

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS



(Formerly Monarques Resources Inc.)

SIX-MONTH PERIOD ENDED
DECEMBER 31, 2014

MONARQUES GOLD CORPORATION

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(Formerly Monarques Resources Inc.)

Six-month periods ended December 31, 2014 and 2013

Consolidated Condensed Interim Financial Statements

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MONARQUES GOLD CORPORATION

(Formerly Monarques Resources Inc.)

MANAGEMENT'S REPORT

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited consolidated 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 consolidated condensed interim financial statements and other financial information presented in this Report. Other information included in these unaudited consolidated 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 consolidated 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 unaudited consolidated condensed interim 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 consolidated condensed interim financial statements have been reviewed and approved by the Board of directors on the recommendation of the Audit Committee.

The unaudited consolidated condensed interim financial statements for the three-month and six-month periods ended December 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 authorizations 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
Jean-Marc Lacoste, President and CEO

/s/ Steve Nadeau
Steve Nadeau, Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(UNAUDITED)

DECEMBER 31, 2014 AND JUNE 30, 2014

	NOTE	DECEMBER 31, 2014	JUNE 30, 2014
		\$	\$
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	12 (E)	2,461,794	1,245,702
Sales tax receivable		89,782	24,251
Marketable securities	8	17,600	75,000
Tax credits and mining rights receivable		54,947	-
Prepaid expenses		84,902	11,850
		2,709,025	1,356,803
NON-CURRENT ASSETS:			
Deposits to suppliers for exploration and evaluation expense		-	10,838
In trust deposit	5	105,178	105,178
Mining properties	6	3,016,577	2,695,335
Exploration and evaluation assets	7	1,290,137	1,064,432
		4,411,892	3,875,783
TOTAL ASSETS		7,120,917	5,232,586
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities		354,629	243,662
Liability related to flow-through shares	9 (i) (iii)	314,738	28,523
		669,367	272,185
NON-CURRENT LIABILITIES:			
Deferred income taxes and mining taxes	17	26,031	-
Asset retirement obligations	13	416,155	105,178
		442,186	105,178
TOTAL LIABILITIES		1,111,553	377,363
EQUITY:			
Share capital and warrants	9	19,874,089	17,825,872
Contributed surplus		612,764	611,166
Accumulated other comprehensive income		19,600	50,000
Deficit		(14,497,089)	(13,631,815)
		6,009,364	4,855,223
TOTAL LIABILITIES AND EQUITY		7,120,917	5,232,586

Reporting entity, nature of operations and going concern (Note 1);

Contingencies (Note 11); Commitments (Note 12)

The notes on pages 7 to 30 are an integral part of these consolidated condensed interim financial statements.

On behalf of the Board:

'Jean-Marc Lacoste', Director

'Michel Baril', Director

CONSOLIDATED CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

	NOTE	THREE MONTHS ENDED		SIX MONTHS ENDED	
		December 31,		December 31,	
		2014	2013	2014	2013
		\$	\$	\$	\$
Expenses:					
Compensation	16	125,918	95,363	249,592	204,649
Share-based payments	10	697	1,654	1,598	86,526
Rent, office expense and other expenses		9,258	13,490	18,626	24,394
Registration, listing fees and shareholders' information		40,606	31,534	50,069	34,950
Promotion and advertising		4,889	15,405	6,044	17,009
Representation, missions and trade shows		6,000	10,307	14,241	16,240
Consultant fees		6,391	11,056	25,896	18,601
Professional fees		19,582	55,348	51,327	86,683
		213,341	234,157	417,393	489,052
Net finance expense (income):					
Finance income		(3,595)	(4,481)	(6,647)	(10,543)
Finance expense		923	795	1,896	6,428
		(2,672)	(3,686)	(4,751)	(4,115)
Operating loss		210,669	230,471	412,642	484,937
Other items:					
Other income related to flow-through shares		(1,125)	(186,486)	(29,648)	(196,529)
Change in fair value of available- for-sale marketable securities		-	-	-	80,000
Other revenue		(12,465)	-	(12,465)	-
Realised gain on disposal of marketable securities		-	-	(4,000)	-
Impairment of mining properties		-	5,941,317	-	5,941,317
Impairment of exploration and evaluation assets		-	4,395,437	-	4,395,437
		(13,590)	10,150,268	(46,113)	10,220,225
Net loss before income taxes		197,079	10,380,739	366,529	10,705,162
Deferred income taxes (recovery) expense	17	959	(487,141)	18,530	(517,022)
Net loss for the period		198,038	9,893,598	385,059	10,188,140
Other comprehensive income:					
Items that are or may be reclassified subsequently to net income or loss:					
Change in fair value of available- for-sale marketable securities		14,400	(80,000)	30,400	(80,000)
Comprehensive loss for the period		212,438	9,813,598	415,459	10,108,140
Basic and diluted loss per share		0.003	0.190	0.006	0.197
Weighted average number of shares outstanding		66,640,918	51,775,860	65,613,060	51,268,035

The notes on pages 7 to 30 are an integral part of these consolidated condensed interim financial statements.

CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

	SHARE CAPITAL AND WARRANTS	CONTRIBUTED SURPLUS	ACCUMULATED OTHER COMPREHENSIVE INCOME	DEFICIT	TOTAL
	\$	\$	\$	\$	\$
BALANCE AS AT JUNE 30, 2014	17,825,872	611,166	50,000	(13,631,815)	4,855,223
Equity financing:					
Issuance of shares	618,560	-	-	-	618,560
Flow-through shares	1,684,600	-	-	-	1,684,600
Flow-through shares premium	(315,863)	-	-	-	(315,863)
Share issuance costs	-	-	-	(419,295)	(419,295)
<u>OPTIONS:</u>					
Granted to employees, officers, directors, consultants or I.R. representatives (note 10)	-	1,598	-	-	1,598
Granted to brokers (note 9)	60,920	-	-	(60,920)	-
	19,874,089	612,764	50,000	(14,112,030)	6,424,823
<u>NET LOSS FOR THE PERIOD</u>	-	-	-	(385,059)	(385,059)
<u>OTHER COMPREHENSIVE INCOME:</u>					
Change in fair value of available-for-sale marketable securities	-	-	(30,400)	-	(30,400)
BALANCE AS AT DECEMBER 31, 2014	19,874,089	612,764	19,600	(14,497,089)	6,009,364

The notes on pages 7 to 30 are an integral part of these consolidated condensed interim financial statements.

CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(CONTINUED)

(UNAUDITED)

PERIODS ENDED DECEMBER 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	50,400	-	-	-	50,400
Flow-through shares	201,600	-	-	-	201,600
Flow-through shares premium	(50,400)	-	-	-	(50,400)
Exercise of warrants	220,000	-	-	-	220,000
Share issuance costs	-	-	-	(59,916)	(59,916)
Options:					
Granted to employees, officers, directors, consultants or I.R. representatives (note 10)	-	86,526	-	-	86,526
Granted to brokers (note 9)	2,659	-	-	(2,659)	-
	16,723,877	573,041	-	(3,065,357)	14,231,561
<u>NET LOSS FOR THE PERIOD</u>	-	-	-	(10,188,140)	(10,188,140)
<u>OTHER COMPREHENSIVE INCOME:</u>					
Change in fair value of available-for-sale marketable securities	-	-	80,000	-	80,000
BALANCE AS AT DECEMBER 31, 2013	16,723,877	573,041	80,000	(13,253,497)	4,123,421

The notes on pages 7 to 30 are an integral part of these consolidated condensed interim financial statements.

CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CASH FLOWS

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

NOTE	THREE MONTHS ENDED		SIX MONTHS ENDED	
	December 31,		December 31,	
	2014	2013	2014	2013
	\$	\$	\$	\$
Cash flows used in operating activities:				
Net loss for the period	(198,038)	(9,893,598)	(385,059)	(10,188,140)
Adjustments for:				
Share-based payments	697	1,654	1,598	86,526
Other income related to flow-through shares	(1,125)	(186,486)	(29,648)	(196,529)
Realised (gain) loss on disposal of marketable securities	-	-	(4,000)	80,000
Impairment of mining properties (note 6)	-	5,941,317	-	5,941,317
Impairment of exploration and evaluation assets (note 7)	-	4,395,437	-	4,395,437
Deferred income tax (recovery) expense	959	(487,141)	18,530	(517,022)
Net change in non-cash operating working capital	(99,567)	(293,431)	(168,650)	(268,082)
	(297,074)	(522,248)	(567,229)	(666,493)
Cash flows from financing activities:				
Proceeds from issuance of shares	618,560	50,400	618,560	50,400
Flow-through shares	1,684,600	201,600	1,684,600	201,600
Exercise of warrants	-	220,000	-	220,000
Share issuance expenses	(290,677)	(36,523)	(290,677)	(36,523)
	2,012,483	435,477	2,012,483	435,477
Cash flows used in investing activities:				
Addition to mining properties	(6,721)	(5,539)	(10,265)	(98,686)
Decrease in deposits to suppliers for exploration and evaluation assets	-	-	10,838	-
Disposal of marketable securities	-	-	31,000	-
Increase in marketable securities	-	-	-	(120,000)
Increase in exploration and evaluation assets	(163,947)	(910,267)	(260,735)	(947,603)
	(170,668)	(915,806)	(229,162)	(1,166,289)
Net increase (decrease) in cash and cash equivalents	1,544,740	(1,002,577)	1,216,092	(1,397,305)
Cash and cash equivalents, beginning of the period	917,054	1,698,543	1,245,702	2,093,271
Cash and cash equivalents, end of the period	2,461,794	695,966	2,461,794	695,966

The notes on pages 7 to 30 are an integral part of these consolidated condensed interim financial statements.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

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

Monarques Gold Corporation (Formerly 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 19.84% (24.54% as at June 30, 2014) of the share capital of the Company as at the date of these consolidated condensed interim financial statements.

On January 14, 2015, the Company changed its name from Monarques Resources Inc. to Monarques Gold Corporation.

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

The Company has not yet determined if the properties contain ore reserves that 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 consolidated condensed interim financial statements, management determined that the carrying amount 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 working capital available to the Company at the end of the period will provide the Company with adequate funding in order to cover its budget for general administrative expenses for the current fiscal year, to meet its short-term obligations, and to complete its planned 2015 exploration budget. 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.

These consolidated 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 consolidated 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

2. BASIS OF PREPARATION:

(A) STATEMENT OF COMPLIANCE:

These unaudited consolidated condensed interim financial statements have been prepared in accordance with 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 consolidated 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 consolidated 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, 2014. On February 25, 2015, the Board of Directors approved, for issuance, these consolidated condensed interim financial statements.

(B) BASIS OF MEASUREMENT:

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

The consolidated 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 consolidated 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 consolidated 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 consolidated condensed interim 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, 2014.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated condensed interim financial statements have been prepared following the same accounting policies used in the audited financial statements for the years ended June 30, 2014 except as noted below:

(A) NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED:

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.

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

IAS 32 did not have an impact on the consolidated condensed interim 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.

IFRIC 21 did not have an impact on the consolidated condensed interim financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(B) NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE:

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

IFRS 9, *Financial Instruments*:

On July 24, 2014 the IASB issued the complete IFRS 9 (IFRS 9 (2014)).

The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

The standard introduces additional changes relating to financial liabilities.

It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment.

IFRS 9 (2014) also includes a new general hedge accounting standard which aligns 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 Company intends to adopt IFRS 9 (2014) in its financial statements for the annual period beginning on July 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

4. ACQUISITION OF X-ORE RESOURCES INC. (“X-ORE”):

On May 12, 2014, the Company acquired 9,999 or 99.99% of all issued and outstanding common shares of X-Ore pursuant to the proposal of X-Ore under the *Bankruptcy and Insolvency Act*. The agreed subscription price for such shares consisted of \$110,000 in cash and 1,455,000 common shares of the Company having a value of \$145,500 as at May 12, 2014, for a total purchase price of \$255,500. The Company determined that the acquisition was not a business in accordance with the definition in IFRS 3, *Business Combinations*, and therefore it accounted for the acquisition as an asset acquisition rather than a business combination. Therefore, the value attributed to the mining properties is \$255,500. Also, the Company recorded a liability of \$105,178 under “Asset retirement obligations”, which amount is covered by a deposit held in trust for the same value (see Note 5).

Assets acquired	\$
50% of the Croinor property and 100% of the Croinor-Pershing property (see Note 6)	255,500
In trust deposit (see Note 5)	<u>105,178</u>
	360,678
Liabilities assumed	
Asset retirement obligations (see Note 13)	<u>105,178</u>
Net value of assets acquired	<u>255,500</u>
Consideration paid	\$
Cash	110,000
1,455,000 shares issued by the Company (see Note 9)	<u>145,500</u>
	<u>255,500</u>

5. IN TRUST DEPOSIT:

The Company’s provision consists primarily of assets retirement obligations for costs associated with mine reclamation and closure activities at the Croinor property, following the acquisition of “X-Ore”. Following the restoration plan submitted in 2014 by the Company to the Ministère des ressources naturelles et de la faune of the province of Québec (MRNF), the MRNF advised the Company on January 23, 2015 that the total amount of the financial guarantee for the restoration of the mining site would be \$416,155. As at December 31, 2014, the Company has an investment of \$105,178 (\$105,178 as at June 30, 2014) in term deposits in accordance with the current financial guarantee requirements set forth by the MRNF for future site restoration costs at the Croinor mining site. This term deposit bears interest at 1.10%, maturing on January 19, 2015. The remaining amount of \$310,977, will need to be deposited in a trust account on the following dates: i) \$102,900 on or before April 23, 2015; ii) \$104,039 on January 23, 2016 and; iii) \$104,039 on January 23, 2017. The change in the value of the asset retirement obligation was treated as a change in estimate and the amount of \$310,977 was recorded as an increase in the cost of the Croinor Gold property.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

6. MINING PROPERTIES:

PROPERTIES ⁽¹⁾	LOCALIZATION	ROYALTIES ⁽³⁾	JUNE 30, 2014	ACQUISITION	ASSET RETIREMENT	DECEMBER 31, 2014
			\$	\$	\$	\$
Belcourt Gold	SNRC 32C06	1.5%	3,453	-	-	3,453
Croinor Gold ^(2 a)	SNRC 32C02, 32C03,	1.5%	2,498,252	9,132	310,977	2,818,361
Regcourt Gold ^(2 b)	SNRC 32C03	2.5%	103,227	1,133	-	104,360
Simkar Gold ^(2 c)	SNRC 32C04	1.5%	90,403	-	-	90,403
			2,695,335	10,265	310,977	3,016,577

(1) Properties are all located in the province of Québec, Canada.

(2) The following properties consolidation took place:

- a. The Bel-Rive, Lac Tavernier, Croinor and Croinor-Pershing properties were consolidated to now form the Croinor Gold property.
- b. The Plator I, Plator II, Plator III, Plator IV, Plator V and the Regcourt properties were consolidated to now form the Regcourt Gold property.
- c. The Simkar and Tex-Sol properties were consolidated to now form the Simkar Gold property.

(3) 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 specific agreements as the case may be. (See Note 12).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

6. MINING PROPERTIES (CONTINUED):

PROPERTIES ⁽¹⁾	LOCALIZATION	ROYALTIES ⁽³⁾	JUNE 30, 2013	ACQUISITION (DISPOSITION)	IMPAIRMENT	JUNE 30, 2014
			\$	\$	\$	\$
Amiral ⁽⁴⁾	SNRC 32O14, 32B03	-	716	-	(716)	-
Arques ⁽⁴⁾	SNRC 32O13, 32O14	-	1,100,865	2,116	(1,102,981)	-
Belcourt Gold	SNRC 32C06	1.5%	-	3,453	-	3,453
Bourier ⁽⁴⁾	SNRC 32O14, 32O15, 33B02, 33B03	-	912,000	597	(912,597)	-
Caumont ⁽⁴⁾	SNRC 32N07, 32N08, 32N09	-	240,691	-	(240,691)	-
Croinor Gold ^(2 a)	SNRC 32C02, 32C03,	1.5%	-	2,498,252	-	2,498,252
Dumulon ⁽⁴⁾	SNRC 32N09	-	3,325	-	(3,325)	-
Duval ⁽⁴⁾	SNRC 32O12	-	304,576	380	(304,956)	-
Lemare ⁽⁴⁾	SNRC 32O11, 32O12, 32O14	-	846,248	3,071	(849,319)	-
Nisk ⁽⁴⁾	SNRC 32O11, 32O12, 32O13, 32O14	-	3,537,829	(1,768,222)	(1,769,607)	-
Regcourt Gold ^(2 b)	SNRC 32C03	2.5%	100,032	3,195	-	103,227
Rosebay ⁽⁴⁾	SNRC 33B02	-	1,764	-	(1,764)	-
Simkar Gold ^(2 c)	SNRC 32C04	1.5%	-	90,403	-	90,403
Valiquette ⁽⁴⁾	SNRC 32N09, 32O12	-	755,090	271	(755,361)	-
			7,803,136	833,516	(5,941,317)	2,695,335

(1) Properties are all located in the province of Québec, Canada.

(2) The following properties consolidation took place:

- a. The Bel-Rive, Lac Tavernier, Croinor and Croinor-Pershing properties were consolidated to now form the Croinor Gold property.
- b. The Plator I, Plator II, Plator III, Plator IV, Plator V and the Regcourt properties were consolidated to now form the Regcourt Gold property.
- c. The Simkar and Tex-Sol properties were consolidated to now form the Simkar Gold property.

(3) 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 specific agreements as the case may be. (See Note 12).

(4) These properties were transferred to Critical Element Corporation on May 12, 2014 in exchange of their 50% interest in the Croinor property.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

7. EXPLORATION AND EVALUATION ASSETS:

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

	JUNE 30, 2014	EXPLORATION EXPENSES	TAX CREDITS FOR RESOURCES	DECEMBER 31, 2014
	\$	\$	\$	\$
Belcourt Gold	2,449	-	-	2,449
Croinor Gold ^(1 a)	12,071	258,218	(47,446)	222,843
Regcourt Gold ^(1 b)	34,885	6,627	-	41,512
Simkar Gold ^(1 c)	1,015,027	8,306	-	1,023,333
	1,064,432	273,151	(47,446)	1,290,137

(1) The following properties consolidation took place:

- a. The Bel-Rive, Lac Tavernier, Croinor and Croinor-Pershing properties were consolidated to now form the Croinor Gold property.
- b. The Plator I, Plator II, Plator III, Plator IV, Plator V and the Regcourt properties were consolidated to now form the Regcourt Gold property.
- c. The Simkar and Tex-Sol properties were consolidated to now form the Simkar Gold property.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

7. EXPLORATION AND EVALUATION ASSETS (CONTINUED):

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

	JUNE 30, 2013	EXPLORATION EXPENSES	IMPAIRMENT	TRANSFERRED	JUNE 30, 2014
	\$	\$	\$	\$	\$
Amiral ⁽²⁾	49,142	-	(49,142)	-	-
Arques ⁽²⁾	338,340	-	(338,340)	-	-
Belcourt Gold	-	2,449	-	-	2,449
Bourier ⁽²⁾	1,184,638	-	(1,184,638)	-	-
Caumont ⁽²⁾	411,963	600	(412,563)	-	-
Croinor Gold ^(1 a)	-	12,071	-	-	12,071
Dumulon ⁽²⁾	216,246	-	(216,246)	-	-
Duval ⁽²⁾	265,538	-	(265,538)	-	-
Lemare ⁽²⁾	1,154,229	600	(1,154,829)	-	-
Nisk ⁽²⁾	611,455	1,800	(306,627)	(306,628)	-
Regcourt Gold ^(1 b)	28,858	6,027	-	-	34,885
Rosebay ⁽²⁾	16,611	-	(16,611)	-	-
Simkar Gold ^(1 c)	-	1,015,027	-	-	1,015,027
Valiquette ⁽²⁾	450,903	-	(450,903)	-	-
	4,727,923	1,038,574	(4,395,437)	(306,628)	1,064,432

(1) The following properties consolidation took place:

- a. The Bel-Rive, Lac Tavernier, Croinor and Croinor-Pershing properties were consolidated to now form the Croinor Gold property.
- b. The Plator I, Plator II, Plator III, Plator IV, Plator V and the Regcourt properties were consolidated to now form the Regcourt Gold property.
- c. The Simkar and Tex-Sol properties were consolidated to now form the Simkar Gold property.

(2) These properties were transferred to Critical Element Corporation on May 12, 2014 in exchange of their 50% interest in the Croinor property.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

7. EXPLORATION AND EVALUATION ASSETS (CONTINUED):

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

	SIX-MONTH PERIOD ENDED DECEMBER 31, 2014	YEAR ENDED JUNE 30, 2014
	\$	\$
Exploration expenses:		
Salaries, supervision and consultants	88,092	104,206
Geology and geophysics	175,298	69,179
Test, sampling and prospecting	1,971	87,495
Drilling, equipment rental and other material	-	771,369
Lodging, meals and travel expenses	7,790	6,325
Increase of exploration expenses	273,151	1,038,574
Tax credits for resources	(47,446)	-
Impairment	-	(4,395,437)
Properties transferred to another company	-	(306,628)
Balance, beginning of period	1,064,432	4,727,923
Balance, end of period	1,290,137	1,064,432

Following the Company's decision to focus its time and resources on the acquisition and development of gold assets on the Cadillac Fault located in the Val-d'Or region, an impairment was recognized on 10 mining properties that were located in the Nemaska region for the year ended June 30, 2014. This impairment was recorded prior to the transfer of the 10 properties to Critical Element Corporation on May 12, 2014 in exchange of their 50% interest in the Croinor property.

8. 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 (the "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.

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.

Effective October 1, 2014, Eloro proceeded with a share rollback on the basis of 10 old shares for one new share, which resulted that the number of Eloro's shares held by the Company as at December 31, 2014 was 320,000 shares of Eloro (5,000,000 as at June 30, 2014) and the closing price of Eloro's shares on the TSX Venture Stock Exchange was \$0.055 (\$0.015 as at June 30, 2014), for a total fair value of \$17,600 (\$75,000 as at June 30, 2014) and representing approximately 5.13% (8.01% at as June 30, 2014) of Eloro's 6,239,779 common shares currently issued and outstanding as of December 31, 2014.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

8. MARKETABLE SECURITIES (CONTINUED):

During the three-month and six-month periods ended December 31, 2014, the decline in the fair value of Eloro's shares was recorded as a loss in the consolidated condensed interim statements of other loss and comprehensive loss.

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.

9. 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, 2013 ^{(i) (ii)}	14,556,790	50,760,208	16,299,618
Paid in cash ^(iv)	5,730,996	5,919,996	656,214
Flow-through shares ^{(iii) (iv)}	693,000	1,260,000	153,640
Issued for mining properties ^(v)	-	1,955,000	200,500
Exercise of warrants	(4,690,000)	4,690,000	515,900
Balance at June 30, 2014	16,290,786	64,585,204	17,825,872
Paid in cash ^(vi)	4,372,456	4,757,811	634,921
Flow-through shares ^{(vi) (vii)}	5,992,482	10,528,750	1,413,296
Balance at December 31, 2014	26,655,724	79,871,765	19,874,089

(i) The carrying amount of the flow-through shares issued in December 2012 was presented net of the liability related to flow-through shares of \$329,440 that was recorded when the flow-through shares were issued. As at June 30, 2014 and December 31, 2014, the balance of the liability related to these flow-through shares was nil.

(ii) A total of 128,205 shares are escrowed as at December 31, 2014 (128,205 as at June 30, 2014) related to the acquisition of mining properties. 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 between the Vendor and the Escrow Agent on the Closing Date (the "Escrow Agreement"). A proportion of 33% of the Escrow Shares is released from escrow at 12-month intervals from the Closing Date.

(iii) 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 December 31, 2014, the balance of the liability related to these flow-through shares is nil (\$28,523 as at June 30, 2014). During the three-month and six-month periods ended December 31, 2014, an amount of nil and \$28,523, respectively, have been recognized as other income related to flow-through shares in the consolidated condensed interim statements of loss and comprehensive loss, 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

9. SHARE CAPITAL AND WARRANTS (CONTINUED):

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

- (iv) The fair value of \$3,254 related to the warrants issued to brokers during the financing that occurred in December 2013 was added to the value of the share capital, with the counterpart to deficit, as disclosed in the consolidated condensed interim statement of changes in shareholders' equity for the year ended June 30, 2014.
- (v) The common shares held by Critical Elements Corporation ("CEC") are subject to voluntary hold periods as follows: 250,000 common shares was released six months after the closing of the transaction with CEC, which was November 12, 2014, and 250,000 common shares will be released 12 months after the closing of the CEC Transaction, which is May 12, 2015.
- (vi) The fair value of \$60,920 related to the warrants issued to brokers during the financing that occurred in December 2014 was added to the value of the share capital, with the counterpart to deficit, as disclosed in the consolidated condensed interim statement of changes in shareholders' equity for the period ended December 31, 2014.
- (vii) The carrying amount of these flow-through shares is presented net of the liability related to flow-through shares of \$315,863 that was recorded when the flow-through shares were issued during the financing that occurred on December 15, 2014 and December 23, 2014. As at December 31, 2014, the balance of the liability related to these flow-through shares is \$314,738 (\$28,523 as at June 30, 2014). During the three-month and six-month periods ended December 31, 2014, an amount of \$1,125 has been recognized as other income related to flow-through shares in the consolidated condensed interim statements of loss and comprehensive loss, 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.

(A) PERIOD ENDED DECEMBER 31, 2014:

On December 15 and 23, 2014, the Company closed two tranches of a brokered short-form prospectus placement for an aggregate gross proceeds of \$2,303,160. Pursuant to these placements, the Company issued a total of 3,608,925 of "A units" at a price of \$0.13 per unit, 747 of "B units" at a price of \$1,000 per unit, and 6,793,750 of "C units" at a price of \$0.16 per unit. Each "A unit" consists of one common share in the capital of the Company at a price of \$0.13 per common share and one common share purchase warrant. Each "B unit" consists of 5,000 common shares to be issued as flow-through shares at a price of \$0.16 per flow-through share, 1,538 common shares at a price of \$0.13 per common share and 3,269 warrants. Each "C unit" consists of one flow-through share at a price of \$0.16 per flow-through share and one-half of one warrant. Each warrant entitles its holder thereof to purchase one common share at a price of \$0.18 per common share, until December 15, 2017. In consideration for its services, the agent received a cash commission of \$230,316 and 917,195 agent's compensation warrants to purchase, until December 15, 2017, a total of 917,195 common shares at a price of \$0.13 per common share. The warrants issued to the shareholders related to this financing were listed on the TSX Venture Exchange on January 23, 2015 under the trading symbol "MQR.WT.A".

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

9. SHARE CAPITAL AND WARRANTS (CONTINUED):

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

(B) YEAR ENDED JUNE 30, 2014:

On June 30, 2014, the Company closed a private placement for an aggregate gross proceeds of \$405,000. Pursuant to this placement, the Company issued a total of 3,681,815 units offered at a price of \$0.11 per unit. Each unit being comprised of one common share and one warrant. Each warrant entitles its holder thereof to purchase one common share at a price of \$0.14 per common share, until June 30, 2016. All the securities are subject to a hold period of four months and one day ending on October 31, 2014.

On June 11, 2014, a total of 1,490,000 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 1,490,000 common shares upon these exercises.

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.

On May 12, 2014, the Company acquired 9,999 or 99.99% of all issued and outstanding common shares of X-Ore Resources Inc. ("X-Ore") pursuant to the proposal of X-Ore under the *Bankruptcy and Insolvency Act*. The agreed subscription price for such shares consisted of \$110,000 in cash and 1,455,000 common shares of the Company having a fair value of \$145,500. 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 which expired on September 13, 2014. On May 12, 2014, X-Ore owned 50% of the Croinor property 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

9. SHARE CAPITAL AND WARRANTS (CONTINUED):

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

(B) YEAR ENDED JUNE 30, 2014 (CONTINUED):

On May 12, 2014, in parallel with the transaction with X-Ore, the Company completed the acquisition of the other undivided 50% interest in the Croinor property from Critical Elements Corporation ("CEC"), which 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 having a fair value of \$0.11 per common share, and transferred its interest in 10 mineral properties in the James Bay area to CEC: the Amiral, Arques, Bourier, Caumont, Dumulon, Duval, Lemare, Nisk, Rosebay and Valiquette (see Notes 6 and 7). 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.

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.

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 one common share and one 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

9. SHARE CAPITAL AND WARRANTS (CONTINUED):

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

(C) WARRANTS GRANTED TO OTHERS THAN THE BROKERS:

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

	SIX-MONTH PERIOD ENDED DECEMBER 31, 2014		YEAR ENDED JUNE 30, 2014	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Outstanding, beginning of the period	15,511,396	0.25	13,861,400	0.27
Granted	9,447,743	0.18	6,339,996	0.15
Exercised	-	-	(4,690,000)	⁽¹⁾ 0.11
Outstanding, end of period	24,959,139	0.22	15,511,396	0.25

⁽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.

The following table summarizes the information relating to the warrants:

NUMBER OF WARRANTS OUTSTANDING AS AT DECEMBER 31, 2014	EXERCISE PRICE	EXPIRY DATE
	\$	
9,171,400 (exercisable)	0.30	December 2015
840,000 (exercisable)	0.20	December 2015
1,818,181 (exercisable)	0.14	February 2016
3,681,815 (exercisable)	0.14	June 2016
9,447,743 (exercisable)	0.18	December 2017

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

9. SHARE CAPITAL AND WARRANTS (CONTINUED):

(D) WARRANTS GRANTED TO BROKERS:

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

	SIX-MONTH PERIOD ENDED DECEMBER 31, 2014		YEAR ENDED JUNE 30, 2014	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Outstanding, beginning of the period	779,390	0.21	695,390	0.22
Granted	917,195	0.13	84,000	0.12
Outstanding, end of period	1,696,585	0.17	779,390	0.21

	SIX-MONTH PERIOD ENDED DECEMBER 31, 2014	YEAR ENDED JUNE 30, 2014
	\$	\$
Weighted average fair value of share purchase warrants granted during the period	0.07	0.04

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

	SIX-MONTH PERIOD ENDED DECEMBER 31, 2014	YEAR ENDED JUNE 30, 2014
Risk-free interest rate	1.02%	1.07%
Expected annual dividend rate	0%	0%
Expected annualized volatility	90%	95%
Expected life of warrants	3 years	2 years

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

NUMBER OF WARRANTS OUTSTANDING AS AT DECEMBER 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
917,195 (exercisable)	0.13	December 2017

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

10. 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.

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

	SIX-MONTH PERIOD ENDED DECEMBER 31, 2014		YEAR ENDED JUNE 30, 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Outstanding, beginning of period	3,696,250	0.25	2,755,000	0.33
Granted	-		1,520,000	0.15
Expired	(26,250)	0.19	(578,750)	0.32
Outstanding, end of period	3,670,000	0.25	3,696,250	0.25
Exercisable, end of period	3,595,000	0.25	3,506,250	0.25

	SIX-MONTH PERIOD ENDED DECEMBER 31, 2014	YEAR ENDED JUNE 30, 2014
	\$	\$
Weighted average fair value of share purchase options granted during the period	-	0.08

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

10. SHARE PURCHASE OPTIONS (CONTINUED):

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

	SIX-MONTH PERIOD ENDED DECEMBER 31, 2014	YEAR ENDED JUNE 30, 2014
Risk-free interest rate	-	1.54%
Expected annual dividend rate	-	0%
Expected annualized volatility	-	91%
Expected life of options	-	5 years

For the three-month and six-month periods ended December 31, 2014, the application of the fair value model resulted in share-based payments expenses of \$697 (\$1,654 in 2013) and \$1,598 (\$86,526 in 2013), respectively.

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

NUMBER OF OPTIONS OUTSTANDING AS AT DECEMBER 31, 2014		EXERCISE PRICE	EXPIRY DATE
Outstanding	Exercisable	\$	
5,000	5,000	0.140	August 2015
15,000	15,000	0.250	August 2015
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
150,000	150,000	0.250	January 2018
850,000	800,000	0.150	September 2018
650,000	625,000	0.140	June 2019
3,670,000	3,595,000		

11. 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 could have negative tax consequences for investors or the Company.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

12. COMMITMENTS:

(A) REGCOURT GOLD

The Company has agreed to pay Plato Gold Inc. a 1% Net Smelter Return (“NSR”) on all metals on some of the claims forming the property and has the right, at any time before commercial production, to purchase this 1% NSR by paying the seller \$1,000,000 in cash. Also, the Company has agreed to pay Eoro Resources Inc. a 1.5% Net Smelter Return (“NSR”) on all metals from the claims and has the right, at any time before commercial production, to purchase 1/3 of this NSR by paying Eoro Resources Inc. \$1,000,000 in cash.

(B) SIMKAR GOLD

The Company has agreed to pay Eoro Resources Inc. a royalty equal to 1.5% Net Smelter Return (“NSR”) on all metals on the claims acquired and has the right, at any time before commercial production, to purchase 1/3 of this NSR by paying the beneficiary a total of \$1,000,000 in cash. This buyback clause does not apply to 11 of the claims forming the property.

(C) BELCOURT GOLD

The Company has agreed to pay Eoro Resources Inc. a royalty equal to 1.5% Net Smelter Return (“NSR”) on all metals on the claims acquired and has the right, at any time before commercial production, to purchase 1/3 of this NSR by paying the beneficiary a total of \$1,000,000 in cash.

(D) CROINOR GOLD

The Company has agreed to pay the beneficiaries a total royalty of 1.5% Net Smelter Return (“NSR”) on all metals on some of the claims acquired and has the right, at any time before commercial production, to purchase 50% of this NSR by paying the beneficiaries a total of \$500,000 in cash.

(E) 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 shares 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 was 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 shares completed on December 23, 2013. The Company has fulfilled this commitment since it incurred a cumulative amount of \$201,600 of eligible expenses as at September 30, 2014 (\$87,505 as at June 30, 2014) and has no funds reserved for exploration (\$114,095 as at June 30, 2014) related to this commitment.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

12. COMMITMENTS (CONTINUED):

(E) FLOW-THROUGH SHARES (CONTINUED)

The Company is also committed to incur eligible exploration and evaluation expenses, pursuant to the Canada *Income Tax Act* and Québec *Taxation Act*, of \$1,684,600 by December 31, 2015, and to transfer the tax deductions related to these expenditures to the subscribers of its flow-through shares completed on December 15, 2014 and December 23, 2014. In relation to this commitment, the Company has incurred a cumulative amount of \$6,000 of eligible expenses as at December 31, 2014 and has \$1,678,600 of funds reserved for exploration.

(F) LEASE

The Company signed a lease in December 2014 to rent office space for a monthly amount of \$875 before taxes until May 31, 2015. The Company is also renting storage space for an annual amount of \$2,420 before taxes. This lease can be renewed for an additional period of 1 year, from June 1, 2015 to May 31, 2016. As at December 31, 2014, the total contractual payments remaining until the next renewal, assuming the lease will not be terminated before the end of the term, will amount to \$4,375.

13. ASSET RETIREMENT OBLIGATIONS:

The Company has recorded an asset retirement obligations for costs associated with mine reclamation and closure activities at the Croinor property, which reflects the present value of the estimated amount of cash flows required to satisfy the asset retirement obligation. The primary component of this obligation is for the revegetation of the site including waste piles and overburden, infilled area, and polishing pond. Following the restoration plan submitted in 2014 by the Company to the Ministère des ressources naturelles et de la faune of the province of Québec (the "MRNF"), the MRNF advised the Company on January 23, 2015 that to cover the asset retirement obligation of \$416,155 a financial guarantee for the full amount would be required. As at December 31, 2014, the Company has invested \$105,178 (\$105,178 as at June 30, 2014) in term deposits in accordance with the current financial guarantee requirements set forth by the MRNF for future site restoration costs at the Croinor mining site. The remaining amount of \$310,977 will need to be deposited in a trust account on the following dates: i) \$102,900 on or before April 23, 2015; ii) \$104,039 on January 23, 2016 and; iii) \$104,039 on January 23, 2017.

14. RELATED PARTY TRANSACTIONS:

The Company has no ultimate parent.

Inter-company transactions carried out during the three-month period ended December 31, 2014 between the Company and Nemaska Lithium Inc. ("Nemaska") (entity having significant influence over the Company) totalled an amount of \$28,500 (\$28,500 in 2013) as follows: Nemaska charged to the Company for the following: \$28,500 (\$25,200 in 2013) of compensation and nil (\$3,300 in 2013) as general administrative and office expenses.

Inter-company transactions carried out during the six-month period ended December 31, 2014 between the Company and Nemaska totalled an amount of \$57,000 (\$63,968 in 2013) as follows: Nemaska charged to the Company for the following: \$57,000 (\$57,368 in 2013) of compensation and nil (\$6,600 in 2013) as general administrative and office expenses.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

14. RELATED PARTY TRANSACTIONS (CONTINUED):

The transactions 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. There is no inter-company balance payable or receivable by the Company to or from Nemaska as at December 31, 2014 and as at June 30, 2014.

15. ITEMS NOT AFFECTING CASH AND CASH EQUIVALENTS:

	THREE-MONTH PERIODS ENDED		SIX-MONTH PERIODS ENDED	
	DECEMBER 31,		DECEMBER 31,	
	2014	2013	2014	2013
	\$	\$	\$	\$
<u>Non-cash items:</u>				
Changes in accounts payable and accrued liabilities related to share issuance costs	(128,618)	(23,393)	(128,618)	(23,393)
Changes in accounts payable and accrued liabilities related to exploration and evaluation assets	(94,185)	15,848	12,416	28,727
Change in asset retirement obligation capitalized to the cost of mining properties	310,977	-	310,977	-

16. COMPENSATION:

	THREE-MONTH PERIODS ENDED		SIX-MONTH PERIODS ENDED	
	DECEMBER 31,		DECEMBER 31,	
	2014	2013	2014	2013
	\$	\$	\$	\$
Wages and fringe benefits paid to key management personnel	99,412	72,627	192,206	159,815
Wages and fringe benefits paid to other staff employees	6,015	10,336	18,645	17,434
Fees paid to the members of the Board of directors	20,491	12,400	38,741	27,400
	125,918	95,363	249,592	204,649

During the three-month and six-month periods ended December 31, 2014, the Company incurred \$697 (\$1,654 in 2013) and \$1,598 (\$86,526 in 2013), respectively, of share-based payments expenses, of which \$697 (\$1,619 in 2013) and \$1,598 (\$36,765 in 2013), respectively, were attributed to key management personnel and nil (nil in 2013) and nil (\$34,949 in 2013), respectively, were attributed to the members of the Board of directors in relation with the share purchase options granted.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

17. 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 PERIODS ENDED		SIX-MONTH PERIODS ENDED	
	DECEMBER 31,		DECEMBER 31,	
	2014	2013	2014	2013
	\$	\$	\$	\$
Loss before income taxes	(197,079)	(10,380,739)	(366,529)	(10,705,162)
Computed expected tax expense (recovery)	(53,014)	(2,792,419)	(98,596)	(2,879,689)
Increase (decrease) in income taxes resulting from:				
Non-deductible share-based payment	187	445	429	23,276
Future tax arising from flow-through shares renunciation	1,614	249,125	32,306	262,633
Current year losses for which no deferred tax assets recognized	50,418	561,212	71,434	561,212
Permanent difference arising from the non-taxable income related to flow-through shares	(303)	(50,165)	(7,976)	(52,867)
Permanent difference arising from the write-down of mineral properties	-	1,544,661	-	1,544,661
Non-deductible capital loss related to change in fair value of marketable securities and financial assets	1,937	-	3,551	23,752
Mining tax expense	120	-	17,382	-
Deferred income tax (recovery) expense	959	(487,141)	18,530	(517,022)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

17. INCOME TAXES AND MINING TAXES (CONTINUED):

Movements in temporary differences during the three-month period ended September 30, 2014 and year ended June 30, 2014 are detailed as follows:

	BALANCE JUNE 30, 2014 \$	RECOGNIZED IN PROFIT OR LOSS \$	BALANCE DECEMBER 31, 2014 \$
Deferred tax assets:			
Operating losses	107,924	507,757	615,681
Share issuance costs	149,544	(35,169)	114,375
	257,468	472,588	730,056
Deferred tax liabilities:			
Exploration and evaluation assets	(326,960)	(159,464)	(486,424)
Deferred mining duties	-	(26,031)	(26,031)
Mining properties	69,492	(313,124)	(243,632)
	(257,468)	(498,619)	(756,087)
	-	(26,031)	(26,031)

	BALANCE JUNE 30, 2013 \$	RECOGNIZED IN PROFIT OR LOSS \$	BALANCE JUNE 30, 2014 \$
Deferred tax assets:			
Operating losses	466,963	(359,039)	107,924
Share issuance costs	229,949	(80,405)	149,544
	696,912	(439,444)	257,468
Deferred tax liabilities:			
Exploration and evaluation assets	(1,230,427)	903,467	(326,960)
Mining properties	16,493	52,999	69,492
	(1,213,934)	956,466	(257,468)
	(517,022)	517,022	-

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

PERIODS ENDED DECEMBER 31, 2014 AND 2013

17. INCOME TAXES AND MINING TAXES (CONTINUED):

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

	BALANCE DECEMBER 31, 2014	BALANCE JUNE 30, 2013
Non-capital losses carry forwards	709,346	1,545,838
Share issuance costs	127,187	160,741
Mining properties	69,608	-
Exploration expenses	594,999	-
Fixed assets	29,305	-
Unrealised loss on investment	3,551	-
	1,533,996	1,706,579

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize benefits therefrom.

As at December 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
	\$	\$	
2007	480,017	420,695	2027
2008	566,242	563,958	2028
2009	187,288	186,829	2029
2010	-	-	2030
2011	212,153	212,153	2031
2012	1,019,747	1,019,747	2032
2013	801,250	801,250	2033
2014	1,027,187	1,027,187	2034
2015 (6 months)	564,861	564,861	2035
	4,858,745	4,796,680	

Following the acquisition by the Company of X-Ore Resources on May 12, 2014, the Company has acquired deferred tax assets relating to non-capital tax losses incurred from 2007 to 2014, which were not recognized. These tax losses are available to reduce the subsidiary's future income taxes.

18. 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.