

RT MINERALS CORP.

(An Exploration Stage Company)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012



INDEPENDENT AUDITORS' REPORT

To the Shareholders of
RT Minerals Corp.

We have audited the accompanying financial statements of RT Minerals Corp. which comprise the statements of financial position as at November 30, 2013 and 2012 and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained based on our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of RT Minerals Corp. as at November 30, 2013 and 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of RT Minerals Corp. to continue as a going concern.

CHARTERED ACCOUNTANTS

Manning Elliott LLP

Vancouver, British Columbia

March 17, 2014

RT MINERALS CORP.
STATEMENTS OF FINANCIAL POSITION
AS AT NOVEMBER 30, 2013 AND 2012
(Expressed in Canadian Dollars)

	Note	2013 \$	2012 \$
Assets			
Current assets			
Cash and cash equivalents	5	1,204	109,447
Amounts receivable		6,476	38,576
Prepaid expenses		6,636	8,888
Total current assets		14,316	156,911
Non-current assets			
Deferred share issuance costs		257	-
Exploration and evaluation assets	6	50,000	3,021,477
Equipment	7	-	7,846
Total non-current assets		50,257	3,029,323
Total assets		64,573	3,186,234
Liabilities and shareholders' (deficiency) equity			
Current liabilities			
Trade and other payables	9	311,570	239,389
Due to related parties	8	76,685	261,835
Other liabilities	9	-	121,421
Total current liabilities		388,255	622,645
Shareholders' (deficiency) equity			
Share capital	10	9,044,344	9,044,344
Contributed surplus	10	1,210,562	1,210,562
Accumulated deficit		(10,578,588)	(7,691,317)
Total shareholders' (deficiency) equity		(323,682)	2,563,589
Total liabilities and shareholders' (deficiency) equity		64,573	3,186,234

Nature of operations and going concern (Note 1)

Commitments (Note 15)

Subsequent events (Note 19)

These financial statements were approved and authorized for issue by the Board of Directors on March 17, 2014 and are signed on its behalf by:

 /s/ "Paul Antoniazzi" Director /s/ "Fred Kiernicki" Director

The accompanying notes form an integral part of these financial statements.

RT MINERALS CORP.
STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012
(Expressed in Canadian Dollars)

	Note	2013 \$	2012 \$
Expenses			
Depreciation	7	1,148	2,296
Employee costs	12	169,390	453,983
Finance (recovery) expense	12	(64,021)	227,714
General and administrative expenses	12	137,909	214,222
Impairment of exploration and evaluation assets	6	3,003,930	249,231
Total expenses		(3,248,356)	(1,147,446)
Other income and expenses	12	361,085	156,625
Net loss and comprehensive loss for the year		(2,887,271)	(990,821)
Loss per common share, basic and diluted		(0.49)	(0.17)
Weighted average number of common shares outstanding		5,838,806	5,831,977

The accompanying notes form an integral part of these financial statements.

RT MINERALS CORP.
STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Number of Shares (post- consolidation Note 19 (a))	Share Capital \$	Contributed Surplus \$	Accumulated Deficit \$	Total \$
Balance at November 30, 2011	5,817,979	9,034,344	1,083,925	(6,700,496)	3,417,773
Net loss for the year	-	-	-	(990,821)	(990,821)
Issued for Meunier property	20,833	10,000	-	-	10,000
Adjustment for fractional shares	(6)	-	-	-	-
Share-based payments	-	-	126,637	-	126,637
Balance at November 30, 2012	5,838,806	9,044,344	1,210,562	(7,691,317)	2,563,589
Net loss for the year	-	-	-	(2,887,271)	(2,887,271)
Balance at November 30, 2013	5,838,806	9,044,344	1,210,562	(10,578,588)	(323,682)

On December 17, 2013, the Company completed a twelve-for-one common share consolidation. All current and comparative references to the number of shares, warrants, options, weighted average number of common shares and loss per share have been restated to give effect to the twelve-for-one share consolidation (Note 19(a)).

RT MINERALS CORP.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012
(Expressed in Canadian Dollars)

	2013	2012
	\$	\$
Cash flows from operating activities		
Net loss for the year	(2,887,271)	(990,821)
Items not involving cash:		
Depreciation	1,148	2,296
Flow-through share premium	(121,421)	(121,321)
Flow-through commitment (recovery) expense	(64,021)	-
Gain on disposal of exploration and evaluation assets	(241,231)	-
Gain on disposal of investments	-	(30,950)
Impairment of exploration and evaluation assets	3,003,929	249,231
Share-based payments	-	126,637
Changes in non-cash working capital accounts:		
Amounts receivable	32,100	143,479
Prepaid expenses	2,252	16,268
Trade and other payables	135,939	(24,155)
Total cash used in operating activities	(138,576)	(629,336)
Cash flows from investing activities		
Expenditures on exploration and evaluation assets	(39,561)	(235,502)
Purchase of short-term investments	-	(135,000)
Sale of short-term investments	-	390,950
Sale of equipment	6,698	-
Total cash flows provided by (used in) investing activities	(32,863)	20,448
Cash flows from financing activities		
Deferred share issuance costs	(257)	-
Advances from (repayments to) related parties	63,453	(352,816)
Total cash flows provided by (used in) financing activities	63,196	(352,816)
Total decrease in cash during the year	(108,243)	(961,704)
Cash and cash equivalents, beginning of year	109,447	1,071,151
Cash and cash equivalents, end of year	1,204	109,447
Supplemental information		
Interest paid	-	-
Income taxes paid	-	-

The accompanying notes form an integral part of these financial statements.

RT MINERALS CORP.

NOTES TO THE FINANCIAL STATEMENTS – Page 1

FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

RT Minerals Corp. (the “Company”) was incorporated under the Business Corporations Act of British Columbia on March 9, 2007. The Company’s business activity is the exploration and evaluation of mineral properties in Canada. The Company is listed on the TSX Venture Exchange (“TSXV”), having the symbol RTM-V, as a Tier 2 mining issuer.

The address of the Company’s corporate office and principal place of business is 300 - 555 West Georgia Street, Vancouver, British Columbia, Canada.

The Company has not generated revenue from operations. The Company has a working capital deficiency of \$373,939 as at November 30, 2013, incurred a net loss of \$2,887,271 during the year ended November 30, 2013, has accumulated losses of \$10,578,588 since inception and expects to incur further losses in the development of its business, all of which may cast significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent upon its ability to raise financing and generate future profitable operations. As the Company is in the exploration stage, the recoverability of costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

2. BASIS OF PREPARATION

Statement of Compliance

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

The financial statements were authorized for issue by the Board of Directors on March 17, 2014.

Basis of Measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as described in Note 3(e).

The financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

RT MINERALS CORP.

NOTES TO THE FINANCIAL STATEMENTS – Page 2

FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, demand deposits with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

b) Mineral Exploration and Evaluation Assets

All costs related to the acquisition, exploration and development of resource properties are capitalized and classified as intangible assets. Upon commencement of commercial production, the related accumulated costs are amortized to income using the unit of production method over estimated recoverable ore reserves. Management periodically assesses carrying values of non-producing properties and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that have lapsed, the unrecoverable amounts are expensed.

The recoverability of the carried amounts of exploration and evaluation assets is dependent on the existence of economically recoverable ore reserves and the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The Company has not yet determined whether any of its mineral properties contains economically recoverable reserves. Amounts capitalized as exploration and evaluation assets represent costs incurred to date, less write-downs and recoveries, and do not necessarily reflect present or future values.

When options are granted on resource properties or properties are sold, proceeds are reflected as a reduction of the cost of the property. If sale proceeds exceed costs, the excess is reported as a gain.

c) Equipment

Equipment is recorded at cost, less accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Office Furniture and Equipment	Straight-line over 5 Years
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Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

RT MINERALS CORP.

NOTES TO THE FINANCIAL STATEMENTS – Page 3

FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Impairment of Non-Financial Assets

Equipment is regularly tested for recoverability or whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Impairment of exploration and evaluation assets is generally considered to have occurred if one of the following factors are present: the rights to explore have expired or are near to expiry with no expectation of renewal; no further substantive expenditures are planned; exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered; or indications in an area with development likely to proceed that the carrying amount is unlikely to be recovered in full by development or by sale.

The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Value in use is determined using discounted estimated future cash flows of the relevant asset. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are cash-generating units.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

e) Financial Instruments

Financial Assets

The Company's financial assets are classified into various categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and Receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at period-end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. Certain amounts receivable are classified as loans and receivables.

RT MINERALS CORP.

NOTES TO THE FINANCIAL STATEMENTS – Page 4

FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial Instruments (continued)

Fair Value Through Profit or Loss

Financial assets are classified as fair value through profit or loss (“FVTPL”) if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of a portfolio of identified financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. Cash and cash equivalents are classified as FVTPL.

Held-to-Maturity

Held-to-maturity (“HTM”) investments are recognized on a trade-date basis and are measured at amortized cost. The Company does not have any assets classified as HTM investments.

Available-for-Sale

Available-for-sale (“AFS”) financial assets are initially recognized at fair value. Subsequently, gains and losses arising from changes in fair value are recognized in other comprehensive income. When an AFS financial asset is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the other comprehensive income is included in profit or loss for the period. The Company does not have any assets classified as AFS financial assets.

Impairment of Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

RT MINERALS CORP.

NOTES TO THE FINANCIAL STATEMENTS – Page 5

FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial Instruments (continued)

Financial Liabilities

The Company has the following non-derivative financial liabilities: trade payables and due to related parties.

Financial liabilities classified as other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition other financial liabilities are measured at amortized cost. Accounts payable and amounts due to related parties are classified as other financial liabilities.

Transaction costs associated with financial assets classified at fair value through profit or loss are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset. All financial liabilities are initially recorded at fair value and designated upon inception at fair value through profit or loss or other financial liabilities.

f) 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. At each financial position reporting date presented the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

g) Deferred Income Taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under this method, deferred income taxes and liabilities are recognized to reflect the expected deferred tax consequences arising from temporary differences between the carrying value and the tax bases of the deferred tax assets and liabilities, and are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred income tax assets are recognized to the extent that it is probable the asset will be realized.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent it is probable that future taxable profit will allow the deferred tax asset to be recovered.

RT MINERALS CORP.

NOTES TO THE FINANCIAL STATEMENTS – Page 6

FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options, share warrants and flow-through shares are classified as equity instruments.

The proceeds from the issue of units are allocated between common shares and share purchase warrants on a pro-rata basis based on relative fair values. The fair value of common shares is based on the market closing price on the date the units are issued and the fair value of common share purchase warrants is determined using the quoted market price or if the warrants are not traded, the Black-Scholes option pricing model. Equity instruments issued to agents as financing costs are measured at their fair value at the date of grant. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Flow-Through Shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred and renounced, the Company derecognizes the liability. The de-recognition of the liability is recorded as other income.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource exploration expenditures within a two-year period. Any portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through share proceeds in Note 10.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

i) Loss Per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

RT MINERALS CORP.

NOTES TO THE FINANCIAL STATEMENTS – Page 7

FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Share-based Payments

The Company operates an incentive stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued. If it is determined that the fair value of the goods or services cannot be reliably measured, it would then be recorded at the date the goods or services were received. The fair value of share-based compensation is charged to the statement of comprehensive income (loss) with a corresponding credit recorded to contributed surplus. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

The fair value of options is determined using a Black-Scholes option pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income (loss) over the remaining vesting period.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

The Black-Scholes model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

k) New Accounting Standards, Interpretations and Amendments to Existing Standards

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended November 30, 2013, and have not been applied in preparing these financial statements.

The following new standards, amendments and interpretations that have not been early adopted in these financial statements, will or may have an effect on the Company's future results and financial position:

RT MINERALS CORP.

NOTES TO THE FINANCIAL STATEMENTS – Page 8

FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1) New Accounting Standards, Interpretations and Amendments to Existing Standards (continued)

i) IFRS 9, “Financial Instruments”

IFRS 9 is part of the IASB’s wider project to replace IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets, amortized cost and fair value. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. On July 24, 2013, the IASB tentatively decided to defer the mandatory effective date until the finalization of the impairment, classification and measurement requirements, with earlier adoption still permitted.

ii) IFRS 10, “Consolidated Financial Statements”

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 “Consolidation - Special Purpose Entities” and parts of IAS 27 “Consolidated and Separate Financial Statements”.

iii) IFRS 11, “Joint Arrangements”

IFRS 11 describes the accounting for arrangements in which there is joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). IFRS 11 replaces IAS 31 “Interests in Joint Ventures” and SIC 13 “Jointly Controlled Entities — Non-Monetary Contributions by Venturers”.

iv) IFRS 12, “Interest in Other Entities”

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

v) IFRS 13, “Fair Value Measurement”

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

RT MINERALS CORP.

NOTES TO THE FINANCIAL STATEMENTS – Page 9

FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1) New Accounting Standards, Interpretations and Amendments to Existing Standards (continued)

vi) IAS 1, “Presentation of Financial Statements”

In June 2011, the IASB issued an amendment to IAS 1, which requires entities to separately present items in other comprehensive income based on whether or not they may be recycled to profit or loss in future periods.

vii) IFRIC 20, “Stripping Costs in the Production Phase of a Surface Mine”

IFRIC 20 addresses the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. Stripping activity may result in two types of benefits: i) inventory produced and ii) improved access to ore that will be mined in the future. Stripping costs associated with inventory production should be accounted for as a current production cost in accordance with IAS 2 “Inventories”, and those associated with improved access to ore should be accounted for as an addition to, or enhancement of, an existing asset.

vii) IAS 32, “Financial Instruments: Presentation”

In December 2011, the IASB issued an amendment to clarify the meaning of the offsetting criterion and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. Earlier application is permitted when applied with corresponding amendment to IFRS 7 “Financial Instruments: Disclosures”.

viii) 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 if that amount is based on fair value less costs of disposal.

ix) IAS 39, “Financial Instruments: Recognition and Measurement”

In June 2013, the IASB issued a narrow scope amendment to IAS 39. Under the amendment, there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided that certain criteria are met.

x) IFRIC 21, “Levies”

IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” and those where the timing and amount of the levy is certain.

RT MINERALS CORP.

NOTES TO THE FINANCIAL STATEMENTS – Page 10

FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1) New Accounting Standards, Interpretations and Amendments to Existing Standards (continued)

xi) Amendments to other standards

In addition, there have been other amendments to existing standards, including IAS 27 “Separate Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

Each of the new standards, IFRS 10 to 13 and the amendments to other standards, is effective for the Company beginning on December 1, 2013 unless otherwise noted. Management does not expect that the adoption of these standards and interpretations will have a significant effect on the financial statements of the Company other than additional disclosures. The Company has not early adopted any of these new standards, amendments, and interpretations and is currently assessing the impact that their mandatory adoption will have on the financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical estimates and judgements in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

i) Exploration and Evaluation Expenditures

The application of the Company’s accounting policy for exploration and evaluation expenditures requires judgment in determining whether future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting impairment, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

RT MINERALS CORP.

NOTES TO THE FINANCIAL STATEMENTS – Page 11

FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012

(Expressed in Canadian Dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

ii) Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

iii) Income Taxes

Significant judgment is required in determining the provision for income taxes and the recognition of deferred income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes that they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than any amount recognized as current or deferred taxes.

iv) Going Concern

As described in Note 1, management uses its judgement in determining whether the Company is able to continue as a going concern.

v) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating the fair value for share-based payment transactions are disclosed in Note 12.

5. CASH AND CASH EQUIVALENTS

Cash equivalents consist of highly liquid investments held with a Canadian Chartered Bank, which are readily convertible into cash and are redeemable on demand without penalty. At November 30, 2013, the Company had no cash equivalents (November 30, 2012 - \$100,000).

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6. EXPLORATION AND EVALUATION ASSETS

	Bazooka	McWatters	Meunier	Total
	\$	\$	\$	\$
Balance at November 30, 2011	2,588,628	180,634	-	2,769,262
Exploration costs				
Administration	5,100	1,569	1,748	8,417
Assaying and development	24,370	-	-	24,370
Core logging, sampling	16,429	-	-	16,429
Data, drafting, reporting	9,751	1,895	-	11,646
Drilling	74,329	-	227,049	301,378
Facility rental	15,600	-	-	15,600
Field crew expenses	187	-	824	1,011
General geology	432	216	-	648
Mineral Claims	270	-	-	270
Permitting	64	64	-	128
Project management	60,446	37,043	14,512	112,001
Site meals, lodging, travel	2,861	589	-	3,450
Surface sampling recon	-	1,000	-	1,000
	209,839	42,376	244,133	496,348
Acquisition of property	-	-	5,098	5,098
Impairment	-	-	(249,231)	(249,231)
Balance at November 30, 2012	2,798,467	223,010	-	3,021,477
Exploration costs				
Administration	1,000	-	-	1,000
Data, drafting, reporting	615	510	-	1,125
Facility rental	14,400	-	-	14,400
Mineral Claims	519	305	-	824
Project management	11,369	3,600	-	14,969
Site meals, lodging, travel	135	-	-	135
	28,038	4,415	-	32,453
Impairment	(2,801,505)	(202,425)	-	(3,003,930)
Balance at November 30, 2013	25,000	25,000	-	50,000

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6. EXPLORATION AND EVALUATION ASSETS – (continued)

a) Bazooka and McWatters Properties (Rouyn Noranda, Quebec)

By an agreement dated December 10, 2010, the Company acquired a 100% interest in the Bazooka and McWatters gold properties in Quebec from Lake Shore Gold Corp. (“LSG”), the Company’s largest shareholder. Pursuant to the transaction, which was approved by the shareholders of the Company at a meeting held on December 30, 2010, the Company issued to LSG 833,333 common shares, and transferred its interest in the Golden Property near Timmins, Ontario and up to 50% of the Company’s earned interest in the Meunier JV property to LSG in consideration for the transfer to the Company by LSG of a 100% interest in the advanced stage Bazooka gold property in Quebec and the McWatters gold property in Quebec, as well as a \$500,000 cash payment (paid) to the Company by LSG upon the Company’s exercise of the first option to earn an initial 25% interest on the Meunier JV property. The properties were measured based on the fair value of the 833,333 common shares of the Company valued at \$1.8096 per share, based on the closing stock price of \$3.00 per share, less a Black-Scholes calculated put value of \$1.1904 to reflect the functional hold period of the shares.

The Company made the decision to discontinue work on the properties and has recorded a write-down of \$3,003,930 for the difference between the estimated recoverable amount of \$50,000 and the carrying value of the properties.

b) Meunier-144 Property (Timmins, Ontario)

By an option agreement dated May 5, 2010, further subject to an agreement with LSG dated December 10, 2010 described in Note 7(a) above, the Company has acquired a 25% interest in a gold property (“the Meunier-144 Property”) located in the district of Timmins, Ontario from Adventure Gold Inc. (“AGE”), and has formed a joint venture partnership that consists of AGE (50%), LSG (25%) and the Company (25%) (the “Joint Venture”).

The Company exercised the First Option and acquired its initial 25% interest (of which 12.5% was assigned to LSG) in the property during the year ended November 30, 2011 by paying to AGE \$300,000 in cash; issuing 208,333 common shares; incurring a minimum of \$1,500,000 in work expenditures on the property on or before October 31, 2011; participating in a \$400,000 financing of AGE and subscribing for 1,000,000 units at a price of \$0.20 per unit for net investment of \$200,000; completing a private placement of units at \$2.40 per unit so as to raise \$350,000; and completing a further private placement of flow-through shares at \$2.40 per share so as to raise a minimum of \$800,000. As consideration for the firm payments and commitments as outlined, AGE issued to the Company 500,000 compensation warrants, each warrant entitling the Company to purchase one common share of AGE at a price of \$0.20 per share for a period of one year. Upon exercise of the first option for the initial interest in the property, LSG paid \$500,000 cash to the Company as consideration for the assignment of 12.5% interest in the property, and the parties formed a 50/50 joint venture to share the Company’s obligations to earn an additional 25% interest in the property under the Second Option period of the Meunier JV with AGE.

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6. EXPLORATION AND EVALUATION ASSETS – (continued)

b) Meunier-144 Property (Timmins, Ontario) (continued)

The Company exercised the second option and acquired its additional 25% interest (of which 12.5% was assigned to LSG) in the property during the year ended November 30, 2012 by issuing 20,833 common shares to AGE and incurring a further \$1,500,000 in work expenditures on the property jointly with LSG.

Following the exercise of the second option, LSG shall have the right to acquire from the Company and AGE a 10% undivided interest in the property by completing a preliminary resource assessment at LSG's cost, within a period of 10 years from the effective date, for the purpose of advancing the property to commercial production.

AGE has agreed to pay the optionors the sum of \$2,000,000 in the event that a pre-feasibility study conducted on the property indicates the potential for commercial production of at least one million ounces of gold; and a net smelter return royalty of 2.5%, of which 40% can be purchased at any time at the sole discretion of AGE for a price of \$2,000,000.

In February 2012, the Joint Venture made the decision to discontinue its current drilling program on the Meunier JV property due to technical difficulties encountered at depth; lack of significant gold mineralization; and budget analysis outlining drilling costs that in the opinion of the Joint Venture participants were too high to warrant further drilling at that time. Accordingly, \$1,756,304 in acquisition costs and exploration expenditures relating to the property was written off at November 30, 2011 and \$249,231 was written off during the year ended November 30, 2012.

On August 14, 2013, the Meunier-144 Property was sold to LSG in settlement of \$241,231 in debt owing to LSG (see Note 12).

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7. EQUIPMENT

	Furniture and fixtures
	\$
Cost	
Balance at November 30, 2011	11,481
Additions	-
Disposals	-
Balance at November 30, 2012	11,481
Additions	-
Disposals	(11,481)
Balance at November 30, 2013	-
Depreciation	
Balance at November 30, 2011	1,339
Depreciation for the year	2,296
Balance at November 30, 2012	3,635
Depreciation for the period	1,148
Disposals	(4,783)
Balance at November 30, 2013	-
Carrying amounts	
At November 30, 2012	7,846
At November 30, 2013	-

In June 2013, the Company sold its furniture and equipment for its net book value of \$6,698.

8. DUE TO RELATED PARTIES

Due to related parties represents amounts owing to directors, former directors, companies with common directors, and officers for unpaid project management services, expenses and salaries. The amounts are unsecured, non-interest bearing and payable on demand. Due to related parties also includes amounts owing to a shareholder who holds greater than a 10% interest in the Company.

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9. FLOW-THROUGH SHARE PREMIUM LIABILITY

Other liabilities include the liability portion of the flow-through premium for the flow-through common shares issued. The following is a continuity schedule of the liability portion of the flow-through premium for the share issuances:

	Issued on December 30, 2010 \$	Issued on December 30, 2010 \$	Total \$
Balance at November 30, 2011	13,306	229,436	242,742
De-recognition of liability	(13,306)	(108,015)	(121,321)
Balance at November 30, 2012	-	121,421	121,421
De-recognition of liability	-	(1,179)	(1,179)
Flow-through share premium extinguished	-	(120,242)	(120,242)
Balance at November 30, 2013	-	-	-

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company has indemnified the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

On December 30, 2010, the Company raised proceeds of \$1,878,000 from the sale of flow-through common shares. The Company renounced \$1,877,061 of eligible Canadian Exploration Expenditures to the subscribers of the flow-through units, and is required to incur that amount in qualifying exploration expenses before December 31, 2011 under the look-back rule. As at December 31, 2011, the Company had incurred \$1,841,428 in qualifying exploration expenses. The Company paid \$8,681 in Part XII.6 tax with respect to the renunciation. The Company completed its renunciation commitment during the year ended November 30, 2012.

On December 30, 2010, the Company raised proceeds of \$1,391,250 from the sale of flow-through common shares. The Company renounced \$1,390,753 of eligible Canadian Exploration Expenditures to the subscribers of the flow-through units, and is required to incur that amount in qualifying exploration expenses before December 31, 2011 under the look-back rule. As at December 31, 2011, the Company had incurred \$966,682 in qualifying exploration expenses. The Company paid \$51,115 in Part XII.6 tax with respect to the renunciation. The Company had incurred \$1,107,538 in qualifying exploration expenses as at November 30, 2012 and \$1,110,288 in qualifying exploration expenses as at December 31, 2012. A provision of \$116,245, included in trade and other payables, has been recorded for the financial obligation to indemnified flow-through share investors for the remainder of qualifying exploration expenditures that was not incurred, and the liability on the flow-through share issuance was extinguished upon amendment of renunciation filings with the CRA and Revenue Quebec (Note 19(d)).

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10. SHARE CAPITAL AND RESERVES

a) Common Shares

The Company is authorized to issue an unlimited number of common shares without par value.

The holders of common shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

Subsequent to November 30, 2013, the Company approved a consolidation of its issued share capital on the basis of twelve old common shares for one new common share (see note 19(a)).

In March 2012, the Company issued 20,833 common shares valued at a price of \$0.48 per share in connection with the Meunier property agreement described in Note 6(b).

b) Preferred Shares

The Company is authorized to issue an unlimited number of preference shares. No preference shares have been issued since the Company's inception.

c) Contributed Surplus

	2013 \$	2012 \$
Warrants	284,725	284,725
Share options	925,837	925,837
Contributed surplus	1,210,562	1,210,562

d) Share Purchase Warrants

The following is a summary of changes in warrants from November 30, 2011 to November 30, 2013:

	Number of Warrants	Weighted Average Exercise Price
Balance at November 30, 2011	1,546,860	\$2.35
Expiry of warrants	(685,417)	\$2.29
Balance at November 30, 2012	861,443	\$2.40
Expiry of warrants	(861,443)	\$2.40
Balance at November 30, 2013	-	-

In December 2012, 861,443 warrants with an exercise price of \$2.40 expired unexercised.

As at November 30, 2013, the Company had no outstanding warrants.

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11. SHARE-BASED PAYMENTS

a) Option Plan Details

The Company has an incentive Stock Option Plan (“the Plan”) under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company. The Plan was approved by the Board on March 21, 2011; was approved by the Company’s shareholders on April 29, 2011; and came into effect on August 5, 2011 upon acceptance by the TSXV of the Company’s listing application and commencement of trading on the TSXV. The Plan provides for the issuance of options to acquire shares of the Company equal to 10% of the then issued and outstanding shares of the Company. It incorporates the new TSXV option plan policies effective December 15, 2008, as well as provisions concerning the new requirements of the Canada Revenue Agency concerning withholding tax payments on exercised options, and provisions to accommodate electronic trading and the issuance of uncertificated shares.

A summary of the Company’s stock options at November 30, 2013 and 2012 and the changes for the years ended on those dates is presented below:

	2013		2012	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Opening balance	566,666	\$1.20	335,416	\$2.76
Granted	-	-	460,416	\$1.20
Repriced	-	-	106,250	\$1.20
Cancelled, Forfeited or Expired	(566,666)	\$1.20	(335,416)	\$2.76
Ending balance	-	-	566,666	\$1.20

In June 2012, the Company granted 81,249 stock options with an exercise price of \$1.20 per share expiring June 22, 2014 to directors and employees. The options vest immediately. A total of 6,250 outstanding stock options with an exercise price of \$2.40 were cancelled and re-granted at the new price of \$1.20 expiring June 22, 2014, and 50,000 stock options with an exercise price of \$2.40 were cancelled.

In July 2012, the Company granted 379,167 stock options with an exercise price of \$1.20 per share expiring July 27, 2014 to directors and officers. The options vest immediately. A total of 100,000 outstanding stock options with an exercise price of \$2.40 were cancelled and re-granted at the new price of \$1.20 expiring July 27, 2014. In July 2013, 250,000 of these stock options expired unexercised due to the resignation of the option holder.

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11. SHARE-BASED PAYMENTS (continued)

a) Option Plan Details (continued)

Details of stock options outstanding and exercisable as at November 30, 2013 and 2012:

Expiry Date	Exercise Price	2013	2012
June 22, 2014	\$1.20	-	87,500
July 27, 2014	\$1.20	-	479,166
		-	566,666

The weighted average remaining contractual life of stock options outstanding at November 30, 2013 was nil years (November 30, 2012: 1.64 years).

b) Fair Value of Options Issued During the Year

The weighted average fair value at grant date of options granted during the year ended November 30, 2012 was \$0.24 per option. The fair value was determined using the Black-Scholes option-pricing model using the following assumptions:

	2013	2012
Expected stock price volatility	-	212%
Risk-free interest rate	-	1.07%
Dividend yield	-	-
Expected life of options	-	2 years
Exercise price per option	-	\$1.20

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12. NATURE OF INCOME AND EXPENSES

	2013	2012
	\$	\$
Other income and expenses include:		
Flow-through share premium	121,421	121,321
Gain on disposal of investments	-	30,950
Gain on disposal of exploration and evaluation assets (note 7(b))	241,231	-
Interest income	71	4,354
Loss on foreign exchange	(1,638)	-
	<u>361,085</u>	<u>156,625</u>
Employee costs include:		
Administrative and consulting fees	122,112	253,632
Management salaries	47,278	73,714
Share-based payments	-	126,637
	<u>169,390</u>	<u>453,983</u>
Finance expense (recovery) includes:		
Flow-through commitment (recovery) to investors	(64,021)	180,266
Part XII.6 tax	-	47,448
	<u>(64,021)</u>	<u>227,714</u>
General and administrative expense include:		
Accounting and audit fees	29,411	56,014
Filing fees	8,680	9,678
Investor communications	2,147	2,898
Legal fees	26,943	10,759
Office expenses	55,996	86,422
Transfer agent	3,193	5,581
Travel and automobile	11,539	42,870
	<u>137,909</u>	<u>214,222</u>

13. INCOME TAXES

There is no current or deferred income tax expense in the year due to the losses incurred. At November 30, 2013, the Company had non-capital losses of approximately \$2,961,027 to reduce future taxable income expiring between 2027 to 2033.

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13. INCOME TAXES (continued)

No deferred tax asset has been recognized in respect of the losses due to the uncertainty of future profits. A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2013	2012
Combined statutory rate	26%	25%
	\$	\$
Income tax recovery at statutory rates	741,000	249,000
Non-deductible items for tax purposes and other items	47,200	(38,700)
Change in tax rates	43,100	(1,100)
Change in unrecognized deferred tax assets	(831,300)	(209,200)
Deferred income tax recovery	-	-

The significant components of the Company's deferred income tax assets and liabilities are as follows:

	2013	2012
	\$	\$
Deferred income tax assets		
Mineral properties	769,900	130,700
Non-capital losses available for future periods	854,300	641,600
Share issuance costs and other	37,100	57,700
Deferred income tax assets	1,661,300	830,000
Unrecognized deferred tax assets	(1,661,300)	(830,000)
Net deferred income tax assets	-	-

14. RELATED PARTY TRANSACTIONS

All related party transactions are recorded at the exchange amount which is the amount agreed to by the Company and the related party.

a) Exploration Expenditures

Exploration expenditures of \$Nil (2012: \$242,731) were incurred on the Meunier-144 and Bazooka properties on the Company's behalf by Lake Shore Gold and are included in resource property costs. LSG held a 27.1% interest in the Company prior to the share issuances that were completed subsequent to November 30, 2013 as described in Notes 20(b), (c) and (e). On August 14, 2013, the Meunier-144 Property was sold to LSG in settlement of \$241,231 in debt owing to LSG (see Note 6 (b)).

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14. RELATED PARTY TRANSACTIONS (continued)

b) Office Expenses and Furniture

Office expenses of \$21,133 (2012: \$3,857) were charged by a company with common directors that is co-tenant to the Company's office premises lease. The Company sold office furniture to the co-tenant for its net book value of \$6,698. At November 30, 2013, \$15,220 (November 30, 2012: \$109) in amounts owing to the co-tenant was included in due to related parties.

c) Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors, the chief executive officer and chief financial officer. Key management personnel compensation is comprised of the following:

	2013	2012
	\$	\$
Short-term employee benefits and director fees	73,152	400,898
Share-based payments	-	120,439
	<u>73,152</u>	<u>521,337</u>

Prepaid expenses at November 30, 2013 include \$Nil (November 30, 2012: \$500) in expense advances paid to a director.

Due to related parties at November 30, 2013 include \$61,465 (November 30, 2012: \$14,895) in amounts owing to directors and companies with common directors for unpaid project management services and expenses.

15. COMMITMENTS

The Company is co-tenant to an Office Lease for a three-year term commencing May 1, 2011. The base rent is as follows: Year 1 - \$36,112; Year 2 - \$37,241; and Year 3 - \$38,369. Under the terms of the Office Lease there are also operating costs which for 2013 the Company estimates to be \$12.82 per square foot. The operating costs will be adjusted annually. The Company and its co-tenant have agreed to each pay for 50% of the rent due and owing. The current lease expires in April 2014 with gross base rental payments of \$7,994 and estimated minimum operating costs of \$6,028 committed for the 2014 financial year.

On November 25, 2013, the Company extended its office lease until July 31, 2016. Under the terms of the Office Lease there are also operating costs which for 2014 the Company estimates to be \$14.50 per square foot. The operating costs will be adjusted annually. The Company and its co-tenant have agreed to each pay for 50% of the rent due and owing. The Company is committed to the following gross rental amounts for its share excluding operating costs per financial year under the new lease:

2014 - \$11,520
2015 - \$19,937
2016 - \$13,542

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15. COMMITMENTS (continued)

Pursuant to a Consulting, Management and Personnel Agreement dated November 30, 2013 and made effective May 1, 2013, the Company engaged an arms-length company (the “Consultant”) to act as a management consultant and agent for a term ending December 31, 2014 for a fee of USD \$10,000 per month plus reasonable expenses. The agreement contains provisions for termination and severance of USD \$5,000 for each year of the Consultant’s involvement with the Company.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair values

The Company’s financial instruments include cash and cash equivalents, amounts receivable, trade and other payables and amounts due to related parties. The fair value of these financial instruments approximates their carrying values due to the relative short-term maturity of these instruments.

The following table summarizes information regarding the carrying and fair values of the Company’s financial instruments:

	2013		2012	
	Fair Value	Carrying Value	Fair Value	Carrying Value
	\$	\$	\$	\$
FVTPL assets (i)	1,204	1,204	109,447	109,447

(i) Cash and cash equivalents

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
- Level 3 - Inputs for the asset or liability that are not based on observable market data

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16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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

As at November 30, 2013	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	1,204	-	-	1,204

The Company believes the recorded values of all other financial instruments approximate their current fair values because of their nature and respective maturity dates.

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

Credit risk

Credit risk is the risk of an unexpected loss associated with counterparty's inability to fulfill its contractual obligations. Management evaluates credit risk on an ongoing basis and monitors activities related to amounts receivable including the amounts of counterparty concentrations. The primary sources of credit risk for the Company arise from its financial assets consisting of cash and cash equivalents and amounts receivable. The carrying value of these financial assets represents the Company's maximum exposure to credit risk. To minimize credit risk the Company only holds its cash and cash equivalents with high credit chartered Canadian financial institutions. As at November 30, 2013, the Company has no financial assets that are past due or impaired due to credit risk defaults.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities consist of its accounts payable and amounts due to related parties. The Company handles its liquidity risk through the management of its capital structure as described in Note 17. All of the Company's financial liabilities are due on demand, do not generally bear interest and are subject to normal trade terms.

The following are the contractual maturities of financial liabilities as at November 30, 2013:

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years	Within 3 years	Over 3 years
	\$	\$	\$	\$	\$	\$
Trade payables	311,570	311,570	311,570	-	-	-
Due to related parties	76,685	76,685	76,685	-	-	-
Total	388,255	388,255	388,255	-	-	-

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16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading, available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, loans or receivables and other financial liabilities. The Company is not exposed to significant interest rate risk as the Company has no interest bearing debt. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in gold and metal prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar. All of the Company's financial instruments are denominated in Canadian dollars and all current exploration occurs within Canada. In management's opinion there is no significant foreign exchange risk to the Company.

17. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can support continued development of its exploration and evaluation assets, pursue the acquisition and exploration of other mineral interests, and to maintain a flexible capital structure for its projects for the benefit of its shareholders and other stakeholders. The Company is not exposed to externally imposed capital requirements.

The Company consider items included in shareholders' equity to be capital. 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. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, option its properties for cash from optionees, enter into joint venture arrangements, return capital to its shareholders or adjust the amount of cash and cash equivalents.

18. NON-CASH TRANSACTIONS

Non-cash Financing and Investing Activities	2013	2012
	\$	\$
Expenditures on exploration and evaluation assets	-	10,000

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19. SUBSEQUENT EVENTS

a) Share Consolidation

On December 12, 2013, the Company received shareholders' approval of its proposed consolidation of the Company's issued and outstanding common shares on the basis of one (1) post-consolidation common share for every twelve (12) pre-consolidation common shares then issued and outstanding (the "Share Consolidation"). The Share Consolidation was approved by the TSX Venture Exchange with an effective date of December 17, 2013.

As a result of the Share Consolidation, the number of shares, warrants, options presented in these financial statements and the calculated weighted average number of common shares issued and outstanding for the purpose of earnings per share calculation are based on the post-consolidation shares for all years presented.

b) Matachewan Property

On September 30, 2013, the Company signed an Agreement (the "Property Agreement") with an arms-length vendor to acquire the Matachewan gold property located several kilometers north east of the Young-Davidson gold mine in northern Ontario. Under the terms of the Property Agreement, the Company would acquire a 100% interest, subject to retained royalty, in the Matachewan gold property and as consideration would issue 1,000,000 post-consolidation shares of the Company to the vendor. The shares were issued on December 27, 2013.

c) Private Placement

On December 27, 2013, the Company completed a non-brokered private placement consisting of 2,000,000 flow-through units (the "FT Units") and 8,000,000 non flow-through units (the "NFT Units"), for aggregate gross proceeds of \$500,000. Each FT Unit and NFT Unit is priced at \$0.05 and is comprised of a share and a warrant exercisable at \$0.06 for a term of two years (in the case of the FT Units) and five years (in the case of the NFT Units). All securities are subject to a hold period expiring April 28, 2014. The FT Unit proceeds will be used for exploration activity on the Matachewan gold property (Note 19(b)) and the NFT Unit proceeds will be used to settle outstanding liabilities and for general working capital.

d) Settlement

Pursuant to an agreement dated October 16, 2013, the Company has reached the principal terms of a settlement with certain subscribers to one of the Company's December 2010 Private Placements to settle the issues arising from the estimated sundry shortfall of certain flow-through tax credits (Note 9). Under the terms of the settlement, the Company would pay the subscribers the amount of \$116,245. The subscribers executed releases of liability to the Company and the settlement monies were paid out in January and February 2014.

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(Expressed in Canadian Dollars)

19. SUBSEQUENT EVENTS (continued)

e) Shares for Debt

In January 2014, the Company issued 304,260 common shares at a deemed price of \$0.06 per share to settle \$18,256 in office rent and overhead payable to a company with common directors. The shares are subject to a hold period and restricted from trading until May 23, 2014.