

7. SHARE CAPITAL AND WARRANTS (CONTINUED):

Changes in the Company share capital and warrants were as follows (continued):

(A) NINE-MONTH PERIOD ENDED MARCH 31, 2014 (CONTINUED)

On February 7, 2014, the Company closed a private placement for an aggregate gross proceeds of $200,000. Pursuant to this placement, the Company issued a total of 1,818,181 units offered at a price of $0.11 per unit. Each unit being comprised of 1 common share and 1 warrant. Each warrant entitles its holder thereof to purchase one common share at a price of $0.14 per common share, until February 7, 2016.

On December 23, 2013, the Company closed a brokered private placement for an aggregate gross proceeds of $252,000. Pursuant to this placement, the Company issued a total of 210 flow-through units offered at a price of $1,200 per unit. Each unit being comprised of 6,000 flow-through shares at a price of $0.16 per flow-through share, 2,000 common shares at a price of $0.12 per common share, and 4,000 warrants. Each warrant entitles its holder thereof to purchase one common share at a price of $0.20 per common share, until December 23, 2015. In consideration for its services, the agent received a cash commission of $25,200 and 84,000 agent's compensation warrants to purchase, until December 23, 2015, a total of 84,000 common shares at a price of $0.12 per common share.

On November 21, 2013, a total of 2,000,000 warrants were exercised at a price of $0.11 per common share, following an approved warrants exercise price change from $0.20 to $0.11. The Company then issued a total of 2,000,000 common shares upon these exercises.

(B) YEAR ENDED JUNE 30, 2013

On June 12, 2013 the Company issued, to Plato Gold Corp., 192,308 common shares at a price of $0.13 per share for a value of $25,000 in relation to the acquisition of 192 mining claims composing the Plator I, Plator II, Plator III, Plator IV and Plator V mining properties.

On December 21, 2012, the Company closed the second tranche of its brokered private placement for an aggregate gross proceeds of $940,000. Pursuant to this placement, the Company issued a total of (i) 688 flow-through units (the "FT Units"), offered at a price of $1,000 per FT Unit, for gross proceeds of $688,000, each FT Unit being comprised of 3,200 flow-through shares (the "FT Shares"), at a price of $0.25 per FT Share, 1,000 common shares, at a price of $0.20 per common share, and 2,100 warrants (the "FT Unit Warrants"); and of (ii) 1,260,000 units (the "Units"), offered at a price of $0.20 per Unit, for gross proceeds of $252,000, each Unit being comprised of one common share, at a price of $0.20 per common share, and one warrant (the "Unit Warrant"). Each FT Unit Warrant and Unit Warrant (the "Warrants") entitles its holder thereof to purchase one common share, at a price of $0.30 per common share, until December 14, 2015. The warrants related to this financing were listed on the TSX Venture Exchange on May 2, 2013. In consideration for its services, the Agent received a cash commission of $70,500 and agent's warrants to purchase, until December 21, 2015, a number of common shares equal to 5% of the total number of FT Shares and common shares issued pursuant to this placement, namely 110,080 common shares at a price of $0.25 per common share and 97,400 common shares at a price of $0.20 per common share.

7. SHARE CAPITAL AND WARRANTS (CONTINUED):

Changes in the Company share capital and warrants were as follows (continued):

(B) YEAR ENDED JUNE 30, 2013 (CONTINUED)

On December 14, 2012, the Company closed the first tranche of its brokered private placement for an aggregate amount of $2,171,000. Pursuant to this first tranche of the placement, the Corporation issued (i) 1,200,000 flow-through shares (the “FT Shares”) offered at a price of $0.25 per FT Share for gross proceeds of $300,000; (ii) 996 flow-through units (the “A Units”) offered at a price of $1,000 per A Unit for gross proceeds of $996,000, each A Unit being comprised of 3,200 FT Shares, at a price of $0.25 per FT Share, 1,000 common shares at a price of $0.20 per common share and 2,100 warrants (the “A Unit Warrants”); and (iii) 4,375,000 units (the “B Units”) offered at a price of $0.20 per B Unit for gross proceeds of $875,000, each B Unit being comprised of one common share, at a price of $0.20 per common share, and one warrant (the “B Unit Warrant”). Each A Unit Warrant and B Unit Warrant entitles its holder to purchase one common share at a price of $0.30 per common share, for a period of 36 months following the closing of this placement. The warrants related to this financing were listed on the TSX Venture Exchange on May 2, 2013. In consideration for its services, the Agent received a cash commission of $162,825 and agent’s warrants to purchase, until December 14, 2015, a number of common shares equal to 5% of the total number of FT Shares and common shares issued pursuant to this placement, namely 219,360 common shares at a price of $0.25 per common share and 268,550 common shares at a price of $0.20 per common share.

(C) WARRANTS:

Changes in the Company’s warrants were as follows:

	NINE-MONTH PERIOD ENDED MARCH 31, 2014		**YEAR ENDED JUNE 30, 2013**	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning of period	**13,861,400**	**0.27**	7,290,000	0.29
Granted	**2,658,181**	**0.16**	9,171,400	0.30
Exercised	**(2,800,000)**	(1) **0.11**	-	-
Expired	**-**	**-**	(2,600,000)	0.45
Outstanding, end of period	**13,719,581**	**0.25**	13,861,400	0.27

(1) Exercise price changed from $0.20 to $0.11 was approved by the shareholders at the Annual General Meeting held on November 29, 2013.

7. SHARE CAPITAL AND WARRANTS (CONTINUED):

Changes in the Company share capital and warrants were as follows (continued):

(C) WARRANTS (CONTINUED):

The following table summarizes the information relating to the warrants:

NUMBER OF WARRANTS OUTSTANDING AS AT MARCH 31, 2014	EXERCISE PRICE	EXPIRY DATE
	$	
1,890,000 (exercisable)	0.11 (1)	June 2014
9,171,400 (exercisable)	0.30	December 2015
840,000 (exercisable)	0.20	December 2015
1,818,181 (exercisable)	0.14	February 2016

(1) Exercise price changed from $0.20 to $0.11 was approved by the shareholders at the Annual General Meeting held on November 29, 2013.

(D) WARRANTS GRANTED TO BROKERS:

Changes in the Company's warrants granted to brokers were as follows:

	NINE-MONTH PERIOD ENDED MARCH 31, 2014		YEAR ENDED JUNE 30, 2013	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning of period	695,390	0.22	910,000	0.40
Granted	84,000	0.12	695,390	0.22
Expired	-	-	(910,000)	0.40
Outstanding, end of period	**779,390**	**0.21**	695,390	0.22

	NINE-MONTH PERIOD ENDED MARCH 31, 2014	YEAR ENDED JUNE 30, 2013
	$	$
Weighted average fair value of share purchase warrants granted during the period	0.03	0.09

7. SHARE CAPITAL AND WARRANTS (CONTINUED):

(D) WARRANTS GRANTED TO BROKERS (CONTINUED):

The fair value of the warrants granted is established according to the Black & Scholes pricing model using the following weighted average assumptions:

	NINE-MONTH PERIOD ENDED MARCH 31, 2014	YEAR ENDED JUNE 30, 2013
Risk-free interest rate	1.07%	1.10%
Expected annual dividend rate	0%	0%
Expected annualized volatility	80%	75%
Expected life of warrants	**2 years**	3 years

The following table summarizes the information relating to the warrants granted to brokers:

NUMBER OF WARRANTS OUTSTANDING AS AT MARCH 31, 2014	EXERCISE PRICE	EXPIRY DATE
	$	
329,440 (exercisable)	0.25	December 2015
365,950 (exercisable)	0.20	December 2015
84,000 (exercisable)	0.12	December 2015

8. SHARE PURCHASE OPTIONS:

The shareholders of the Company approved a share purchase option plan (the “Plan”) whereby the Board of Directors may grant to employees, officers, directors and consultants of the Company share purchase options to acquire common shares in such numbers, for such terms and at such exercise prices as may be determined by the Board of Directors. The exercise price may not be lower than the market price of the common shares at the time of grant.

The Plan provides that the maximum number of common shares of the Company that may be reserved for issuance under the Plan shall not be greater than 10% of the issued shares of the Company being outstanding from time to time.

The maximum number of common shares which may be reserved for issuance to any optionee may not exceed 5% of the outstanding common shares at the time of vesting and may not exceed 2% of the outstanding common shares for consultants and investors relation representative. These options are non-assignable and non-transferable unless by legacy or inheritance and will expire no later than five years after being granted. The vesting period for the share purchase options and warrants to brokers varies from immediate vesting up to 36-month vesting periods and the life of the options varies from two to five years.

8. SHARE PURCHASE OPTIONS (CONTINUED):

Changes in the Company's share purchase options granted to directors, officers, employees and consultants were as follows:

	Nine-month period ended March 31, 2014		Year ended June 30, 2013	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of period	2,755,000	0.33	2,250,000	0.40
Granted	850,000	0.15	1,080,000	0.20
Expired	(503,750)	0.40	(575,000)	0.38
Outstanding, end of period	**3,101,250**	**0.27**	2,755,000	0.33
Exercisable, end of period	**2,963,750**	**0.28**	2,627,500	0.33

	Nine-month period ended March 31, 2014	Year ended June 30, 2013
	$	$
Weighted average fair value of share purchase options granted during the period	**0.10**	0.09

The fair value of the options granted is established according to the Black & Scholes pricing model using the following weighted average assumptions:

	Nine-month period ended March 31, 2014	Year ended June 30, 2013
Risk-free interest rate	1.72 **%**	1.25%
Expected annual dividend rate	0 **%**	0%
Expected annualized volatility	97 **%**	95%
Expected life of options	**5 years**	5 years

For the three-month and nine-month periods ended March 31, 2014, the application of the fair value model resulted in share-based payments expenses of $nil ($17,971 in 2013) and $86,526 ($90,926 in 2013), respectively.

8. SHARE PURCHASE OPTIONS (CONTINUED):

The following table summarizes the information relating to the share purchase options:

NUMBER OF OPTIONS OUTSTANDING AS AT MARCH 31, 2014		EXERCISE PRICE	EXPIRY DATE
Outstanding	Exercisable	$	
75,000	75,000	0.250	June 2014
11,250	11,250	0.250	August 2014
1,250,000	1,250,000	0.400	July 2016
300,000	300,000	0.125	July 2017
400,000	400,000	0.250	October 2017
50,000	50,000	0.250	December 2017
165,000	127,500	0.250	January 2018
850,000	750,000	0.150	September 2018
3,101,250	**2,963,750**		

9. CONTINGENCIES:

(A) The Company’s operations are governed by laws and regulations regarding environmental protection. Environmental consequences are hardly identifiable, in terms of level, impact or deadline. At the present time and to the best knowledge of its management, the Company is in conformity with the laws and regulations. Restoration costs will be accrued in the financial statements only when it can be determined that a present obligation exists, resulting from the environmental consequences of the exploration activities performed on the lands, and when it can be reliably estimated. Such obligations will be capitalized to the cost of the related assets at that time.

(B) The Company is partly financed by the issuance of flow-through shares. However, there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company has committed to take all the necessary measures for this purpose. Refusals of certain expenses by tax authorities would have negative tax consequences for investors.

10. COMMITMENTS:

(A) ARQUES / BOURIER / LEMARE / NISK:

Upon the acquisition of the properties, the Company obtained 100% of an agreement on a group of 396 claims included in the Lac Arques property in the province of Québec. These 396 claims were assigned as follows: 109 claims to the Arques property, 142 claims to the Bourier property, 98 claims to the Lemare property and 47 claims to the Nisk property. During the year that ended June 30, 2012, 47 claims related to the Bourier property were abandoned, resulting in a remaining total of 349 claims related to this commitment.

10. COMMITMENTS (CONTINUED):

(A) ARQUES / BOURIER / LEMARE / NISK (CONTINUED):

As part of this agreement, the Company had agreed to pay one of the sellers a maximum of $1,000,000, conditional on the achievement of certain stages of works and results on the claims acquired, which are defined as follows:

- $150,000 if and when the Company will have completed exploration work corresponding to a cumulative minimum amount of $5,000,000 on the properties;
- $300,000 upon obtaining an independent pre-feasibility study; and
- $500,000 upon obtaining an independent feasibility study confirming that the property can support commercial production.

As at March 31, 2014, cumulative exploration expenses totalling $3,095,421 ($3,095,421 as at June 30, 2013) were done on the properties, of which $1,911,404 is included in the acquisition costs of the properties. This cumulative amount must be taken into consideration in the calculation of the minimum exploration work to be carried out to reach the trigger level of payments.

A 1.4% NSR will be payable to one of the initial sellers on commercial production of all metals extracted from or part of the 396 claims. However, the Company shall have the option at all times and until the expiration of a period of 3 months following the official production statement to repurchase 1% NSR from the remaining seller, proportional to their interest therein subject to the payment of an amount of $1,000,000 payable in two equal and consecutive instalments; the first instalment being payable upon the date of exercise of the option to repurchase part of the NSR and the second at the latest 90 days following the date of payment of the first instalment.

Since May 12, 2014, following the sale of these properties to Critical Element Corporation, the Company is no longer party to this commitment (See Note 16 (B) Subsequent Events).

(B) ARQUES / LEMARE / NISK:

Upon the properties restructuration, 150 claims related to this commitment of the Lac Levac property were assigned as follows: 1 claim to the Arques property, 83 claims to the Lemare property and 66 claims to the Nisk property.

Pursuant to a net smelter return agreement dated January 15, 2010, the initial seller has retained a 2% NSR, of which a 1% NSR can be repurchased by the Company for an amount of $1,000,000 within the first three years.

In addition, the Company has undertaken, should it receive a good-faith offer from a third-party for any of the Nisk property claims, not to dispose of any such Nisk claims without having entitled the initial seller to purchase such Nisk claims at the price of such offer, pursuant to a right of first refusal agreement dated January 15, 2010.

Since May 12, 2014, following the sale of these properties to Critical Element Corporation, the Company is no longer party to this commitment (See Note 16 (B) Subsequent Events).

10 COMMITMENTS (CONTINUED):

(C) CAUMONT / DUVAL / VALIQUETTE:

From the 279 claims forming the Lac des Montagnes property, 197 of them have been designated before November 2008 as being subject to a 2% NSR, of which 1% NSR can be repurchased by the Company for an amount of $1,000,000 within the first three years to be paid in favor of the initial seller. The 197 claims related to this commitment were assigned as follows: 19 claims to the Caumont property, 56 claims to the Duval property and 122 claims to the Valiquette property. Furthermore, the initial seller keeps a right of first refusal should the Company receive a good-faith offer from a third-party for any of the 197 claims to purchase such claims at the price of such offer.

In addition, pursuant to an acquisition agreement dated October 28, 2010, 24 claims forming part of the Caumont West block are subject to a 1.5% NSR payable in favor of the initial seller of which1% of that NSR can be repurchased at all times and until the expiration of a period of 3 months following the official production statement, subject to the payment of an amount of $1,000,000 payable in two equal and consecutive instalments; the first instalment being payable upon the date of exercise of the option to repurchase part of the NSR and the second at the latest 90 days following the date of payment of the first instalment.

Furthermore, pursuant to an acquisition agreement between the Company and Les Ressources Tectonic Inc. finalized on March 29, 2012, 13 claims were added to the Caumont property. The claims are subject to a 1% NSR, which can be repurchased at any time by the Company for an amount of $1,000,000 to be paid in favor of the seller.

Since May 12, 2014, following the sale of these properties to Critical Element Corporation, the Company is no longer party to this commitment (See Note 16 (B) Subsequent Events).

(D) ARQUES:

In 2011, the Company acquired ten (10) mining claims known as “the North Rupert Block”. The Company has agreed to pay the seller 1.5% NSR if any of the claims comprising the North Rupert Block are brought into production. The Company has the right, at any time, to purchase 0.5% of the NSR by paying the seller the sum of $500,000 in cash.

These mining claims are located in the Province of Québec and are enclosed in the Arques property owned 100% by the Company.

Since May 12, 2014, following the sale of these properties to Critical Element Corporation, the Company is no longer party to this commitment (See Note 16 (B) Subsequent Events).

10 COMMITMENTS (CONTINUED):

(E) VALIQUETTE:

In 2011, the Company purchased three (3) mining claims located to the west of the Valiquette property. Conditional to reaching a certain number of meters of diamond drilling on the claims, the Company has also agreed to pay the seller $15,000 and 100,000 units, for every 3,000 meters of diamond drilling carried on the claims, starting after 3,000 meters to a maximum of $60,000 and a maximum of 500,000 additional units. Each unit is composed of one (1) common share and one (1) warrant.

The exercise price of the warrants at the date of granting will be established as the weighted average price of the common shares on the TSX Venture Exchange during the period of 30 calendar days following the reaching of said number of meters. This commitment is in force as long as the claims remain in good standing.

Also, the Company has agreed to pay the seller a 2% NSR on all metals from the acquired claims. The Company has the right, at any time until the expiration of the 3 month-period following the official production statement, to purchase 1% of the NSR by paying to the seller $1,000,000 in cash.

Since May 12, 2014, following the sale of these properties to Critical Element Corporation, the Company is no longer party to this commitment (See Note 16 (B) Subsequent Events).

(F) PLATOR I TO PLATOR V:

On June 12, 2013, the Company purchased a total of one hundred and ninety-two (192) mining claims located on the SNRC sheet 32C03. In consideration for the claims, the Company issued 192,308 common shares of the Company having a fair value of $25,000. The common shares are subject to an escrowed period and 33% of the Escrow Shares shall be released from escrow at 12 months intervals from June 12, 2013. The mining claims are split as follows between each property: Plator I: 13 claims; Plator II: 63 claims; Plator III: 17 claims; Plator IV: 43 claims and Plator V: 56 claims.

The Company has agreed to pay to the seller a 1% NSR on all metals from the acquired claims and has the right, at any time before commercial production, to purchase this 1% NSR by paying the seller $1,000,000 in cash.

(G) SIMKAR

Pursuant to the terms of the Agreement and in consideration of the acquisition of an undivided interest in two (2) mining concessions and eleven (11) mining claims comprised in the Simkar property located in the province of Québec, Canada, the Company was committed to carry out $750,000 in exploration work on the property by June 30, 2014. This commitment was fulfilled between September 24, 2013 and November 30, 2013.

The property involved in the transaction consists of a contiguous group of two mining concessions and 11 mineral claims covering an area of 4.05 km², located 20 km east of Val-d'Or in the heart of the Abitibi Greenstone Belt (the "Property"). Once the Company will have fulfilled all its commitment, the Company and Eloro will form a joint venture to manage exploration on the Property, with the Company acting as the project operator.

10 COMMITMENTS (CONTINUED):

(H) FLOW-THROUGH SHARES:

The Company was committed to incur eligible exploration and evaluation expenses, pursuant to the Canada *Income Tax Act* and Québec *Taxation Act*, of $1,647,200 by December 31, 2013, and to transfer the tax deductions related to these expenditures to the subscribers of its flow-through share underwriting completed on December 21, 2012. The Company has fulfilled this commitment since it incurred a cumulative amount of $1,647,200 of eligible expenses as at December 31, 2013 ($696,130 as at June 30, 2013) and has no funds reserved for exploration ($951,070 as at June 30, 2013) related to this commitment.

The Company is also committed to incur eligible exploration and evaluation expenses, pursuant to the Canada *Income Tax Act* and Québec *Taxation Act*, of $201,600 by December 31, 2014, and to transfer the tax deductions related to these expenditures to the subscribers of its flow-through share completed on December 23, 2013. Related to this committed amount, the Company incurred a cumulative amount of $70,452 of eligible expenses as at March 31, 2014 and has funds reserved for exploration amounting to $131,148.

11. RELATED PARTY TRANSACTIONS:

During the three-month and nine-month periods that ended on March 31, 2014, the Company incurred $13,400 ($17,000 in 2013) and $40,800 ($49,399 in 2013), respectively, as compensation to the members of the Board of Directors and also incurred $nil ($nil in 2013) and $34,949 ($22,271 in 2013), respectively, of share-based payments expense in relation with the share purchase options granted to members of the Board of Directors, excluding compensation and share-based payments to key management personnel (see note 13).

Inter-company transactions carried out during the three-month period ended on March 31, 2014 between the Company and the entity having significant influence, Nemaska, totalled a net amount of $28,500 as follows: Nemaska charged to the Company $25,200 of compensation and $3,300 as general administrative and office expenses.

Inter-company transactions carried out during the nine-month period ended on March 31, 2014 between the Company and the entity having significant influence, Nemaska, totalled a net amount of $92,468 as follows: Nemaska charged to the Company $82,568 of compensation and $9,900 as general administrative and office expenses.

The transactions are in the normal course of operations and are measured at the exchange amount, which is at cost, and which is the amount of consideration established and agreed to by the related parties. There is no inter-company balance payable by the Company to Nemaska as at March 31, 2014 and as at June 30, 2013.

12. ITEMS NOT AFFECTING CASH AND CASH EQUIVALENTS:

	THREE-MONTH PERIOD ENDED MARCH 31,		NINE-MONTH PERIOD ENDED MARCH 31,	
	2014	**2013**	**2014**	**2013**
	$	$	**$**	$
Non-cash items:				
Changes in accounts payable and accrued liabilities related to share issuance costs	23,393	(119,441)	-	-
Changes in accounts payable and accrued liabilities related to exploration and evaluation assets	**(48,230)**	(174,262)	**(19,504)**	(173,939)

13. COMPENSATION:

	THREE-MONTH PERIOD ENDED MARCH 31,		NINE-MONTH PERIOD ENDED MARCH 31,	
	2014	**2013**	**2014**	**2013**
	$	$	$	$
Wages and fringe benefits paid to key management personnel	**70,821**	80,854	**230,636**	173,691
Wages and fringe benefits paid to other staff employees	**7,827**	10,465	**25,260**	42,975
Fees paid to the members of the board of directors	**13,400**	17,000	**40,800**	50,531
	92,048	**108,319**	**296,696**	**267,197**

During the three-month and nine-month periods ended March 31, 2014, the Company incurred $nil ($17,971 in 2013) and $86,526 ($90,926 in 2013), respectively, of share-based payments expenses, of which $nil ($8,081 in 2013) and $36,765 ($52,951 in 2013), respectively, were attributed to key management personnel and $nil ($nil in 2013) and $34,949 ($22,271 in 2013), respectively, of share-based payments expense were attributed to the members of the Board of directors in relation with the share purchase options granted.

14. INCOME TAXES AND MINING TAXES:

The income tax expense differs from the amounts computed by applying the combined federal and provincial income tax rate of 26.90% (26.90% in 2013) to the loss before income taxes due to the following:

	THREE-MONTH PERIOD ENDED MARCH 31,		NINE-MONTH PERIOD ENDED MARCH 31,	
	2014	2013	**2014**	2013
	$	$	**$**	$
Loss before income taxes	**(121,356)**	(60,223)	**(10,826,517)**	(308,539)
Computed expected tax expense (recovery)	**(32,645)**	(16,200)	**(2,912,334)**	(82,997)
Increase (decrease) in income taxes resulting from:				
Non-deductible share-based payment	**-**	4,834	**23,276**	24,459
Deferred tax arising from exploration and evaluation assets financed through flow-through shares	**12,157**	153,157	**274,790**	324,921
Unrecognized current year losses and others	**23,527**	-	**584,739**	-
Permanent difference arising from the non-taxable income related to flow-through shares	**(3,039)**	(30,625)	**(55,906)**	(64,966)
Permanent difference arising from the write down of mineral properties	**-**	-	**1,544,661**	-
Non deductible capital loss related to change in faire value of marketable securities financial assets	**-**	-	**23,752**	-
Income tax (recovery) expense	**-**	**111,166**	**(517,022)**	**201,417**

14. INCOME TAXES AND MINING TAXES (CONTINUED):

Movements in temporary differences during the nine-month period ended March 31, 2014 and the year ended June 30, 2013 are detailed as follows:

	BALANCE JUNE 30, 2013	RECOGNIZED IN PROFIT OR LOSS	RECOGNIZED DIRECTLY IN EQUITY	BALANCE MARCH 31, 2014
	$	$	$	**$**
Deferred tax assets:				
Operating losses	466,963	(385,446)	-	**81,517**
Share issuance costs	229,949	(58,114)	-	**171,835**
	696,912	(443,560)	-	**253,352**
Deferred tax liabilities:				
Exploration and evaluation assets	(1,230,427)	907,583	-	**(322,844)**
Mining properties	16,493	52,999	-	**69,492**
	(1,213,934)	960,582	-	**(253,352)**
	(517,022)	**517,022**	**-**	**-**

	BALANCE JUNE 30, 2012	RECOGNIZED IN PROFIT OR LOSS	RECOGNIZED DIRECTLY IN EQUITY	BALANCE JUNE 30, 2013
	$	$	$	$
Deferred tax assets:				
Operating losses	304,553	162,410	-	466,963
Share issuance costs	201,604	(75,987)	104,332	229,949
	506,157	86,423	104,332	696,912
Deferred tax liabilities:				
Exploration and evaluation assets	(916,183)	(314,244)	-	(1,230,427)
Mining properties	-	16,493	-	16,493
	(916,183)	(297,751)	-	1,213,934
	(410,026)	**(211,328)**	**104,332**	**(517,022)**

14. DEFERRED INCOME TAXES AND MINING TAXES (CONTINUED):

As at March 31, 2014, the Company has the following non-capital tax losses, available to reduce future years income for tax purposes:

YEAR INCURRED	FEDERAL	PROVINCIAL	EXPIRY
	$	$	
2011	150,762	150,762	2031
2012	1,007,197	1,007,197	2032
2013	603,756	603,756	2033
2014 (9 months)	842,686	842,686	2034

15. EARNINGS PER SHARE:

The warrants and share purchase options were excluded from the diluted weighted average number of common shares calculation since the Company is at loss and, therefore, their effect would have been antidilutive.

16. SUBSEQUENT EVENTS:

(A) On May 12, 2014, pursuant to the proposal of X-Ore Resources Inc. ("X-Ore") under the *Bankruptcy and Insolvency Act*, the Company subscribed to 9,999 or 99.99% of all the common shares issued and outstanding of X-Ore. The agreed subscription price for such shares consisted of $110,000 and 1,455,000 common shares of the Company. The cash portion of $110,000, which was put in escrow pending the completion of the transaction, plus the legal fees totaling $51,587 related to this transaction are recorded as “Deferred mining properties acquisition costs and deposits” in the condensed interim statements of financial position as at March 31, 2014. The common shares issued by the Company upon the completion of the transaction are escrowed for a period of six months following the closing of the transaction, and in accordance with the applicable securities regulations, will be subject to a hold period of four months and one day expiring on September 13, 2014. X-Ore owns fifty percent (50%) of the Croinor property for which a positive preliminary economic assessment has been filed on SEDAR and for which X-Ore is the project operator under a joint venture agreement with Critical Element Corp.; and 100% of the Croinor-Pershing property. The mining properties are located approximately 70 kilometres east of Val-d'Or by road. They cover a total area of 55 square kilometres and comprise 212 mining claims and one mining lease. The properties have accumulated over $7.5-million in work credits with the Ministry of Natural Resources.

(B) On May 12, 2014, in parallel with the X-Ore transaction, the Company completed the acquisition of the other undivided 50% interest in the Croinor property from Critical Elements Corporation (“CEC”), which transaction was initially announced on December 17, 2013. In consideration of this acquisition, the Company issued 500,000 common shares of its share capital to CEC at a deemed price of $0.15 per common share, and transferred its interest in 10 of its mineral properties in the James Bay area to CEC: the Amiral, Arques, Bourier, Caumont, Dumulon, Duval, Lemare, Nisk, Rosebay and Valiquette. The common shares held by CEC will be subject to voluntary hold periods as follows: 250,000 common shares to be released six months after the closing of the CEC Transaction and 250,000 common shares to be released 12 months after the closing of the CEC Transaction.

16. SUBSEQUENT EVENTS (CONTINUED):

(B) In accordance with the applicable securities regulations, the common shares of the Company held by CEC will also be subject to a hold period of four months and one day, expiring on September 13, 2014. Legal fees totaling $12,677 related to this transaction are recorded as "Deferred mining properties acquisition costs and deposits" in the condensed interim statements of financial position as at March 31, 2014.

(C) On May 16, 2014, a total of 400,000 warrants were exercised at a price of $0.11 per common share, following an approved warrants exercise price change from $0.20 to $0.11. The Company then issued a total of 400,000 common shares upon these exercises.