# ROMIOS GOLD RESOURCES INC.

## CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**For the three months ended September 30, 2014 and 2013**
**(unaudited)**
**(Expressed in Canadian $)**

**Romios Gold Resources Inc.**
**(the "Company")**
**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by, and are the responsibility of, the Company's management. The Company's independent auditor has not performed a review of these financial statements.

DATED this 27th day of November, 2014.

**ROMIOS GOLD RESOURCES INC.**

Per: *(signed) "Tom Drivas"*
Name: Tom Drivas
Title: Chief Executive Officer

Per: *(signed) "Michael D'Amico"*
Name: Michael D'Amico
Title: Chief Financial Officer

# Romios Gold Resources Inc.

***Condensed Interim Consolidated Statements of Financial Position***

***(Expressed in Cdn $)***

*(Unaudited)*

| As at | **September 30 2014 $** | June 30 2014 $ |
|---|---|---|
| **Assets** | | |
| Current | | |
| Cash and cash equivalents (note 4) | **822,365** | 913,874 |
| Accounts receivable | **11,762** | 7,757 |
| Prepaid expenses | **72,114** | 64,843 |
| **Total current assets** | **906,241** | 986,474 |
| | | |
| **Exploration and evaluation assets** (note 5) | | |
| Acquisition costs | **4,246,427** | 4,246,427 |
| Deferred exploration and evaluation expenditures | **21,607,973** | 21,609,189 |
| **Total assets** | **26,760,641** | 26,842,090 |
| | | |
| **Liabilities** | | |
| Current | | |
| Accounts payable & accruals | **116,216** | 105,688 |
| | | |
| Deferred income tax | **2,270,522** | 2,270,522 |
| **Total liabilities** | **2,386,738** | 2,376,210 |
| *Contingencies and commitments (note 11)* | | |
| | | |
| **Shareholders' equity** | | |
| Share capital (note 6(a)) | **30,871,993** | 30,871,993 |
| Contributed surplus (note 7) | **3,961,073** | 3,925,568 |
| Deficit | **(10,459,164)** | (10,331,681) |
| **Total shareholders' equity** | **24,373,903** | 24,465,880 |
| **Total liabilities and shareholders' equity** | **26,760,641** | 26,842,090 |

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

APPROVED ON BEHALF OF THE BOARD on November 27, 2014

"Signed"
Anastasios (Tom) Drivas

"Signed"
Frank van de Water

# Romios Gold Resources Inc.

***Condensed Interim Consolidated Statements of Changes in Equity***

***(Expressed in Cdn $)***

*(Unaudited)*

| | Share Capital<br>$ | Contributed Surplus<br>$ | Deficit<br>$ | Total<br>$ |
|---|---|---|---|---|
| **At June 30, 2013** | 30,796,443 | 3,758,933 | (9,704,517) | 24,850,859 |
| Net loss and comprehensive loss for the period | - | - | (113,836) | (113,836) |
| Share-based compensation | - | 1,478 | - | 1,478 |
| **At September 30, 2013** | 30,796,443 | 3,760,411 | (9,818,354) | 24,738,500 |
| Net loss and comprehensive loss for the period | - | - | (513,327) | (513,327) |
| Flow-through shares issued, net | 75,550 | - | - | 75,550 |
| Share-based compensation | - | 165,157 | - | 165,157 |
| **At June 30, 2014** | 30,871,993 | 3,925,568 | (10,331,681) | 24,465,880 |
| Net loss and comprehensive loss for the period | - | - | (127,483) | (127,483) |
| Share-based compensation | - | 35,505 | - | 35,505 |
| **At September 30, 2014** | 30,871,993 | 3,961,073 | (10,459,164) | 24,373,903 |

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

## Romios Gold Resources Inc.

***Condensed Interim Consolidated Statements of Loss, and Comprehensive Loss***

***(Expressed in Cdn $)***

*(Unaudited)*

| | For the three months ended September 30 | |
|---|---|---|
| | **2014** | 2013 |
| | **$** | $ |
| **Expenses** | | |
| Professional fees | **18,481** | 25,706 |
| Management fees and salaries | **49,950** | 54,563 |
| Office and general | **25,355** | 21,044 |
| Shareholder communication | **2,516** | 16,904 |
| Share-based compensation | **35,505** | 1,478 |
| Loss for the period before the following | **(131,807)** | (119,695) |
| Interest income | **4,324** | 5,859 |
| Net loss for the period | **(127,483)** | (113,836) |
| Deferred income tax recovery (expense) | **-** | - |
| **Net loss and comprehensive loss** | **(127,483)** | (113,836) |
| Basic and diluted loss per share | **0.00** | 0.00 |
| Weighted average number of shares outstanding | **157,719,896** | 156,762,001 |

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

# Romios Gold Resources Inc.

***Condensed Interim Consolidated Statements of Cash Flows***

***(Expressed in Cdn $)***

*(Unaudited)*

| | For the three months ended September 30 | |
|---|---|---|
| | **2014** | 2013 |
| | **$** | $ |
| **Operating activities** | | |
| Net loss for the period | **(127,483)** | (113,836) |
| Items not affecting cash: | | |
| Share-based compensation | **35,505** | 1,478 |
| | **(91,978)** | (112,358) |
| Net change in non-cash working capital | | |
| Accounts receivable | **(4,004)** | (5,410) |
| Prepaid expenses | **(7,272)** | (7,156) |
| Accounts payable and accrued liabilities | **10,528** | 60,612 |
| Net cash used in operating activities | **(92,725)** | (64,312) |
| **Investing activities** | | |
| Exploration and evaluation assets acquisition costs | **-** | (363) |
| Deferred exploration and evaluation expenditures | **(164,032)** | (207,096) |
| Provincial refund re exploration and evaluation expenditures | **165,248** | - |
| Net cash used in investing activities | **1,216** | **(207,459)** |
| Change in cash and cash equivalents | **(91,509)** | (271,771) |
| Cash and cash equivalents, beginning of period | **913,874** | 1,674,104 |
| **Cash and cash equivalents, end of period** | **822,365** | 1,402,333 |
| **Cash comprises:** | | |
| Cash and cash equivalents | 822,365 | 1,402,333 |

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

### 1. Nature of operations and going concern

Romios Gold Resources Inc. ("Romios" or "the Company") is a listed public Company incorporated under the Ontario Business Corporations Act and has interests in resource properties which are being explored and evaluated to determine their economic viability. The registered office and location of corporate records is Suite 1220, 20 Toronto St., Toronto, Ontario.

The accompanying unaudited condensed interim consolidated financial statements ("Financial Statements") of the Company have been prepared by, and are the responsibility of, the Company's management. The Company's independent auditor has not performed a review of these Financial Statements.

These Financial Statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at September 30, 2014 the Company had no sources of operating cash flows. The Company will therefore require additional funding which, if not raised, would result in the curtailment of activities and project delays. The Company had working capital of $790,025 as at September 30, 2014, and has incurred losses since inception, resulting in an accumulated deficit of $10,459,164 as at September 30, 2014. The Company's ability to continue as a going concern is uncertain and is dependent upon its ability to continue to raise adequate financing. There can be no assurance that the Company will be successful in this regard, and therefore, there is doubt regarding the Company's ability to continue as a going concern, and accordingly, the use of accounting principles applicable to a going concern. These consolidated financial statements do not reflect adjustments that would be necessary if the "going concern" assumption is not appropriate. If the "going concern" assumption is not appropriate, adjustments to the carrying values of the assets and liabilities, the expenses and the balance sheet classifications, which could be material, would be necessary.

The recoverability of expenditures on its resource properties and related deferred exploration expenditures is dependent upon the existence of resources that are economically recoverable, confirmation of the Company's ownership interests in the claims, the ability of the Company to obtain necessary financing to complete the exploration and the development of the properties, and upon future profitable production or proceeds from disposition thereof.

### 2. Basis of preparation and statement of compliance with IAS 34

These Financial Statements form part of the period covered by the Company's International Financial Reporting Standards ("IFRS") annual consolidated financial statements. These Financial Statements have been prepared in accordance with IAS 34 - *Interim Financial Reporting* and on the basis of IFRS standards and interpretations expected to be effective as at the Company's IFRS annual reporting date, June 30, 2015.

These Financial Statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended June 30, 2014 prepared in accordance with International Accounting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") in effect as of June 30, 2014.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these Financial Statements. Operating results for the three months ended September 30, 2014 may not be indicative of the results that may be expected for the year ending June 30, 2015.

## 3. Summary of significant accounting policies

Readers should refer to the June 30, 2014 annual consolidated financial statements for the accounting policies used in the preparation of these Financial Statements. The IASB continues to amend and add to current IFRS standards and interpretations with several projects underway. Accordingly, the accounting policies adopted by the Company for the Company's IFRS annual consolidated financial statements will be determined as at June 30, 2015. In the event that accounting policies adopted at June 30, 2015 differ materially from the accounting policies used in the preparation of these Financial Statements, these Financial Statements will be restated to retrospectively account for the application of those policies adopted at June 30, 2015.

The accounting policies have been applied consistently to all periods presented in these Financial Statements.

### Principles of consolidation

The Financial Statements include the accounts of 100% owned McLymont Mines Inc. All inter-company accounts and transactions have been eliminated on consolidation.

## 4. Cash and cash equivalents

Cash and cash equivalents consist of cash and investments in Canadian Chartered Bank demand money market funds.

During the three months ended September 30, 2014, the Company spent a total of $164,032 on exploration and evaluation activities, including the balance of all funds raised exclusively for Canadian Exploration Expenditures ("CEE") in the current fiscal year.

## 5. Exploration and evaluation assets

### Acquisition costs

| | British Columbia | Quebec | Nevada, USA | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Balance, June 30, 2013 | 4,089,312 | 74,997 | 38,466 | 4,202,775 |
| Total additions for the period | 43,652 | - | - | 43,652 |
| Balance, June 30, 2014 | 4,132,964 | 74,997 | 38,466 | 4,246,427 |
| Total additions for the period | - | - | - | - |
| Balance September 30, 2014 | 4,132,964 | 74,997 | 38,466 | 4,246,427 |

The Company's total holding in the Golden Triangle area is approximately 82,000 hectares (203,000 acres). Additional acquisition costs for British Columbia relate primarily to the value of shares for property payment obligations and maintenance fees for claims.

**Deferred exploration and evaluation expenditures**

| | British Columbia $ | Quebec $ | Ontario $ | Total $ |
|---|---|---|---|---|
| Balance, June 30, 2013 | 20,203,490(1) | 950,538(2) | 92,290 | 21,246,318 |
| Additions: | | | | |
| Assessment filings | 1,372 | 1,000 | - | 2,372 |
| Assaying | 30,619 | - | 2,283 | 32,902 |
| Contract flying | 23,961 | - | 27,650 | 51,611 |
| Drilling | 4,000 | - | - | 4,000 |
| Contract labour | 55,943 | 8,613 | 20,790 | 85,346 |
| Camp costs | 32,380 | 925 | 17,591 | 50,896 |
| Other | 83,682 | 2,898 | 53,309 | 139,889 |
| Total additions for the period | 231,957 | 13,436 | 121,623 | 367,016 |
| Quebec refund | - | (4,145) | - | (4,145) |
| Balance, June 30, 2014 | 20,435,447 | 959,829 | 213,913 | 21,609,189 |
| Additions: | | | | |
| Assessment filings | 500 | - | - | 500 |
| Assaying | 12,989 | - | - | 12,989 |
| Contract flying | 63,342 | - | - | 63,342 |
| Contract labour | 67,455 | - | - | 67,455 |
| Camp costs | 13,994 | - | - | 13,994 |
| Other | 5,734 | 18 | - | 5,752 |
| Total additions for the period | 164,014 | 18 | - | 164,032 |
| British Columbia refund | (165,248) | - | - | (165,248) |
| Balance, September 30, 2014 | 20,434,213 | 959,847 | 213,913 | 21,607,973 |

(1) Amounts shown are net of refunds totalling $411,053 received from the province of British Columbia in 2012

(2) Amounts shown are net of refunds totalling $422,255 received from the province of Quebec (2012 - $56,906; 2011 - $20,021 and 2010 - $345,328).

**British Columbia**

In 2006, the Company acquired a 100% interest in 5 land tenures (2,693 hectares) located in the Liard Mining Division of British Columbia, known as the Trek Property from the Galore Creek Staking Syndicate, 2003 (Galore Creek Syndicate).

By September 27, 2012, the Company had earned, from Gulf International Minerals Inc. (“Gulf”), a 100% interest in the Newmont Lake property in British Columbia, which consists of 18 mineral claims (6,175 hectares) in the Liard Mining Division of British Columbia, subject to a 1.5% Net Smelter Returns Royalty (“Gulf NSR”) in favour of Gulf. The Company has the option to purchase 1/3 of the Gulf NSR for $1,000,000. Exploration activities to date have resulted in the establishment of an NI 43-101 inferred resource of 1.406 million tonnes containing 200,000 oz Au, 6,790,000 lbs Cu, and 291,000 oz Ag.

Under an option agreement with Roca Mines Inc. (“Roca”) the Company earned a 50% interest in 8 exploration and evaluation assets (4,000 hectares) known as the Seagold Property in the Liard Mining Division of British Columbia and entered into a joint venture with Roca for the further exploration and development on the properties. Upon reaching commercial production the Company is required to issue a further 200,000 shares to Roca. The joint venture agreement calls for a 50/50 sharing of costs incurred for exploration and maintenance of the property. A total of $600,269 has been spent on exploration activities without any proportionate contribution by Roca. Consequently, the Company’s share of the joint venture has increased to 57% in accordance with the joint venture agreement.

The Company entered into option agreements for the RP Property (1,321 hectares) and JW Property (641 hectares) in the Liard Mining Division of British Columbia. The Company has not fulfilled its obligations with respect to these agreements but was notified that the owner, the Galore Creek Syndicate, reserves the right to issue a default notice in the future at which time the Company will have the opportunity to fulfill all of its obligations under the revised agreement, or lose these properties.

The Company also holds a 100% interest in 229 mineral claims in the Liard Mining Division of British Columbia.

**Quebec**

During the year ended June 30, 2009 the Company acquired a molybdenum property that was the site of the former producing La Corne molybdenum mine approximately 30 kilometres from the town of Val d'Or, Quebec. The property is subject to a 3% Net Smelter Return (NSR) retained by the vendors, of which half (1.5%) can be repurchased for $500,000. The total amount expended to September 30, 2014 before refunds received from the Province of Quebec is $1,386,247.

**Ontario and Nevada**

The Company re-evaluated previous drilling results for its Timmins Hislop Ontario property in 2013 and is of the opinion that the property is of continuing interest, considering strong gold mineralization and visible gold in the drill core on the property, with the mineralized zone extending to neighbouring properties.

In January 2014, a three-year exploration permit was received from the Ministry of Northern Development and Mines, Ontario with respect to the Lundmark-Akow Lake property. On February 19, 2014 the Company announced that a Letter of Intent had been entered into with the North Caribou Lake First Nations Community, recognizing the need for both parties to work together for their mutual benefit.

There has been no activity on the Nevada property during the quarter.

**6. Share capital**

**(a) Common shares**

The Company is authorized to issue an unlimited number of no par value common shares. The following table provides the details of changes in the number of issued common shares

| | ***Number*** | ***Amount*** |
|---|---|---|
| | # | $ |
| Balance, June 30, 2013 | 156,762,001 | 30,796,443 |
| Flow through units issued | 1,600,000 | 80,000 |
| Share issue costs | - | (4,450) |
| Balance, June 30, 2014 and September 30, 2014 | 158,362,001 | 30,871,993 |

On December 31, 2013 the Company completed a financing of 1,600,000 non-brokered flow-through unit private placement with Directors and Officers of the Company for proceeds of $80,000. Each flow-through unit (a “FT unit”) consists of one flow-through common share of the Company and one (1) non flow-through share purchase warrant (a “Warrant”). Each Warrant entitles the holder to acquire an additional common share for one (1) year from the closing of the Offering at a price of $0.05.

**(b) Common share purchase options**

The Company has a stock option plan for the benefit of directors, officers, key employees, and consultants. The total number of shares which may be reserved and set aside for issuance to eligible persons may not exceed 10% of the issued and outstanding common shares. As at September 30, 2014, 10,700,000 common shares were reserved for the exercise of stock options granted under the Company’s stock option plan (the “Plan”).

The following table provides the details of changes in the number of issued common share purchase options during the period:

| | Options<br>\# | Weighted-average exercise price<br>$ |
|---|---|---|
| Outstanding at June 30, 2013 | 7,125,000 | 0.18 |
| Granted | 5,800,000 | 0.10 |
| Expired | (1,075,000) | 0.25 |
| Outstanding at June 30, 2014 | 11,850,000 | 0.14 |
| Expired | (1,150,000) | 0.15 |
| Outstanding at September 30, 2014 | 10,700,000 | 0.13 |
| Exercisable at September 30, 2014 | 7,800,000 | 0.15 |

On May 6, 2014, the Company issued 5,800,000 options to Directors, Officers and certain service providers of the Company pursuant to the Company's Stock Option Plan. These options, one half of which vest immediately and the remaining half on May 5, 2015, are exercisable at a price of $0.10 until May 5, 2019.

| Number of stock options | Number exercisable | Remaining contractual life | Exercise price per share | Expiry date |
|---|---|---|---|---|
| 1,750,000 | 1,750,000 | 6.3 months | $0.14 | April 9, 2015 |
| 2,900,000 | 2,900,000 | 32.4 months | $0.20 | June 12, 2017 |
| 250,000 | 250,000 | 42.3 months | $0.10 | April 9, 2018 |
| 5,800,000 | 2,900,000 | 55.2 months | $0.10 | May 5, 2019 |
| 10,700,000 | 7,800,000 | | | |

The weighted average fair value of all the options granted and outstanding is $0.13 per option, each contract fair value having been estimated at the date of grant using the Black-Scholes pricing model with the following assumptions: risk-free weighted-average interest rate ranging from 1.30% to 2.0%, expected dividend yield of nil, average expected volatility ranging from 126.85% to 141% and expected life term ranging from 24 to 60 months. Under this method of calculation, the Company has recorded $35,505 as stock based compensation during the three months ended September 30, 2014, the fair value of the options vested during the quarter. Options issued and outstanding vest either immediately on the date of grant, or in equal instalments over a period of up to eighteen months from the date of grant.

**(c) Warrants**

On certain issuances of common shares, the Company grants warrants entitling the holder to acquire additional common shares of the Company, and the Company may grant warrants as consideration for services associated with the placement of such common share issues.

The following table provides the details of changes in the number of outstanding common share purchase warrants:

| | Number exercisable | Remaining contractual life | Exercise price per share | Expiry date |
|---|---|---|---|---|
| Balance June 30, 2013 | Nil | | | |
| Warrants issued December 2013 | 1,600,000 | 3 months | $0.05 | December 31, 2014 |
| Balance June 30, 2014 and September 30, 2014 | 1,600,000 | | | |

## 7. Contributed surplus

A summary of changes in contributed surplus is:

| | Amount $ |
|---|---:|
| Balance, June 30, 2013 | 3,758,933 |
| Share based compensation | 166,635 |
| Balance, June 30, 2014 | 3,925,568 |
| Share based compensation | 35,505 |
| Balance, September 30, 2014 | 3,961,073 |

The number of common shares outstanding on September 30, 2014 was 158,362,001. Taking into account outstanding share purchase options, warrants and 1,000,000 shares reserved for property transactions, the fully diluted common shares that could be outstanding on September 30, 2014 was 171,662,001.

## 8. Related party transactions

During the three months ended September 30, 2014, the Company incurred related party expenses of $49,950 (2013 – $54,563). These expenses related to salary and consulting fees paid to the Company's key senior officers, Tom Drivas, President and Chief Executive Officer, Frank van de Water, Chief Operating Officer (effective April 2013), Thomas Skimming, V.P. Exploration and Michael D'Amico Chief Financial Officer. As at September 30, 2014 $4,449 (2013 - $13,045) is owing to these related parties.

Share based compensation to key management and directors for the three months ended September 30, 2014 was $29,077 (2013 - $1,478).

Key management personnel were not paid post-retirement benefits, termination benefits, or other long-term benefits during the period ended September 30, 2014 and 2013.

During the three months ended September 30, 2014, the Company incurred expenses of $315 (2013 - $787) for legal fees to a law firm related to a Director of the Company, William R. Johnstone. At September 30, 2014, $315 (2013 - $638) was owing.

During the three months ended September 30, 2014, the Company incurred expenses of $4,000 (2013 - $6,500) related to directors' fees to independent directors. At September 30, 2014, $4,000 (2013 - $6,500) was owing.

These amounts were expensed in the period incurred as administrative and general expenses. Expenses and amounts paid and owing are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## 9. Financial instruments and risk management

*Categories of financial assets and liabilities*

Under IFRS, financial instruments are classified into one of the following five categories: Fair value through profit and loss ("FVTPL"), held to maturity investments, loans and receivables, AFS financial assets and other financial liabilities.

The carrying values of the Company's financial instruments, including those held for sales are classified into the following categories:

| | September 30 2014 $ | June 30 2014 $ |
|---|---|---|
| FVTPL [(1)] | **822,365** | 913,874 |
| Receivables [(2)] | **11,762** | 7,757 |
| Other financial liabilities [(3)] | **27,575** | 43,493 |

*(1) Includes cash, committed cash and short-term investments.*
*(2) Includes accounts receivable related to HST tax refunds.*
*(3) Includes accounts payable.*

*Financial Instruments*

The carrying amounts for the Company's financial instruments approximate their fair values because of the short-term nature of these items.

(i) Cash and cash equivalents and cash and cash equivalents held for future exploration are designated as FVTPL financial assets and are recorded at market value. The interest on deposits is insignificant.
(ii) HST receivable is designated as loans and receivables and is recorded at cost.
(iii) Accounts payable are designated as other financial liabilities and are recorded at cost.

*Risks arising from financial instruments and risk management*

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company.

The Company uses various methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks.

*Carrying value of exploration and evaluation assets*

The Company regularly reviews the carrying value of its properties for impairment to determine whether the carrying amount of these assets will be recoverable from future cash flows. Assumptions underlying the cash flow estimates include the forecasted prices for gold, copper, silver and molybdenum, planned production levels, and operating, capital, exploration and reclamation costs, which are subject to risks and uncertainties. Management has determined that there is no impairment of carrying value on its British Columbia, Ontario and Quebec properties.

**(a) Market risk**

*(i) Price risk*
*Commodity price risk*

The price of gold and base metals may have an impact on the Company's exploration projects.

*Sensitivity price risk*

Anticipated changes in the value of gold and base metals would not, in management's opinion, change the recognized value of any of the Company's financial instruments.

*(ii) Cash flow fair value interest rate risk*

The Company does not have interest-bearing borrowings for which general rate fluctuations apply. The Company is exposed to interest rate risk to the extent of the balance of the cash and cash equivalents.

**(b) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. Credit risk arises from cash and deposits with Canadian Chartered Banks as well as credit exposures to outstanding receivables.

The Company has no concentration of credit risk. The carrying amounts of financial assets recorded in the Statements are at cost.

**(c) Liquidity risk**

Prudent liquidity risk management implies maintaining at all times sufficient cash, liquid investments and committed credit facilities to meet the Company's commitments as they arise. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows. The Company is currently assessing all options to address its liquidity issues. It is not possible to determine with any certainty the success and adequacy of these initiatives.

**10. Capital management**

The Company manages its capital structure based on the funds required for operation and to support the acquisition, exploration and development of exploration and evaluation assets. The capital of the Company consists of capital stock, warrants and contributed surplus.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and will raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements.

**11. Contingencies and commitments**

As at September 30, 2014:

a) the Company has a lease commitment to December 31, 2015 for its principle office location which totals $45,000, and
b) the Company has $40,894 on deposit as property reclamation bonds with various governmental agencies. These amounts are included with prepaid expenses.