# RT MINERALS CORP.

(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED MAY 31, 2014 AND 2013

UNAUDITED

REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of RT Minerals Corp. have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements.

# RT MINERALS CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2014 AND 2013
(UNAUDITED – SEE "NOTICE TO READER" BELOW)

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited consolidated financial statements for the periods ended May 31, 2014 and 2013 in accordance with Section 7050 or the CICA Handbook.

## NOTICE TO READER OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The financial statements of RT Minerals Corp. and the accompanying condensed interim consolidated statements of financial position as at May 31, 2014 and the condensed interim consolidated statements of comprehensive loss, statements of changes in equity and cash flows for the six months ended May 31, 2014 and 2013 are the responsibility of the Company's management. These financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company, Manning Elliott LLP.

The financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with International Financial Reporting Standards. The Audit Committee of the Board of Directors, consisting of three members, has reviewed the financial statements and related financial reporting matters prior to submitting the financial statements to the Board for approval.

| | |
|---|---|
| *"Paul Antoniazzi"* | *"Sandra Wong"* |
| Paul Antoniazzi<br>Chief Executive Officer | Sandra Wong<br>Chief Financial Officer |
| July 29, 2014 | July 29, 2014 |

# RT MINERALS CORP.

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian Dollars)

| | Note | May 31, 2014 $ | November 30, 2013 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 4 | 3,852 | 1,204 |
| Amounts receivable | | 4,887 | 6,476 |
| Prepaid expenses | | 11,560 | 6,636 |
| **Total current assets** | | 20,299 | 14,316 |
| **Non-current assets** | | | |
| Deferred share issuance costs | | - | 257 |
| Exploration and evaluation assets | 5 | 179,117 | 50,000 |
| **Total non-current assets** | | 179,117 | 50,257 |
| **Total assets** | | 199,416 | 64,573 |
| **Liabilities and shareholders' (deficiency) equity** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | 151,142 | 311,570 |
| Due to related parties | 6 | 111,196 | 76,685 |
| **Total current liabilities** | | 262,338 | 388,255 |
| **Shareholders' (deficiency) equity** | | | |
| Share capital | 7 | 9,629,702 | 9,044,344 |
| Contributed surplus | 7 | 1,297,165 | 1,210,562 |
| Accumulated deficit | | (10,989,789) | (10,578,588) |
| **Total shareholders' (deficiency) equity** | | (62,922) | (323,682) |
| **Total liabilities and shareholders' (deficiency) equity** | | 199,416 | 64,573 |

Nature of operations and going concern (Note 2)
Commitments (Note 12)

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on July 29, 2014 and are signed on its behalf by:

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

# RT MINERALS CORP.

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**
**FOR THE SIX MONTHS ENDED MAY 31, 2014 AND 2013**
(Expressed in Canadian Dollars)

| | Note | Three months ended May 31, 2014 $ | Three months ended May 31, 2013 $ | Six months ended May 31, 2014 $ | Six months ended May 31, 2013 $ |
|---|---|---|---|---|---|
| **Expenses** | | | | | |
| Depreciation | | - | 574 | - | 1,148 |
| Employee costs | 9 | 136,399 | 31,842 | 221,946 | 69,813 |
| Finance expense | 9 | 975 | - | 1,134 | 20,510 |
| General and administrative expenses | 9 | 90,217 | 19,110 | 171,593 | 47,953 |
| Impairment of exploration and evaluation assets | 5 | 6,600 | - | 12,655 | - |
| **Total expenses** | | (234,191) | (51,526) | (407,328) | (139,424) |
| **Other income and expenses** | 9 | 1,846 | - | (3,873) | 1,250 |
| **Net loss and comprehensive loss for the period** | | (232,345) | (51,526) | (411,201) | (138,174) |
| **Loss per common share, basic and diluted** | | (0.01) | (0.01) | (0.03) | (0.02) |
| **Weighted average number of common shares outstanding** | | 17,143,066 | 5,838,806 | 15,422,594 | 5,838,806 |

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

# RT MINERALS CORP.

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Expressed in Canadian Dollars)

| | Number of Shares (post-consolidation Note 7 (a)) | Share Capital $ | Contributed Surplus $ | Accumulated Deficit $ | Total $ |
|---|---|---|---|---|---|
| Balance at November 30, 2012 | 5,838,806 | 9,044,344 | 1,210,562 | (7,691,317) | 2,563,589 |
| Net loss for the period | - | - | - | (138,174) | (138,174) |
| Balance at May 31, 2013 | 5,838,806 | 9,044,344 | 1,210,562 | (7,829,491) | 2,425,415 |
| Balance at November 30, 2013 | 5,838,806 | 9,044,344 | 1,210,562 | (10,578,588) | (323,682) |
| Net loss for the period | - | - | - | (411,201) | (411,201) |
| Issued for private placement | 10,000,000 | 500,000 | - | - | 500,000 |
| Issued for Matachewan | 1,000,000 | 75,000 | - | - | 75,000 |
| Issued for debt settlement | 304,260 | 18,256 | - | - | 18,256 |
| Share-based payments | - | - | 86,603 | - | 86,603 |
| Share issue costs | - | (7,898) | - | - | (7,898) |
| Balance at May 31, 2014 | 17,143,066 | 9,629,702 | 1,297,165 | (10,989,789) | (62,922) |

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 7(a)).

# RT MINERALS CORP.

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**
**FOR THE SIX MONTHS ENDED MAY 31, 2014 AND 2013**
(Expressed in Canadian Dollars)

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | May 31, 2014 $ | May 31, 2013 $ | May 31, 2014 $ | May 31, 2013 $ |
| **Cash flows from operating activities** | | | | |
| Net loss for the period | (232,345) | (51,526) | (411,201) | (138,174) |
| Items not involving cash: | | | | |
| Depreciation | - | 574 | - | 1,148 |
| Flow-through share premium | - | - | - | (1,179) |
| Impairment of exploration and evaluation assets | 6,600 | - | 12,655 | - |
| Share-based payments | 86,603 | - | 86,603 | - |
| Changes in non-cash working capital accounts: | | | | |
| Amounts receivable | 5,534 | 14,274 | 1,589 | 32,975 |
| Prepaid expenses | (356) | 7,744 | (4,924) | (1,113) |
| Trade and other payables | 73,025 | (15,132) | (160,428) | 15,566 |
| Total cash used in operating activities | (60,939) | (44,066) | (475,706) | (90,777) |
| **Cash flows from investing activities** | | | | |
| Expenditures on exploration and evaluation assets | (59,512) | (2,698) | (66,772) | (6,476) |
| Total cash flows used in investing activities | (59,512) | (2,698) | (66,772) | (6,476) |
| **Cash flows from financing activities** | | | | |
| Proceeds from share issuance | - | - | 500,000 | - |
| Deferred share issuance costs | - | - | 257 | - |
| Share issuance costs | - | - | (7,898) | - |
| Advances from (repayments to) related parties | 73,211 | 8,096 | 52,767 | (6,953) |
| Total cash flows provided by financing activities | 73,211 | 8,096 | 545,126 | (6,953) |
| **Total increase (decrease) in cash during the period** | (47,240) | (38,668) | 2,648 | (104,206) |
| **Cash and cash equivalents, beginning of period** | 51,092 | 43,909 | 1,204 | 109,447 |
| **Cash and cash equivalents, end of period** | 3,852 | 5,241 | 3,852 | 5,241 |
| **Supplemental information** | | | | |
| Interest paid | - | - | - | - |
| Income taxes paid | - | - | - | - |

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

## 1. CORPORATE INFORMATION

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 and Guyana, South America. 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.

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements for the six month period ended May 31, 2014 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company's 2013 annual financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the Company's 2013 annual financial statements except for new standards, interpretations and amendments mandatorily effective for the first time from December 1, 2013. Note 2d) sets out the impact of new standards, interpretations and amendments that have had a material effect on the financial statements.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on July 29, 2014.

The preparation of condensed interim consolidated financial statements in compliance with IAS 34 requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

### a) Going Concern of Operations

The Company has not generated revenue from operations since its inception. The Company incurred a net loss of $411,201 during the six months ended May 31, 2014. As of May 31, 2014, the Company's accumulated deficit was $10,989,789 and its working capital deficiency was $242,039. As the Company is in the exploration stage, the recoverability of the 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 and deferred exploration expenditures. 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. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern.

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### b) Basis of Consolidation

The condensed interim consolidated financial statements include the accounts of the Company and its 100% wholly owned subsidiary, RT Minerals Corp (Guyana) Inc. ("RTMG"). RTMG was incorporated in Guyana. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

### c) Foreign Currency Translation

The presentation currency and functional currency of the Company and its Guyana subsidiary is the Canadian dollar as this is the principal currency of the economic environment in which they operate. The Company's Guyana subsidiary is financially and operationally dependent on the Company. The Company translates transactions in foreign currencies into Canadian dollars at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities are translated at the exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical rates. The resulting exchange gains or losses are recognized in income.

### d) New Standards, Amendments and Interpretations Effective for the first time from December 1, 2013

Each of the following 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.

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".

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### d) New Standards, Amendments and Interpretations Effective for the first time from December 1, 2013 (continued)

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.

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.

viii) 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".

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### d) New Standards, Amendments and Interpretations Effective for the first time from December 1, 2013 (continued)

ix) 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.

x) 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.

xi) 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.

xii) 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.

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.

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

There have been no material revisions to the nature of judgments and amount of changes in estimates of amounts reported in the Company's 2013 annual financial statements.

## 4. 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 May 31, 2014, the Company had no cash equivalents (November 30, 2013 - $nil).

(Expressed in Canadian Dollars)

## 5. EXPLORATION AND EVALUATION ASSETS

| | Canada<br>Bazooka<br>$ | Canada<br>McWatters<br>$ | Canada<br>Golden Stock<br>$ | Guyana<br>Mahdia<br>$ | Total<br>$ |
|---|---|---|---|---|---|
| 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 |
| Exploration costs | | | | | |
| Administration | 1,500 | - | - | 536 | 2,036 |
| Data, drafting, reporting | 405 | - | 405 | 4,622 | 5,432 |
| Facility rental | 6,750 | - | - | - | 6,750 |
| Field crew expenses | - | - | - | 629 | 629 |
| Geology | - | - | - | 2,009 | 2,009 |
| Project management | 2,000 | 2,000 | 2,480 | 24,698 | 31,178 |
| Sampling | - | - | - | 9,851 | 9,851 |
| Site meals, lodging, travel | - | - | - | 8,887 | 8,887 |
| | 10,655 | 2,000 | 2,885 | 51,232 | 66,772 |
| Acquisition of property | - | - | 75,000 | - | 75,000 |
| Impairment | (10,655) | (2,000) | - | - | (12,655) |
| Balance at May 31, 2014 | 25,000 | 25,000 | 77,885 | 51,232 | 179,117 |

### 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 at the time. 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.

## 5. EXPLORATION AND EVALUATION ASSETS (continued)

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

The Company made the decision to discontinue work on the properties and has recorded a write-down of $3,003,930 for the year ended November 30, 2013 and $12,655 for the six months ended May 31, 2014 for the difference between the estimated recoverable amount of $50,000 and the carrying value of the properties.

### b) Golden Stock Property (Matachewan, Ontario)

On September 30, 2013, the Company signed an Agreement (the "Property Agreement") with an arms-length vendor to acquire the Golden Stock gold property located near the Cairo Township in Matachewan, Ontario. Under the terms of the Property Agreement, the Company would acquire a 100% interest, subject to a 2% retained royalty, in the property and as consideration would issue 1,000,000 shares of the Company to the vendor. The shares were issued on December 27, 2013.

### c) Mahdia Property (Guyana, South America)

By an agreement (the "Mahdia Agreement") dated March 31, 2014, the Company acquired the right to conduct exploration and mining operations on three mining permits (the "Claims") located in the Potaro-Siparuni region of north eastern Guyana, South America. The Company has the exclusive right to explore and develop the most northerly Claim comprised of 1,165 acres, and non-exclusive rights to the remaining two Claims of 1,200 acres each, over the next five years by carrying out a Phase One surface alluvial exploration program and a Phase Two bulk sampling program within three months of signing the Mahdia Agreement. The Company has the option to extend the period for completing the work programs to up to six months by paying the Vendor USD $100,000 for each month beyond the initial three month period. To maintain its rights to the Claims and to advance the development of the Claims to commercial production, the Company is required to incur USD $4,000,000 annually in all costs related to the Claims. The Vendor is entitled to 15% of any gold or other minerals produced from the Claims.

## 6. 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.

## 7. SHARE CAPITAL AND RESERVES

### a) Common Shares

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

(Expressed in Canadian Dollars)

## 7. SHARE CAPITAL AND RESERVES (continued)

### a) Common Shares (continued)

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.

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.

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 Golden Stock gold property and the NFT Unit proceeds will be used to settle outstanding liabilities and for general working capital.

On December 27, 2013, the Company issued 1,000,000 common shares pursuant to the Golden Stock property acquisition described in Note 5(b).

On January 22, 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 were subject to a hold period and restricted from trading until May 23, 2014.

### 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

| | 2014<br>$ | 2013<br>$ |
|---|---|---|
| Warrants | 284,725 | 284,725 |
| Share options | 1,012,440 | 925,837 |
| Contributed surplus | 1,297,165 | 1,210,562 |

(Expressed in Canadian Dollars)

## 7. SHARE CAPITAL AND RESERVES (continued)

### d) Share Purchase Warrants

The following is a summary of changes in warrants from November 30, 2012 to May 31, 2014:

| | Number of Warrants | Weighted Average Exercise Price |
|---|---|---|
| Balance at November 30, 2012 | 861,443 | $2.40 |
| Expiry of warrants | (861,443) | $2.40 |
| Balance at November 30, 2013 | - | - |
| Issue of warrants | 10,000,000 | $0.06 |
| Balance at May 31, 2014 | 10,000,000 | $0.06 |

As at May 31, 2014, the Company had outstanding and exercisable warrants as follows:

| Number of Warrants Outstanding and Exercisable | | | |
|---|---|---|---|
| May 31, 2014 | November 30, 2013 | Exercise Price per Share | Expiry Date |
| 2,000,000 | - | $0.06 | December 27, 2015 |
| 8,000,000 | - | $0.06 | December 27, 2018 |
| 10,000,000 | - | $0.06 | |

## 8. 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 May 31, 2014 and November 30, 2013 and the changes for the periods ended on those dates is presented below:

(Expressed in Canadian Dollars)

## 8. SHARE-BASED PAYMENTS

### a) Option Plan Details (continued)

| | May 31, 2014 | | November 30, 2013 | |
|---|---|---|---|---|
| | Options Outstanding | Weighted Average Exercise Price | Options Outstanding | Weighted Average Exercise Price |
| Opening balance | - | - | 566,666 | $1.20 |
| Granted | 1,700,000 | $0.10 | - | - |
| Expired | - | - | (566,666) | $1.20 |
| Ending balance | 1,700,000 | $0.10 | - | - |

In May 2014, the Company granted 1,700,000 stock options with an exercise price of $0.10 per share expiring May 22, 2016 to directors, employees and consultants. All options vest immediately with the exception of 200,000 options granted to a consultant conducting investor relations activities, that as such will vest over a period of 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting.

Details of stock options outstanding and exercisable as at May 31, 2014 and November 30, 2013:

| Expiry Date | Exercise Price | May 31, 2014 | November 30, 2013 |
|---|---|---|---|
| May 22, 2016 | $0.10 | 1,700,000 | - |
| | | 1,700,000 | - |

The weighted average remaining contractual life of stock options outstanding at May 31, 2014 was 1.98 years (November 30, 2013: nil years).

### b) Fair Value of Options Issued During the Period

The weighted average fair value at grant date of options granted during the period ended May 31, 2014 was $0.053 per option. The fair value was determined using the Black-Scholes option-pricing model using the following assumptions:

| | 2014 | 2013 |
|---|---|---|
| Expected stock price volatility | 189% | - |
| Risk-free interest rate | 1.06% | - |
| Dividend yield | - | - |
| Expected life of options | 2 years | - |
| Exercise price per option | $0.10 | - |

(Expressed in Canadian Dollars)

## 9. NATURE OF INCOME AND EXPENSES

| | May 31, 2014<br>$ | May 31, 2013<br>$ |
|---|---|---|
| Other income and expenses include: | | |
| Flow-through share premium | - | 1,179 |
| Interest income | - | 71 |
| Loss on foreign exchange | (3,873) | - |
| | (3,873) | 1,250 |
| Employee costs include: | | |
| Administrative and consulting fees | 123,446 | 32,615 |
| Management salaries | 11,897 | 37,198 |
| Share-based payments | 86,603 | - |
| | 221,946 | 69,813 |
| Finance expense includes: | | |
| Financing cost | 504 | - |
| Flow-through commitment to investors | - | 20,510 |
| Part XII.6 tax | 630 | - |
| | 1,134 | 20,510 |
| General and administrative expense include: | | |
| Accounting and audit fees | (3,485) | (5,589) |
| Filing fees | 14,258 | 6,080 |
| Investor communications | 7,039 | 325 |
| Legal fees | 31,554 | 6,732 |
| Office expenses | 48,148 | 31,345 |
| Transfer agent | 4,841 | 1,527 |
| Travel and automobile | 69,238 | 7,533 |
| | 171,593 | 47,953 |

## 10. INCOME TAXES

There is no current or deferred income tax expense in the period 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.

## 11. 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) Shares for Debt

Pursuant to an agreement dated January 6, 2014, the Company agreed to settle $18,256 in indebtedness payable to a company with common directors that is co-tenant to the Company's office premises lease, with the issue of 304,260 shares of the Company having a deemed price of $0.06 per share. The indebtedness arose from office rent and expense recovery.

(Expressed in Canadian Dollars)

## 11. RELATED PARTY TRANSACTIONS (continued)

### b) Office Expenses

Office expenses of $9,505 (2013: $4,703) were charged by a company with common directors that is co-tenant to the Company's office premises lease. At May 31, 2014, $6,944 (May 31, 2013: $5,001) 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:

| | 2014<br>$ | 2013<br>$ |
|---|---|---|
| Short-term employee benefits and director fees | 84,338 | 43,291 |
| Share-based payments | 66,263 | - |
| | 150,601 | 43,291 |

Prepaid expenses at May 31, 2014 include $2,632 (May 31, 2013: $nil) in expense advances paid to a director.

Due to related parties at May 31, 2014 include $104,251 (May 31, 2013: $61,465) in amounts owing to directors, officers, and companies with common directors for unpaid project management services and expenses.

## 12. 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

(Expressed in Canadian Dollars)

## 12. 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. This agreement was terminated effective February 28, 2014 and a total of USD $100,000 in fees was paid to the Consultant during the term of the agreement.

Pursuant to a Consulting, Management and Personnel Agreement dated March 1, 2014, 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 $10,000 per month plus reasonable expenses. The agreement contains provisions for termination and severance of $5,000 for each year of the Consultant's involvement with the Company.

As at May 31, 2014, the Company had a remaining commitment to incur $93,925 in exploration expenditures in relation to the December 27, 2013 flow-through financing described in Note 7(a) by December 31, 2014 under the look back rule. During the period, the Company recorded $630 in Part XII.6 tax.

Pursuant to an agreement dated October 16, 2013, the Company had 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. Under the terms of the settlement, the Company paid the subscribers the amount of $116,245 and the subscribers executed releases of liability to the Company in January and February 2014.

## 13. 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:

| | May 31, 2014 | | November 30, 2013 | |
|---|---|---|---|---|
| | Fair Value $ | Carrying Value $ | Fair Value $ | Carrying Value $ |
| FVTPL assets (i) | 3,852 | 3,852 | 1,204 | 1,204 |

(i) Cash and cash equivalents

## 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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

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 May 31, 2014 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Cash | 3,852 | - | - | 3,852 |

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, market risk and currency 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 May 31, 2014, 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 14. All of the Company's financial liabilities are due on demand, do not generally bear interest and are subject to normal trade terms.

## 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The following are the contractual maturities of financial liabilities as at May 31, 2014:

| | Carrying Amount $ | Contractual Cash Flows $ | Within 1 year $ | Within 2 years $ | Within 3 years $ | Over 3 years $ |
|---|---|---|---|---|---|---|
| Trade payables | 151,142 | 151,142 | 151,142 | - | - | - |
| Due to related parties | 111,196 | 111,196 | 111,196 | - | - | - |
| Total | 262,338 | 262,338 | 262,338 | - | - | - |

*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*

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currencies. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

The Company's Guyana subsidiary is exposed to currency risk as it incurs expenditures that are denominated in US dollars while its functional currency is the Canadian dollar.

## 14. 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.

(Expressed in Canadian Dollars)

## 15. NON-CASH TRANSACTIONS

| Non-cash Financing and Investing Activities | 2014 $ | 2013 $ |
|---|---|---|
| Expenditures on exploration and evaluation assets | 75,000 | - |
| Shares for debt | 18,256 | - |

## 16. SUBSEQUENT EVENTS

### a) Warrant Exercise

On June 30, 2014, 5,245,000 common share purchase warrants were exercised at $0.06 per share for gross proceeds of $314,700.

On July 28, 2014, 1,050,000 common share purchase warrants were exercised at $0.06 per share for gross proceeds of $63,000.

### b) Demand Loans

On June 4, 2014, the Company received a demand loan of $100,000 from an arm's length party, bearing interest at 8% per annum and with a loan fee payable of 10%. The demand loan was repaid on June 26, 2014 along with interest of $482 and loan fee of $10,000.

On July 9, 2014, the Company received a demand loan of $25,000 from an arm's length party, bearing interest at 8% per annum and with a loan fee payable of 10%.

### c) Tiger River, Konawaruk, and Demerara River Properties, Guyana

By an agreement dated June 28, 2014, the Company acquired the exclusive exploration rights to a mining claim (the "Tiger River" property) consisting of 1,200 acres located in north eastern Guyana, South America. The Company has the exclusive exploration rights on this property to November 30, 2014 whereupon the Company may elect to commence alluvial operations on the property by paying USD $10,000 per year and 15% of all gold produced from the alluvial operations.

By an agreement dated June 28, 2014, the Company acquired the exclusive exploration rights to two mining claims (the "Konawaruk" property) consisting of 2,400 acres located in north eastern Guyana, South America. The Company has the exclusive exploration rights on this property to November 30, 2014 whereupon the Company may elect to commence alluvial operations on the property by paying USD $20,000 per year and 15% of all gold produced from the alluvial operations.

By an agreement dated June 30, 2014, the Company acquired the exclusive exploration rights to 51 mining claims (the "Demerara River" property) consisting of 1,100 acres located in north eastern Guyana, South America. The Company has the exclusive exploration rights on this property to November 30, 2014 whereupon the Company may elect to commence alluvial operations on the property by paying USD $20,000 per month.

## 16. SUBSEQUENT EVENTS (continued)

### c) Mahdia Property, Guyana

In June 2014, the Phase One exploration program on the Mahdia property was postponed due to adverse weather conditions that left the principal access road unavailable for continuous safe access to and egress from the property. The Company has advised the Vendor of the Force Majeure conditions and has requested an extension to complete the Phase One work and property payments to September 30, 2014. Discussions about the extension with the Vendor are ongoing at this time.

### d) Management Agreements

Pursuant to an agreement effective June 1, 2014, the Company engaged the Vice President and director to act as a management and investor relations consultant, for a minimum seven month term, for a fee of $5,000 per month plus reasonable expenses and a $25,000 bonus upon signing the agreement.

Pursuant to an agreement effective June 1, 2014, the Company engaged the Vice President of Corporate Development to act as an investor relations consultant, for a minimum three month term, for a fee of $2,000 per month plus reasonable expenses.