PACIFIC IMPERIAL MINES INC.

Condensed Interim Consolidated Financial Statements

For the Three Months Ended September 30, 2014 and 2013

(Unaudited)

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM 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 condensed consolidated financial statements have not been reviewed by an auditor.

These unaudited condensed interim consolidated financial statements have been prepared by management of the Company and have not been reviewed by the Company's independent auditor.

PACIFIC IMPERIAL MINES INC.

Condensed Interim Consolidated Statements of Financial Position (Unaudited)

(Expressed in Canadian Dollars)

	Note		September 30, 2014		June 30, 2014
ASSETS					
Current assets					
Cash and cash equivalents		$	171,618	$	269,796
Advances and sundry receivables			7,121		6,177
Prepaid expenses			1,117		38,846
			179,856		314,819
Reclamation deposit	*3*		37,058		37,058
Equipment	*4*		589		637
Total assets		$	217,503	$	352,514
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities		$	11,694	$	24,997
Due to related parties	*6*		2,250		4,114
Total liabilities			13,944		29,111
SHAREHOLDERS' EQUITY					
Share capital	*7*		3,505,311		3,505,311
Contributed surplus			2,301,094		2,301,094
Deficit			(5,602,846)		(5,483,002)
Total shareholders' equity			203,559		323,403
Total liabilities and shareholders' equity		$	217,503	$	352,514

Nature of business and continuance of operation (Note 1)
Commitments (Notes 5 and 12)

These financial statements are approved and authorized for issue on behalf of the Board on December 1, 2014
They are signed on the Company's behalf by:

"Roman Shklanka"
Roman Shklanka, Director

"Leo King"
Leo King, Director

(The accompanying notes are an integral part of these consolidated financial statements)

PACIFIC IMPERIAL MINES INC.
Condensed Interim Consolidated Statements of Comprehensive Loss (Unaudited)
For the Three Months Ended September 30, 2014 and 2013
(Expressed in Canadian Dollars)

		2014		2013
EXPLORATION COSTS	$	103,682	$	8,530
GENERAL AND ADMINISTRATIVE EXPENSES				
Accounting and audit		8,250		7,552
Depreciation		48		68
Legal		1,644		380
Office and miscellaneous		7,028		5,393
Promotion		570		1,055
Property investigation and travel		-		12,030
Transfer agent fees		753		674
LOSS BEFORE OTHER ITEMS		121,975		35,682
OTHER ITEMS				
Interest income		(192)		(1,335)
Foreign exchange loss		(1,939)		2,710
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	$	119,844	$	37,057
(Loss) per share - basic and diluted	$	(0.00)	$	(0.01)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		41,541,968		20,608,391

(The accompanying notes are an integral part of these consolidated financial statements)

PACIFIC IMPERIAL MINES INC.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
For the Three Months Ended September 30, 2014 and 2013
(Expressed in Canadian Dollars)

	Share Capital				Total
	Shares	Amount	Deficit	Contributed Surplus	Shareholders' Equity
Balance, June 30, 2013	27,841,968	$ 2,852,673	$ (4,973,002)	$ 2,296,194	$ 175,865
Net loss for the period		-	(37,057)	-	(37,057)
Balance, September 30, 2013	27,841,968	$ 2,852,673	$ (5,010,059)	$ 2,296,194	$ 138,808
Balance, June 30, 2014	41,541,968	$ 3,505,311	$ (5,483,002)	$ 2,301,094	$ 323,403
Net loss for the period		-	(119,844)		(119,844)
Balance, September 30, 2014	41,541,968	$ 3,505,311	$ (5,602,846)	$ 2,301,094	$ 203,559

(The accompanying notes are integral part of these consolidated financial statements)

PACIFIC IMPERIAL MINES INC.

Condensed Interim Consolidated Statements of Cash Flows (Unaudited)
For the Three Months Ended September 30, 2014 and 2013
(Expressed in Canadian Dollars)

	2014	2013
Cash flows from operating activities		
Net (loss) for the Period	$ (119,844)	$ (37,057)
Adjustment for items not involving cash:		
Depreciation	48	68
	(119,796)	(36,989)
Changes in operating assets and liabilities		
Advances and sundry receivable	(944)	(1,175)
Prepaid expenses	37,729	3,886
Accounts payable and accrued liabilities	(13,303)	(164,273)
Net cash (used in) operating activities	(96,314)	(198,551)
Cash flows provided by (used in) financing activities		
Advances to related parties	(1,864)	(1,879)
Net cash used in financing activities	(1,864)	(1,879)
Decrease in cash and cash equivalents	(98,178)	(200,430)
Cash and cash equivalents, beginning of Period	269,796	334,641
Cash and cash equivalents, end of Period	$ 171,618	$ 134,211
Supplemental disclosure of cash flow information:		
Interest paid in cash	$ -	$ -
Income tax paid in cash	$ -	$ -

(The accompanying notes are an integral part of these consolidated financial statements)

1. Nature of Business and Going Concern

Pacific Imperial Mines Inc. ("the Company") was incorporated under the British Columbia Business Corporations Act since September 18, 1987. The Company's shares are listed on the TSX Venture Exchange. The Company's principal office is located at Suite 550, 800 West Pender Street, Vancouver, BC V6C 1G8. The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired.

These condensed interim consolidated financial statements of the Company 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.

The Company has experienced losses since its inception amounting to $5,602,846 as of September 30, 2014 (June 30, 2014 - $5,483,002). The ability of the Company to meet its commitments as they become payable is dependent on the ability of the Company to acquire assets or a business or an interest therein, obtain the necessary financing, and develop assets or operations which will generate cash flows, either as a result of their disposal or from ongoing operations. The Company does not currently have assets or a business capable of generating ongoing cash flows. Although the Company has sufficient cash to meet its current administrative costs, there is no assurance that the Company will be successful in making an acquisition or in raising the necessary financing to do so. These conditions along with other matters indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. While the consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, adverse conditions may cast significant doubt upon the validity of this assumption.

In the event the Company is unable to arrange appropriate financing, the carrying value of the Company's assets could be subject to material adjustment. Furthermore, certain market conditions may cast significant doubt upon the validity of the going concern assumption.

These condensed interim consolidated financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in the consolidated financial statements.

2. Summary of Significant Accounting Policies

(a) Basis of presentation and statement of compliance with International Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are recorded at fair value as described in Note 2(m). In addition, these consolidated financial statements have been prepared using the accrual method of accounting except for cash flow information.

(b) Basis of Consolidation

The condensed interim consolidated statements of comprehensive loss include the operation result of its former wholly owned subsidiary, Pacific Imperial Mineração do Brasil Ltda. ("Pacific Imperial Brazil") for the period from July 1, 2013 to date of disposal on January 15, 2014. Accordingly, the Company's statement of financial position as at September 30, 2014 does not include the assets and liabilities of Pacific Imperial Brazil.

2. Summary of Significant Accounting Policies (continued)

(c) Use of estimates and judgments

Estimates

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the amounts reported in the financial statements and the related notes to the financial statements during the reporting period.

Significant areas requiring the use of management estimates include the decommissioning liabilities on mineral interests, recoverability and measurement of deferred tax assets and liabilities and the assumptions used in valuing options and warrants in share-based payment calculations. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from those estimates.

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

Critical judgements

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgements or assessments with a significant risk of material adjustment in the next year. Critical accounting judgements are going concern and determination of functional currency.

(d) Cash equivalents

Cash equivalents consist of highly liquid investments which are readily convertible into known amounts of cash that have original maturities of three months or less when purchased.

(e) Equipment

Equipment is recorded at cost and amortized at the following rates per annum using the declining balance method:

Computer equipment and software	- 30%
Office equipment and furniture	- 20%

Additions during the period are amortized at one-half the normal rate in the period of acquisition.

2. Summary of Significant Accounting Policies (continued)

(f) Impairment

Non-financial assets with finite lives are tested for impairment at the end of each reporting period. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment. Any impairment loss is recognized in earnings or the results of discontinued operations, as appropriate, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units" or "CGUs"). The Company evaluates impairment losses other than goodwill impairment, for potential reversals, when events or changes in circumstances warrant such consideration.

(g) Mineral interests

The Company follows the method of accounting for its mineral interests whereby costs for acquisition of mineral interest or rights to explore and costs related to exploration and evaluation of a property are expensed as they are incurred until such time as the technical feasibility and commercial viability of the project is demonstrable. Exploration and development costs incurred are capitalized after the technical feasibility and commercial viability of a project is demonstrated and a development decision has been made. The capitalized costs of the related property are depreciated using the units of production method on commencement of commercial production. If it is determined that capitalized costs are not recoverable, or management has determined an impairment in value, the property is written down to its recoverable amount. Mineral properties capitalized are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

(h) Decommissioning liabilities

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities and may from time to time incur decommissioning liabilities and the associated retirement costs related to site reclamation and abandonment. The fair value of the liability for an asset retirement obligation is recorded when it is incurred and the corresponding expense is recorded to net loss in the period that it is recognized. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. As at June 30, 2014, the Company had not incurred any decommissioning liabilities related to the exploration and development of its mineral interests.

(i) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

2. Summary of Significant Accounting Policies (continued)

(j) Income taxes

Income tax expense comprises current and deferred income tax. Tax is recognized in the income statement except to the extent that it relates to items recognized directly into equity, in which case the related tax effect is recognized in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current expense tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period.

Deferred tax is accounted for using a temporary difference approach and is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable income. Deferred tax is calculated based on the expected manner in which temporary differences related to the carrying amounts of assets and liabilities, using tax rates that are expected to apply to the year of realization or settlement using tax rates and laws enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination and which do not affect accounting or taxable profit or loss at the time of the transaction. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

(k) Basic and diluted loss per share

Loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted earnings (loss) per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

(l) Share-based payment

The Company has a share-based payment plan as disclosed in Note 6, whereby stock options are granted in accordance with the policies of regulatory authorities. The Company uses a fair value based method of accounting for stock options to directors and employees. Stock options granted to non-employees are valued based on the fair value of the goods or services received or when fair value cannot be estimated reliably, the Company uses a fair value based method of accounting for determined using the Black-Scholes option pricing model with assumptions for risk-free interest rate, volatility, expected forfeiture and life of the options or warrants. For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. Stock options with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values. The cost is recognized over the applicable vesting period as an increase in share-based payment expense, with the offset credit to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

2. Summary of Significant Accounting Policies (continued)

(m) Financial instruments

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or financial assets at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash is classified as financial asset at FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. The Company does not have any assets classified as loans and receivables, held to maturity or available for sale financial assets at this time.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as financial liabilities at FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and due to related parties are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. The Company is not exposed to any derivative instruments and foreign exchange hedges in place at this time.

2. Summary of Significant Accounting Policies (continued)

(n) Foreign exchange

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency of Pacific Imperial Brazil is the Canadian dollar.

The accounts recorded in foreign currencies have been translated into Canadian dollars on the following basis:

(1) monetary assets and liabilities at the rate of exchange in effect at the financial statement date;
(2) non-monetary assets and liabilities at the rates of exchange in effect on the respective dates of transactions; and
(3) revenue and expenses at the exchange rates prevailing as of the date of the transaction.

(o) Accounting standards issued but not yet applied

IFRS 9, Financial Instruments – Classification and Measurement

This new standard was originally issued in November 2009 with new requirements for classifying and measuring financial assets and liabilities. IFRS 9 replaces the multiple category and measurement models for debt instruments in IAS 39, Financial Instruments: Recognition and Measurement, with a new mixed measurement model with only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. Requirements for hedge accounting were added in November 2013. In July 2014, the IASB published the final version of IFRS 9 bringing together the classification and measurement, impairment and hedge accounting phases of the IAS project to replace IAS 39. This version adds a new expected loss impairment model and limited amendments to classification and measurement of assets. This policy is mandatory effective for annual periods beginning on and after January 1, 2018.

IAS 32 – Financial Instruments: Presentation

This new standard outlines the accounting requirements for the presentation of financial instruments, particularly as to the classification of such instruments into financial assets, financial liabilities and equity instruments. The standard also provides guidance on the classifications of related interest, dividends and gain/losses, and when financial assets and financial liabilities can be offset. In December 2011, the IASB extended the mandatory effective date to on or after January 1, 2014 with early adoption permitted. The Company has not yet assessed the impact of this standard.

(Expressed in Canadian Dollars)

2. Summary of Significant Accounting Policies (continued)

(o) Accounting standards issued but not yet applied (continued)

IAS 36 – Impairment of Assets

In May 2013, the IASB issued an amendment to address the disclosure of information about the recoverable amount of impaired assets or a CGU for periods in which an impairment loss has been recognized or reversed. The amendments also address disclosure requirements applicable when an asset's or a CGU's recoverable amount is based on fair value less costs of disposal. This policy is mandatorily effective for annual periods beginning on and after January 1, 2014.

IFRIC 21 – Levies

In May 2013, the IASB issued IFRIC 21, Levies ("IFRIC 21"), an interpretation of IAS 37, Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This policy is mandatorily effective for annual periods beginning on and after January 1, 2014.

The Company has not yet assessed the impact of the standards or determined whether it will adopt the standards early.

3. Reclamation Deposit

The Company has posted a deposit with the Department of Natrual Resources of the State of Utah as security towards future site restoration work. The deposit was posted in relation to the Keg Mountain Property in Utah (Note 5).

4. Equipment

		Cost		Accumulated Amortization		Net Book Value
September 30, 2014						
Computer and software	$	5,264	$	4,675	$	589
June 30, 2014						
Computer and software	$	5,264	$	4,627	$	637

(Expressed in Canadian Dollars)

5. Mineral Interests

Keg Mountain Property, Utah

By an Option Agreement with Inland Explorations Ltd. ("Inland") dated March 26, 2014, the Company acquired an option to purchase up to an undivided 65% interest in the Keg Mountain Property located 100 kilometers south of Salt Lake City, Utah, by agreeing to pay an aggregate of $375,000 in cash, issue 6,500,000 common shares of the Company and expend US$15,000,000 over stages as follows:

Description	Property Interest Acquired	Cash Cdn$	Common Shares	Property Expenditures US$
Upon signing (paid)	Nil	$ 50,000	-	$ -
Upon closing (issued)	Nil	-	1,000,000	-
Before March 26, 2015	Nil	50,000	1,000,000	250,000
Before March 26, 2016	Nil	75,000	1,250,000	750,000
Before March 26, 2017	Nil	100,000	1,500,000	1,500,000
Before March 26, 2018	Nil	100,000	1,750,000	3,000,000
	51%	375,000	6,500,000	5,500,000
Before March 26, 2020 and completion of pre-feasibility study	9%	-	-	4,500,000
	60%	375,000	6,500,000	10,000,000
Before March 26, 2022 and completion of pre-feasibility study	5%	-	-	5,000,000
	65%	$ 375,000	6,500,000	$ 15,000,000

The property is subject to a 1.5% Net Smelter Return ("NSR") which can be purchased by the Company at $1,000,000.

In connection with the acquisition of the Keg Mountain Property, the Company has also agreed to issue a total of 500,000 Units to a finder (200,000 Units issued). Provided that the Option Agreement remains in effect, a further 200,000 Units will be issued to the finder on March 26, 2015 and a further 100,000 Units will be issued on March 26, 2016. The Units issued and issuable to the finder have the same terms and conditions as the Units issued in connection with the private placement completed on May 12, 2014 (See Note 7(b)).

The Company has received approval for the above agreements from the TSX Venture Exchange and accordingly, the Company issued 1,000,000 common shares to Inland and 200,000 Units to a finder during the year ended June 30, 2014.

(Expressed in Canadian Dollars)

5. Mineral Interests (continued)

The fair value of the 1,000,000 common shares issued to Inland was $30,000. The fair value of the Units issued to the finder was $10,900. The fair value of the common shares attached to the Units was $6,000 and the fair value of the warrants attached to the Units was $4,900 determined using the Black Scholes Option Pricing model with the following weighted average assumptions:

		2014
Share price on grant date ($)	$	0.03
Risk-free interest rate (%)		1.58%
Expected dividend yield (%)		0%
Expected option life (Years)		5
Expected stock price volatility (%)		143%

Marcionilio Property, Brazil

On January 17, 2013, the Company, through wholly owned subsidiary Pacific Imperial Brazil entered into an agreement with Companhia Baiana de Pesquisa Mineral (CBPM), a state-owned mineral exploration company in Brazil, whereby the Company acquired an option to earn a 100% interest in the Marcionilio nickel-copper property, subject to a 3% net smelter return royalty retained by CBPM. In accordance with the agreement, the Company is committed to expend R$500,000 (approximately Cdn$238,100) during the first year and, if the Company elects to continue, an additional R$500,000 during the second year for a total of R$1,000,000 (approximately Cdn$476,200). The Company may terminate the agreement within 12 months from the date of the agreement. However, if the Company does not expend at least R$500,000 within the first 12 months, the Company is required to pay CBPM for the deficiency in cash. After 12 months from the date of the agreement, the Company is committed to expend a total of R$1,000,000 on the property or pay CBPM for the deficiency in cash. The Property is about 10,090 hectares in size, and is located in east-central Bahia State.

On September 19, 2013, the Company entered into a binding letter of intent to sell its interest in the Marcionilio property through the selling of its wholly owned Brazilian subsidiary. In consideration for the sale, the Company will receive a 2% net smelter royalty on any future production. On January 15, 2014, the Company completed this transaction and recorded a loss on disposal of subsidiary in the amount of $15,087 with details as follows:

Net assts (liabilities) disposed:		
Cash	$	14,378
Prepaid expenses and deposit		3,325
Liabilities		(2,616)
Loss on disposal		15,087

Licurgo Albuquerque (the “Buyer”) acquired control of the subsidiary's management and operations effective on January 15, 2014. As at September 30, 2014, the legal process for registration of the Buyer as the new sole shareholder has not been completed.

(Expressed in Canadian Dollars)

6. Related Party Balances and Transactions

Transactions with key management personnel and entities over which they have control or significant influence were as follows:

Personnel	Transaction	Nine Months Ended September 30 2014	Nine Months Ended September 30 2013	Amounts Due to Related Parties as of September 30 2014	Amounts Due to Related Parties as of September 30 2013
Albert Wu & Associates Ltd., controlled by Chief Financial Officer	Accounting fees	$ 2,250	$ 5,410	$ 2,250	$ 2,279
Chelsia Cheam	Bookkeeping and Corporate Secretary services	6,000	2,142	-	-
Total		$ 8,250	$ 7,552	$ 2,250	$ 2,279

The amounts due to related parties are unsecured, have no specific terms of repayment and are non-interest bearing.

7. Share Capital

(a) Authorized: unlimited common shares with no par value

(b) Issued and outstanding:

<u>During the nine months ended September 30, 2014</u>

The Company did not issue any common shares during the quarter.

<u>During the year ended June 30, 2014:</u>

On May 12, 2014, the Company completed a private placement of 12,500,000 units (“Units”) at a price of $0.05 per Unit. Each Unit is comprised of one common share and one non-transferrable share purchase warrant of the Company. Each share purchase warrant entitles the holder to purchase one additional common share of the Company at a price of $0.10 per share until May 13, 2019.

The Company has also issued 1,000,000 common shares to Inland Explorations Ltd. as a part of the Keg Mountain option agreement described in Note 5 and 200,000 Units as a finder fee in connection with this agreement.

(c) Options

The Company has adopted a stock option plan whereby the Company can grant stock options to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding share capital of the Company from time to time.

(Expressed in Canadian Dollars)

7. Share Capital (continued)

(c) Options (continued)

During the nine months ended September 30, 2014, the Company did not grant any options.

The changes in options during the nine months ended September 30, 2014 and the year ended June 30, 2014 were as follows:

	Number of Options	Average Exercise price
Balance, June 30, 2013	1,700,000	$0.10
Cancelled	(150,000)	$0.12
Balance, June 30, 2014 and September 30, 2014	1,550,000	$0.10

During the year ended June 30, 2014, the Company cancelled 150,000 (2013 – nil) options. The cancelled options were fully vested at the cancellation date.

Options outstanding and exercisable at September 30, 2014 were as follows:

Expiry Date	Number of Options	Exercise Price
October 25, 2015	425,000	$0.10
June 12, 2017	1,125,000	$0.10
	1,550,000	$0.10

The weighted average life of the options outstanding and exercisable at September 30, 2014 is 2.25 years (June 30, 3014 – 2.50 years).

(d) Share purchase warrants

The changes in warrants during the nine months ended September 30, 2014 were as follows:

	Nine Months Ended September 30, 2014			Year Ended June 30, 2014		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Warrants outstanding, beginning of period	12,700,000	$	0.10	7,210,000	$	0.10
Warrants granted	-		-	12,500,000		0.10
Finders' warrants granted	-		-	200,000		0.10
Warrants expired	-		-	(7,210,000)		0.10
Outstanding and exercisable	12,700,000	$	0.10	12,700,000	$	0.10

The weighted average life of the warrants outstanding and exercisable at September 30, 2014 is 4.62 years (June 30, 2014 – 4.87 years)

8. Management of Capital

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of mineral properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital of the Company comprises shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

The Company's investment policy is to invest its cash in financial instruments with financial institutions with terms to maturity selected to match expected timing of expenditures from continuing operations.

9. Financial Instruments

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

The Company's financial instruments consist of cash,, accounts payable and amount due to related parties.

The following table summarizes information regarding the carrying values of the Company's financial instruments:

	September 30 2014	June 30 2014
Assets as FVTPL (i)	$ 171,618	$ 269,796
Other financial liabilities (ii)	11,945	16,617

(i) Cash
(ii) Accounts payable and amounts due to related parties

Fair Value

The estimated fair values of cash, accounts payable and amounts due to related parties approximate their respective carrying values due to their short periods to maturity. For fair value estimates, the Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1– Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – Significant unobservable inputs which are supported by little or no market activity.

9. Financial Instruments (continued)

The following table sets forth the Company's financial assets measured at fair value by level on a recurring basis within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
June 30, 2014				
Cash	$ 171,618	$ -	$ -	$ 171,618
June 30, 2014				
Cash	$ 269,796	$ -	$ -	$ 269,796

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

Credit Risk

The Company is not exposed to significant credit risk. The Company limits exposure to credit risk by maintaining its cash with financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined above.

The Company monitors its ability to meet its short-term administrative expenditures by raising additional funds through share issuances when required. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed commercial paper.

Foreign Exchange Risk

As the Company disposed of its wholly owned subsidiary on January 15, 2014, the Company is no longer exposed to currency fluctuations related to cash balances, amounts receivables and accounts payable held in Brazilian Real.

The Company is primarily exposed to currency fluctuations related to loans and receivables, prepaid expenses, and accounts payable held in USD. As at June 30, 2014, the Company has financial assets of $37,059, denominated in USD and liabilities of $9,355 denominated in USD. An increase or decrease of 5% in the exchange rate between CAD and USD would result in an increase or decrease of $1,385 (2013 – $Nil) in the net loss of the Company. The Company does not actively manage this risk.

Interest Rate Risk

The Company is not exposed to significant interest rate risk.

(Expressed in Canadian Dollars)

11. Segmented Information

As of September 30, 2014, the Company operates in one industry segment, namely exploration of mineral resources in one geographic region, United States.

12. Commitment

In connection with the acquisition of the Keg Mountain Property, the Company has also agreed to issue a total of 500,000 units ("Units") as a finders fee (see Note 5). Each Unit is comprised of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share of the Company at a price of $0.10 per share until May 13, 2019. During the year ended June 30, 2014, the Company has issued 200,000 Units to the finder (see Note 7(b)).

Provided that the Option Agreement remains in effect, the remaining commitment to the finder is as follows:

2015	200,000 Units
2016	100,000 Units
Total	300,000 Units

The Company also has ongoing commitment to incur property expenditures and issue shares in connection with the Keg Mountain Property as described in Note 5.

13. Subsequent Event

On October 10, 2014, the Company granted 1,250,000 stock options to directors and officers of the Company. Each option entitles the holder to purchase one common share of the Company for a period of five years after the grant date at the price of $0.05 per share.