Cartier Resources Inc.

(an exploration company)

Financial statements

Years ended December 31, 2014 and December 31, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Cartier Resources Inc.

We have audited the accompanying financial statements of Cartier Resources Inc., which comprise the statements of financial position as at December 31, 2014 and December 31, 2013, and the statements of loss, statements of comprehensive loss, statements of deferred exploration costs, statements of changes in equity and statements of cash flows for the years then ended, and 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, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with International Financial Reporting Standards. Those standards require that we comply with ethical requirements and plan and perform the audit 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 the auditor's 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, the auditor considers 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 in 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 Cartier Resources Inc. as at December 31, 2014 and December 31, 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 to the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Deloitte LLP [1]

April 16, 2015

[1] CPA auditor, CA, public accountancy permit N°. A109248

Cartier Resources Inc.

(an exploration company)

Statements of Financial Position

As at December 31,

(In Canadian $)

	2014	2013
	$	$
Assets		
Current		
Cash and cash equivalents (note 3)	**857,196**	1,573,320
Cash reserved for exploration (note 3)	**537,222**	569,784
Other short-term financial assets (note 4)	**80,500**	100,000
Receivables (note 5)	**56,133**	131,527
Prepaid expenses	**15,548**	11,438
	1,546,599	2,386,069
Non-current		
Property, plant and equipment (note 6)	**52,177**	73,366
Exploration assets and deferred exploration costs (note 8)	**10,114,873**	9,988,164
TOTAL ASSETS	**11,713,649**	12,447,599
Liabilities		
Current		
Accounts payable and accrued liabilities	**125,950**	251,457
Liability related to flow-through shares	**157,708**	142,446
	283,658	393,903
Non-current		
Deferred income and mining taxes (note 13)	**2,163,697**	2,166,959
TOTAL LIABILITIES	**2,447,355**	2,560,862
EQUITY		
Share capital (note 9)	**16,302,923**	15,640,117
Warrants	**2,054,561**	2,021,677
Contributed surplus	**1,251,432**	1,126,766
Deficit	**(9,948,872)**	(8,601,823)
Accumulated other comprehensive loss	**(393,750)**	(300,000)
TOTAL EQUITY	**9,266,294**	9,886,737
TOTAL LIABILITIES AND EQUITY	**11,713,649**	12,447,599

Basis of preparation and going concern (note 1),
Contingencies and commitments (note 15)

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

Approved on behalf of the Board of Directors

(Signed) Philippe Cloutier, Director　　　(Signed) Daniel Massé, Director

Cartier Resources Inc.

(an exploration company)

Statements of Deferred Exploration Costs

Years ended December 31,

(In Canadian $)

	2014	2013
	$	$
Balance - Beginning of year	**8,606,826**	8,092,393
Costs incurred during the year		
Geology	**180,992**	384,852
Drilling	**499,508**	609,833
Exploration office expenses	**15,245**	41,256
Surveying and access roads	**75,120**	17,712
Core shack rental and maintenance	**44,798**	47,435
Duties, taxes and permits	**29,045**	25,104
Depreciation of exploration equipment	**19,920**	19,729
Share-based payments-employees	**27,317**	17,560
	891,945	1,163,481
Sale of deferred exploration costs	**(66,607)**	-
Write-off of deferred exploration costs	**(775,475)**	(699,061)
Tax credits	**43,109**	50,013
Net costs for the year	**92,972**	514,433
Balance - End of year	**8,699,798**	8,606,826

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

Cartier Resources Inc.

(an exploration company)

Statements of changes in equity

Years ended December 31,

(In Canadian $)

	Number of shares	Share capital	Warrants	Contributed surplus	Deficit	Accumulated other comprehensive (loss)	**Total equity**
		$	$	$	$	$	**$**
BALANCE AS AT DECEMBER 31, 2013	64,665,295	15,640,117	2,021,677	1,126,766	(8,601,823)	(300,000)	**9,886,737**
Net loss for the year					(1,347,049)	-	**(1,347,049)**
Change in fair value of other short-term financial assets					-	(93,750)	**(93,750)**
Total comprehensive loss					(1,347,049)	(93,750)	**(1,440,799)**
Issue of shares	7,160,500	662,806	-	-	-	-	**662,806**
Effect of share-based payments	-	-	-	124,666	-	-	**124,666**
Value granted	-	-	32,884	-	-	-	**32,884**
BALANCE AS AT DECEMBER 31, 2014	**71,825,795**	**16,302,923**	**2,054,561**	**1,251,432**	**(9,948,872)**	**(393,750)**	**9,266,294**

	Number of shares	Share capital	Warrants	Contributed surplus	Deficit	Accumulated other comprehensive (loss)	Total equity
BALANCE AS AT DECEMBER 31, 2012	57,904,145	14,966,939	1,943,677	1,036,467	(7,063,887)	(270,000)	10,613,196
Net loss for the year					(1,537,936)		(1,537,936)
Change in fair value of other short-term financial assets					-	(30,000)	(30,000)
Total comprehensive loss					(1,537,936)	(30,000)	(1,567,936)
Issue of shares	6,761,150	673,178	-	-	-	-	673,178
Effect of share-based payments	-	-	-	90,299	-	-	90,299
Value granted	-	-	78,000	-	-	-	78,000
BALANCE AS AT DECEMBER 31, 2013	64,665,295	15,640,117	1,943,677	1,126,766	(8,601,823)	(300,000)	9,886,737

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

Cartier Resources Inc.

(an exploration company)

Statements of loss

Years ended December 31,

(In Canadian $)

	2014	2013
	$	$
Administrative expenses		
Salaries	**330,678**	253,426
Consultants	**99,592**	108,275
Share-based payments-employees	**97,349**	72,739
Professional fees	**76,336**	73,697
Rent	**24,001**	25,253
Business development	**67,026**	116,956
Insurance, taxes and permits	**19,041**	17,930
Interest and bank charges	**30,199**	2,555
Depreciation of property, plant and equipment	**7,166**	7,166
Office supplies	**23,013**	19,972
Telecommunications	**7,635**	5,918
Training and travel	**29,561**	30,014
Advertising and sponsoring	**13,496**	22,115
Shareholder's information	**41,820**	37,764
Part XII.6 tax related to flow-through shares	**673**	693
	867,586	794,473
Other expenses (income)		
Write-off of deferred exploration costs	**816,845**	1,016,677
Other exploration costs	**1,854**	14,799
Contractual services income	**(70,000)**	-
Management income	**(17,831)**	-
Interest income	**(14,317)**	(29,031)
LOSS BEFORE DEFERRED INCOME AND MINING TAXES	**(1,584,137)**	(1,796,918)
Deferred income and mining taxes (note 13)	**(237,088)**	(258,982)
Net loss for the year attributable to shareholders	**(1,347,049)**	(1,537,936)
LOSS PER SHARE		
basic	**(0.02)**	(0.03)
diluted	**(0.02)**	(0.03)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		
basic	**67,181,770**	58,454,542
diluted	**67,181,770**	58,454,542

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

Cartier Resources Inc.

(an exploration company)

Statements of Comprehensive Loss

Years ended December 31,

(In Canadian $)

	2014	2013
	$	$
Net loss for the year	**(1,347,049)**	(1,537,936)
Items that may be reclassified subsequently to profit or loss :		
Change in fair value of other short-term financial assets	**(93,750)**	(30,000)
Comprehensive loss for the year attributable to shareholder	**(1,440,799)**	(1,567,936)

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

Cartier Resources Inc.

(an exploration company)

Statements of Cash Flows

Years ended December 31,

(In Canadian $)

	2014	2013
	$	$
OPERATING ACTIVITIES		
Loss before deferred income and mining taxes	**(1,584,137)**	(1,796,918)
Adjustments for:		
Depreciation of property, plant and equipment	**7,166**	7,166
Share-based payments-employees	**97,349**	72,739
Write-off of deferred exploration costs	**816,844**	1,016,677
Interest income	**(14,317)**	(29,031)
Interest received	**14,066**	28,057
	(663,029)	(701,310)
Net change in non-cash working capital items		
Receivables	**(29,748)**	31,097
Prepaid expenses	**(4,110)**	8,428
Accounts payables and accrued liabilities	**(104,741)**	109,397
Cash flow used in operating activities	**(801,628)**	(552,388)
FINANCING ACTIVITIES		
Share issue	**875,760**	819,784
Share issue expenses	**(16,202)**	(31,795)
Cash flow from financing activities	**859,558**	787,989
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	**(5,897)**	-
Acquisition of exploration assets and deferred exploration costs	**(800,719)**	(1,635,923)
Cash flow used in investing activities	**(806,616)**	(1,635,923)
Net change in cash and cash equivalents	**(748,686)**	(1,400,322)
Cash and cash equivalents at the beginning	**2,143,104**	3,543,426
Cash and cash equivalents at the end (note 3)	**1,394,418**	2,143,104
Cash and cash equivalents	**857,196**	1,573,320
Cash reserved for exploration	**537,222**	569,784
	1,394,418	2,143,104

Additional information (note 11)

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

Incorporation and Nature of Operations

Cartier Resources Inc. (the "Company"), initially incorporated under Part 1 A of the Québec Companies Act on July 17, 2006, has been governed by the Business Corporations Act (Quebec) since February 14, 2011. The Company's head office is located at 1740, chemin Sullivan, Suite 1000, Val-d'Or, Québec. Its activities primaily include the acquisition and exploration of mining properties. The Company has not yet determined whether its properties contain economically recoverable ore reserves. The recoverability of the amounts shown for mining properties is dependent upon the existence of economic ore 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 disposal of properties.

1. Basis of preparation and going concern

These financial statements were prepared on a going concern basis, using historical costs method, except for «Other short-term financial assets» which are measured at fair value.

The Company's ability to continue as a going concern depends on its ability to realize its assets and to obtain additional financing. While it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. The Company has not yet determined whether its properties contain economically recoverable ore reserves. The application of International Financial Reporting Standards « IFRS » on a going concern basis may be inappropriate, since there is a doubt as to the appropriateness of the going concern assumption.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported amounts of revenues and expenses and the classification of statement of financial position items if the going concern assumption was deemed inappropriate, and these adjustments could be material. Management did not take these adjustments into account as it believes in the appropriateness of the going concern assumption.

These financial statements have been prepared in accordance with IFRS. The Company requires the use of certain critical judgments and accounting estimates. It also requires management to exercise judgment when applying the Company’s accounting policies.

On April 16, 2015, the Company's Board of Directors approved these annual financial statements for the years ended December 31, 2014 and December 31, 2013.

2. Summary of accounting policies

2.1. Overall considerations

The financial statements have been prepared using accounting policies consistent with IFRS that are in effect as at December 31, 2014.

The significant accounting policies that have been applied in the preparation of these financial statements are summarized below.

2. Summary of accounting policies (continued)

2.2. Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

At the date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been early adopted by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

IFRS 9 – Financial instruments
In July 2014, the final version of IFRS 9 was published, which will supersede IAS 39 *Financial Instruments* : *Recognition and Measurement* . This new standard simplifies the classification and measurement of financial assets and financial liabilities by reducing the number of measurement categories. The new standard also introduces additional requirements relating to general hedge accounting and financial asset impairment methodology. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The entity is currently assessing the expected impact that adopting IFRS 9 will have on its financial statements.

IFRS 11, Joint Arrangement
IFRS 11 was amended in May 2014 to add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted. The Company is currently assessing the expected impact the amendments will to have on its financial statements.

IFRS 15, Revenue from contracts with customers
In May 2014, IASB issued IFRS 15 – R*evenue from contracts with customers* ("IFRS 15''). This standard replaces IAS 11 *Construction Contracts* , IAS 18 *Revenue,* IFRIC 13 *Customer Loyalty Programmes* , IFRIC 15 *Agreements for the construction of real estate* , IFRIC 18 T*ransfers of assets from customers* , and SIC-31 *Revenue Barter transactions involving advertising services* . IFRS 15 applies to all contracts with customers except those that are within the scope of other IFRSs. IFRS 15 is effective for annual periods commencing on or after January 1, 2017, with early adoption permitted. The Company is currently assessing the impact this standard is expected to have on its financial statements.

IAS 1 – Presentation of financial statements
In December 2014, IASB published narrow-scope amendments to IAS 1 *Presentation of financial statements* . These amendments address, among others, the concept of materiality and aggregation and disaggregation of disclosure in the notes to the financial statements as well as in the statement of financial situation and statement of profit or loss and other comprehensive income. Amendments to IAS1 are effective for annual periods beginning on or after January 1, 2016 with early adoption permitted. The entity is currently assessing the expected impact of these amendments on its financial statements.

2.3. Post employment benefits and short-term employee benefits

The Company provides post employment benefits through a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays contributions, established according to a percentage of the employee's salary, to an independent entity. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution during the employment period.

Short-term employee benefits, including vacation entitlement, are current liabilities included in "accounts payables and accrued liabilities", and are measured at the undiscounted amount that the Company expects to pay.

2. Summary of accounting policies (continued)

2.4. Share-based payments-employees

The Company has a stock option purchase plan under which options to acquire the Company's common shares may be granted to its directors, officers, employees and consultants. The plan does not provide any options for a cash settlement.

Where employees are rewarded using share-based payments, the fair values of employee services are determined by reference to the fair value of the equity instruments granted. The fair value of each option is determined using the Black-Scholes pricing model at the date of grant. All share-based payments are ultimately recognized as an expense and also in deferred exploration costs with a corresponding increase to «contributed surplus».

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense in prior periods if share options ultimately exercised are different from that estimated on vesting.

Upon exercise of share options, the proceeds received are credited to share capital. The fair value of each option is reversed from contributed surplus to share capital.

2.5. Mining assets

The Company records its mining assets, including wholly-owned mining properties, undivided interests in mining properties and deferred exploration costs, at cost less certain recoveries.

Exploration costs are capitalized on the basis of each specific mining property or areas of geological interest until the mining assets to which they relate are placed into production, sold or allowed to lapse.

These costs will be amortized over the estimated useful life of the mining assets following commencement of production or written off if the mining assets or projects are sold or allowed to lapse.

General exploration costs not related to specific mining assets are expensed in the statement of loss as incurred.

The recoverability of the amounts recorded under mining properties and deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the financing needed to complete development, and future profitable production or proceeds from the disposal of these properties. The amounts shown for mining properties and deferred exploration costs are not necessarily indicative of present or future values.

2.6. Credit on duties refundable and refundable tax credit for resources

The Company is entitled to a credit on duties refundable under the Mining Duties Act. This credit on duties refundable on exploration costs incurred in the Province of Quebec has been applied against the deferred income taxes in the statement of financial position. In accordance with IAS 12, the credits on duties are applied against the deferred income taxes in the statement of financial position when the Company expects to continue holding the mining property once ready for production.

Furthermore, the Company is entitled to a refundable tax credit for resources for mining companies on qualified expenditures incurred. The refundable tax credit for resources may reach 28% of qualified expenditures incurred. In accordance with IAS 20, this tax credit is accounted against the qualified expenditures.

2. Summary of accounting policies (continued)

2.7. Exploration and evaluation expenditures and exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of initial search for mineral deposits with economic potential. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights, and the expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are capitalized as exploration and evaluation assets. Expenses related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less tax credits and any accumulated impairment losses. No depreciation expenses are recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is considered no longer viable or is abandoned, the capitalized amounts are written down to their recoverable amounts and the difference is then immediately recognized in profit or loss.

When the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property, plant and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

At present, no technical feasibility or commercial viability of extracting a mineral resource has been confirmed.

Although the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company’s titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Disposal of interest in connection with option agreement

On the disposal of interest in connection with an option agreement, the Company does not recognize expenses related to the exploration and evaluation performed on the property by the acquirer. In addition, the cash considerations received directly from the acquirer are credited against the costs previously capitalized to the property, and the surplus is recognized as a gain on the disposal of exploration and evaluation assets in profit or loss.

2. Summary of accounting policies (continued)

2.8. Income and mining taxes

The income and mining tax expense is composed of current and deferred taxes. Taxes are recognized in the statement of loss unless they relate to items carried in other comprehensive income or directly in shareholders' equity.

Current income taxes and mining taxes

Current income tax and mining tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting periods that are unpaid at the reporting date. The current income tax expense is based on the income for the period adjusted for non-taxable or non-deductible items. The mining tax expense is based on the income for the period for each mining site under production adjusted for non-taxable or non-deductible items. Calculation of current income tax and mining taxes is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Management regularly examines positions in tax returns where tax regulations are subject to interpretation.

Deferred income taxes and deferred mining taxes

Deferred income taxes are recognized using the liability method on temporary differences between the tax basis of the assets and liabilities and their carrying amount in the statement of financial position. Deferred income tax assets and liabilities are calculated, on an undiscounted basis, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred income taxes and mining taxes liabilities

Deferred income taxes and mining taxes liabilities are generally recognized for all temporary taxable differences.

Deferred income taxes and mining taxes assets

Deferred income taxes and mining taxes assets are recognized to the extent that it is probable they will be able to be utilized against future taxable income.

Deferred income taxes and mining taxes assets are examined at the end of the reporting period and reduced when it is no longer probable that taxable income will be sufficient to recover some or all of the deferred tax assets. As at December 31, 2014, the Company has not recorded any income and mining tax or deferred income and mining tax assets.

Deferred income tax assets and liabilities are not recognized for temporary differences resulting from the initial recognition of assets and liabilities acquired other than in a business combination.

Deferred income tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of the tax expense or recovery in the statement of loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

2. Summary of accounting policies (continued)

2.9. Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the earnings attributable to holders of common shares by the weighted average number of common shares outstanding during the period. The Company uses the treasury method to calculate the diluted net loss per share. The diluted net loss per share is calculated by adjusting earnings attributable to common shareholders, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares. The calculation considers that stock options and warrants have been converted into potential common shares at the average market value during the presentation period.

2.10. Cash reserved for exploration

The Company raises flow-through funds for exploration under subscription agreements which require the Company to incur prescribed resource expenditures. The Company must use these funds for exploration of mining properties in accordance with restrictions imposed by the financing and they must be shown as cash reserved for exploration. If the Company does not incur the resource expenditures, within a pre-determined timeframe, then it will be required to indemnify these shareholders for any tax and other costs payable by them.

2.11. Cash and cash equivalents

Cash and cash equivalents are comprised of cash and short-term investments with maturity dates of less than three months from the date of acquisition.

2.12. Property, plant and equipment

Property, plant and equipment are recorded at cost, net of related government assistance, accumulated depreciation and accumulated impairment. The cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment are recorded at cost and are depreciated over their estimated useful life on a straight-line basis as follows :

- Leasehold improvements: 5 years
- Furniture and equipment: 5 years

The residual value, depreciation method and useful life of each asset are reviewed at least at the end of each reporting period.

The carrying amount of an item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or futur disposal.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in the statement of loss.

2. Summary of accounting policies (continued)

2.13. Impairment of long-lived assets

Non-financial assets

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment.

The carrying amounts of mining properties and exploration and evaluation assets are assessed for impairment only when indicators of impairment exist, typically when one of the following circumstances applies:

- Exploration rights have expired or will expire in the near future and it is not expected that they be renewed;
- No future substantive exploration expenditures are budgeted;
- No commercially viable quantities discovered and exploration and evaluation activities will be discontinued;
- Exploration and evaluation assets are unlikely to be fully recovered from successful development or sale.

If any such indication exists, then the asset's recoverable amount is estimated.

Mining properties and exploration and evaluation assets are also assessed for impairment upon the transfer of exploration and evaluation assets to development assets regardless of whether facts and circumstances indicate that the carrying amount of the exploration and evaluation assets is in excess of their recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). The level identified by the Company for the purposes of testing exploration and evaluation assets for impairment corresponds to each mining property.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated to the assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.14. Leases

Leases are classified as operating leases since the benefits and the risks related to the ownership are not transfered to the Company. Payments on operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Related costs, such as maintenance and insurance, are expensed as incurred.

2. Summary of accounting policies (continued)

2.15. Equity

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs.

Unit placements

Proceeds from unit placements are allocated between shares and warrants issued using the Black-Scholes model. Proceeds are first allocated to warrants evaluated at the time of issuance using the Black-Scholes model and any residual amount is allocated to shares.

Flow-through placements

The Company raises funds through the issuance of “flow-through” shares which entitles investors to prescribed resource tax benefits and credits once the Company has renounced these benefits in accordance with the tax legislation. Currently there is no specific IFRS guidance related to the accounting and reporting of these arrangements. The Company has adopted the CPA Canada Viewpoint which considers the issuance of flow-through shares in substance; (a) an issue of an ordinary share; and (b) the sale of tax deductions. The sale of tax deductions has been measured based on the relative fair value method. At the time the flow-through shares are issued, the sale of tax deductions is deferred and presented as a liability in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. When the Company fulfills its obligation, the liability is reduced, the sale of tax deductions is recognized in the statement of loss as a reduction of the deferred tax expense and a deferred tax liability is recognized in accordance with IAS 12, *Income Taxes*, for the taxable temporary differences between the carrying value of eligible expenditures capitalized as an asset in the statement of financial position and its tax base.

Warrants

Warrants are classified as equity as they are derivatives over the Company’s own equity that will be settled only by the Company exchanging a fixed amount of cash for a fixed number of the Company’s own equity instruments.

Other components of equity

Contributed surplus includes charges related to share options until such option are exercised.

The deficit includes all current and prior years retained profits or losses.

2.16. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from a financial asset expire, or when a financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Financial assets and financial liabilities are measured initially at fair value plus or minus transaction costs, except for financial assets and liabilities measured at fair value through profit or loss for which fair value is not adjusted for transaction costs.

Financial assets and financial liabilities are measured subsequently as described below.

2. Summary of accounting policies (continued)

2.16. Financial instruments (continued)

Financial assets

For the purpose of subsequent measurement, financial assets other than those designated as effective hedging instruments, are classified into the following categories upon initial recognition:

- Loans and receivables;
- Financial assets at fair value through profit or loss;
- Held-to-maturity investments;
- Available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognized in the income statement loss or in other comprehensive loss.

All financial assets, except for those at fair value through profit or loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is an objective evidence that a financial asset or a group of financial assets is impaired.

All income and expenses relating to financial assets that are recognized in the statement of loss are presented within "Administrative expenses" or "Other expenses (income)".

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Cash and cash equivalents and cash reserved for exploration are classified in this category.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets that are either classified as held-for-trading or that meet certain conditions and that are designated at fair value through profit or loss upon initial recognition.

Assets in this category are measured at fair value with gains or losses recognized in the statement of loss. The Company has no financial assets in this category.

Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity.

Held-to-maturity investments are measured subsequently at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss. The Company has no financial assets in this category.

2. Summary of accounting policies (continued)

2.16. Financial instruments (continued)

Financial assets (continued)

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company's available-for-sale financial assets include shares of publicly-traded companies presented in "Other short-term financial assets". The variation of the fair value is recognized in the statement of comprehensive loss.

All available for sale financial assets are measured at fair value.

Financial liabilities

The Company’s other financial liabilities include accounts payable and accrued liabilities.

Financial liabilities are measured subsequently at amortized cost using the effective interest method.

If applicable, all interest-related charges and changes in an instrument's fair value that are recognized in the income statement are presented in “Administrative expenses” or “Other expenses (income)”.

2.17. Accounting estimates and critical judgments

The preparation of financial statements requires management to make estimates, assumptions and judgments with respect to future events. These estimates and judgments are constantly challenged. They are based on past experience and other factors, in particular, forecasts of future events that are reasonable in the circumstances. The actual results are likely to differ from the estimates, assumptions and judgments made by management, and will seldom equal the estimated results.

The following paragraphs describe the most critical management estimates and assumptions in the recognition and measurement of assets, liabilities and expenses and the most critical management judgments in applying accounting policies.

Impairment of assets
An impairment loss is recognized when the carrying amount of an asset is not recoverable and exceeds its recoverable value. Management reviews on a regular basis the impairment assessment of its mining assets. Each year, the Company conducts an annual review of the geological potential of all its claims with the objective of abandoning any claims with a low discovery potential. All amount incurred on those claims are recorded in the statements of loss of the year. (Note 2.13.)

Share-based payments
The estimate of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own shares, the expected life of options and expected extinguishments. The model used by the Company is the Black-Scholes model.

Income taxes and deferred mining taxes
The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgements in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

(In Canadian $)

2. Summary of accounting policies (continued)

2.18. Changes to accounting policies

IAS 36, *Impairment of Assets*
The amendment provides guidance on recoverable amount disclosures for non-financial assets. Management's analysis is that IAS 36 did not have a material impact on the financial statements.

IFRIC 21, *Levies*
In May 2013, the International Accounting Standards Board (“IASB”) issued IFRIC 21 – Levies (“IFRIC 21”), an interpretation of IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets* (“IAS 37”), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (“obligation event”). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This standard has been adopted and applied in these financial statements. The application of this standard has not had any material impact on the amounts reported for all the years presented.

3. Cash and cash equivalents and cash reserved for exploration

As at December 31, 2014 and 2013, the cash and the cash equivalents and the cash reserved for exploration include banker's acceptances, an account bearing a high interest rate and an account without interest are as follows:

	December 31, 2014			December 31, 2013		
	$	**Interest rate**	**Maturity date**	$	Interest rate	Maturity date
1) Banker's acceptance	**402,214**	**0.830%**	**2015-02-23**	101,952	0.810%	2014-01-22
2) Banker's acceptance	**151,627**	**0.848%**	**2015-03-09**	401,321	0.813%	2014-03-18
3) Account bearing interests	**530,692**	**1.200%**	**-**	726,731	1.200%	-
4) Account without interest	**309,885**	**-**	**-**	913,100	-	-
Total	**1,394,418**			2,143,104		

	December 31, 2014	December 31, 2013
	$	$
Cash	**840,577**	1,639,831
Banker's acceptances	**553,841**	503,273
	1,394,418	2,143,104
Less: Cash reserved for exploration	**(537,222)**	(569,784)
Cash and cash equivalents	**857,196**	1,573,320

4. Other short-term financial assets

	December 31, 2014	December 31, 2013
	$	$
Marketable securities of a quoted mining exploration company, available-for-sale, at fair value	**80,500**	100,000

(In Canadian $)

5. Receivables

	December 31, 2014	December 31, 2013
	$	$
Credit on duties refundable and refundable tax credit for resources	**11,394**	116,787
Commodity taxes and others	**44,739**	14,740
	56,133	131,527

6. Property, plant and equipment

	Leasehold improvements (1)	Furniture and equipement (2)	Total
	$	$	$
Cost			
Balance as at December 31, 2013	112,014	22,430	134,444
Additions	5,897	-	5,897
Balance as at December 31, 2014	117,911	22,430	140,341
Accumulated depreciation			
Balance as at December 31, 2013	49,879	11,199	61,078
Depreciation	22,600	4,486	27,086
Balance as at December 31, 2014	72,479	15,685	88,164
Carrying amount as at December 31, 2014	**45,432**	**6,745**	**52,177**

	Leasehold improvements (1)	Furniture and equipement (2)	Total
	$	$	$
Cost			
Balance as at December 31, 2012	112,014	22,430	134,444
Balance as at December 31, 2013	112,014	22,430	134,444
Accumulated depreciation			
Balance as at December 31, 2012	27,477	6,712	34,189
Depreciation	22,402	4,487	26,889
Balance as at December 31, 2013	49,879	11,199	61,078
Carrying amount as at December 31, 2013	**62,135**	**11,231**	**73,366**

(1) As at December 31, 2014, leasehold improvements with a carrying value of $37,699 ($48,942 as at December 31, 2013) are used for exploration.

(2) As at December 31, 2014, furniture and equipment with a carrying value of $4,143 ($6,923 as at December 31, 2013) are used for exploration.

(In Canadian $)

7. Leases

The future minimum operating lease payments are as follows:

	Minimum lease payments due			
	Within 1 year	**1 to 5 years**	**After 5 years**	**Total**
	$	$	$	$
December 31, 2014	**89,175**	405,048	19,543	513,766
December 31, 2013	**89,175**	416,052	97,714	602,941

The Company rents its offices under a lease expiring in March 2021. The lease covering a Company's vehicle expires in October 2017. The Company also leases equipment under an agreement expiring in March 2016.

Lease fees recognized as an expense during the reporting period amount to $89,175 ($89,175 as at December 31, 2013). This amount consists of minimum lease payments. The Company’s lease agreements contain renewal options.

(In Canadian $)

8. Exploration assets and deferred exploration costs

	Xstrata-Option	Mac Cormack	Preissac	Dollier [a]	Diego [b]	La Pause [c]	Mine Chimo	Cadillac Extension	Benoist	Fenton	Total
% participation	100%	100%	100%	100%	100%	100%	100%	100%	100%	Option 50 %	
	$	$	$	$	$	$	$	$	$	$	$
Mining properties											
Balance as at December 31, 2013	465	252,366	258,522	17,812	1,663	5,735	261,616	11,436	547,723	24,000	1,381,338
Addition	-	-	-	-	-	-	-	-	75,000	7,750	82,750
Sale	-	-	-	(245)	(1,663)	(5,735)	-	-	-	-	(7,643)
Write-off	(75)	-	(13,430)	-	-	-	-	(1,236)	-	(26,629)	(41,370)
Balance as at December 31, 2014	**390**	**252,366**	**245,092**	**17,567**	**-**	**-**	**261,616**	**10,200**	**622,723**	**5,121**	**1,415,075**
Deferred exploration costs											
Balance as at December 31, 2013	945,630	1,801,286	331,369	1,010,386	485,082	213,251	69,281	1,661,528	1,553,336	535,677	8,606,826
Addition											
Geology	-	13,486	-	3,843	-	-	101,178	3,155	58,444	886	180,992
Drilling	-	79,930	-	2,809	-	-	4,612	-	412,157	-	499,508
Exploration office expenses	-	828	-	91	-	-	2,565	-	11,416	345	15,245
Surveying and access roads	-	49,718	-	-	-	-	-	-	25,402	-	75,120
Core shack rental and maintenance	-	2,183	-	-	-	-	7,140	-	35,475	-	44,798
Duties, taxes and permits	390	6,128	4,816	1,302	262	1,984	4,906	4,792	1,914	2,551	29,045
Depreciation of exploration equipment	-	996	-	-	-	-	3,187	-	15,737	-	19,920
Share-based payments-employees	-	1,366	-	-	-	-	4,371	-	21,580	-	27,317
Total expenses during the year	390	154,635	4,816	8,045	262	1,984	127,959	7,947	582,125	3,782	891,945
Sale of deferred exploration costs	-	-	-	(14,005)	(23,337)	(29,265)	-	-	-	-	(66,607)
Write-off of deferred exploration costs	(28,470)	-	(2,652)	-	(467,180)	(185,970)	-	(8,164)	-	(83,039)	(775,475)
	(28,080)	154,635	2,164	(5,960)	(490,255)	(213,251)	127,959	(217)	582,125	(79,257)	49,863
Tax credits	5,173	17,244	5,173	5,173	5,173	-	-	-	5,173	-	43,109
Net expenses during the year	(22,907)	171,879	7,337	(787)	(485,082)	(213,251)	127,959	(217)	587,298	(79,257)	92,972
Balance as at December 31, 2014	**922,723**	**1,973,165**	**338,706**	**1,009,599**	**-**	**-**	**197,240**	**1,661,311**	**2,140,634**	**456,420**	**8,699,798**
Balance of exploration assets and deferred exploration costs as at December 31, 2014	**923,113**	**2,225,531**	**583,798**	**1,027,166**	**-**	**-**	**458,856**	**1,671,511**	**2,763,357**	**461,541**	**10,114,873**

All the mining properties held by the Company are located in northwestern Quebec.

(In Canadian $)

8. Exploration assets and deferred exploration costs

	Xstrata-Option	Mac Cormack	Preissac	Newconext Ouest	Rambull	Dollier	Diego	La Pause	Mine Chimo	Cadillac Extension	Benoist	Fenton	Total
% participation	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Option 50 %	Option 50 %	
	$	$	$	$	$	$	$	$	$	$	$	$	$
Mining properties													
Balance as at December 31, 2012	750	252,367	258,522	169,994	130,630	29,835	2,755	7,379	-	11,539	190,607	16,000	1,070,378
Addition	-	-	-			-	-	54	261,616	-	358,905	8,000	628,575
Write-off	(285)	-	-	(169,994)	(130,630)	(12,023)	(1,092)	(1,699)	-	(103)	(1,789)	-	(317,615)
Balance as at December 31, 2013	**465**	**252,367**	**258,522**	**-**	**-**	**17,812**	**1,663**	**5,734**	**261,616**	**11,436**	**547,723**	**24,000**	**1,381,338**
Deferred exploration costs													
Balance as at December 31, 2012	938,337	1,730,093	278,725	266,935	407,176	977,472	444,610	203,460	-	1,587,313	733,902	524,370	8,092,393
Addition													
Geology	59	16,681	36,913	59	59	17,652	23,429	13,368	91,450	29,412	151,013	4,757	384,852
Drilling	-	-	-	-	-	1,277	718	-	736	7,460	598,707	935	609,833
Exploration office expenses	24	-	300	-	-	1,679	1,292	425	1,372	9,111	25,377	1,676	41,256
Surveying and access roads	-	-	-	-	-	-	-	-	-	-	17,712	-	17,712
Core shack rental and maintenance	-	-	-	-	-	1,666	1,039	8	1,530	9,958	33,189	45	47,435
Duties, taxes and permits	585	1,172	901	289	911	2,140	3,224	1,147	3,008	3,718	3,541	4,468	25,104
Depreciation of exploration equipment	-	-	-	-	-	600	394	-	822	3,550	14,363	-	19,729
Share-based payments-employees	-	-	-	-	-	340	288	-	1,094	2,021	13,817	-	17,560
Total expenses during the year	668	17,853	38,114	348	970	25,354	30,384	14,948	100,012	65,230	857,719	11,881	1,163,481
Write-off of deferred exploration costs	(9,388)	-	-	(267,263)	(408,126)	(6,395)	(2,171)	(5,147)	-	-	(571)	-	(699,061)
	(8,720)	17,853	38,114	(266,915)	(407,156)	18,959	28,213	9,801	100,012	65,230	857,148	11,881	464,420
Tax credits	16,013	53,340	14,530	(20)	(20)	13,955	12,259	(10)	(30,731)	8,985	(37,714)	(574)	50,013
Net expenses during the year	7,293	71,193	52,644	(266,935)	(407,176)	32,914	40,472	9,791	69,281	74,215	819,434	11,307	514,433
Balance as at December 31, 2013	**945,630**	**1,801,286**	**331,369**	**-**	**-**	**1,010,386**	**485,082**	**213,251**	**69,281**	**1,661,528**	**1,553,336**	**535,677**	**8,606,826**
Balance of exploration assets and deferred exploration costs as at December 31, 2013	**946,095**	**2,053,653**	**589,891**	**-**	**-**	**1,028,198**	**486,745**	**218,985**	**330,897**	**1,672,964**	**2,101,059**	**559,677**	**9,988,164**

All the mining properties held by the Company are located in northwestern Quebec.

8. Exploration assets and deferred exploration costs (continued)

(a) On October 21, 2014, the Company signed an Option and Joint Venture Agreement (the “Agreement”) with Donner Metals Ltd. ("Donner") (name was changed to Sphinx Resources Ltd.) for the Dollier gold project (the “Project”), following the execution of the binding letter of agreement previously announced on September 30, 2014. The Company grants in favour of Donner an option to purchase an interest of up to 100 % in the Project, composed of 40 mining claims and located 45 kilometers south of the town of Chibougamau, Québec.

Initially, Donner has a first option to earn a 50 % undivided interest in the Project in consideration for: (a) the issuance of an aggregate of 600,000 common shares of Donner, and (b) an aggregate amount of $1,800,000 in exploration expenditures (the “Expenditures”) on the Project over a period of 3 years ending on December 31, 2016. The Agreement provides for a firm commitment of $400,000 in Expenditures before December 31, 2014, which has been completed. At the signature of the Agreement Donner issued to the Company 150,000 common shares for a value of $14,250 which are subject to statutory 4 month hold period.

Following the exercise of the first option, Donner may elect to have a second option to earn up to an additional 25 % undivided interest in the Project, over a period of 5 years, on the basis that in consideration for each additional tranche of 1 % interest in the Project, Donner will pay $50,000 in cash to the Company and will fund $250,000 of exploration expenditures. Following the exercise of the second option, Donner may elect to have a third option to earn an additional 25 % undivided interest in the Project, over a period of 5 years, on the basis that in consideration for each additional tranche of 1 % interest in the Project, Donner will pay $100,000 in cash to the Company and will fund $500,000 of exploration expenditures.

A joint venture will be formed on the earlier of the date on which the second option will terminate, or the third option will terminate. The Agreement provides that if the interest of a party in the Project and/or in the Joint Venture becomes less than 10 %, such interest shall be transferred to the other party and converted into a 2 % net smelter returns royalty (“NSR”), with each tranche of 1 % NSR being redeemable for $1,000,000.

(b) On November 18, 2014, the Company announces the sale to Standard Graphite Corporation (“Standard Graphite”) of its 100 % interest in the Diego gold property in consideration for the issuance of 1,000,000 common shares of Standard Graphite for a value of $25,000. The Diego Property comprises 49 claims and is located 40 kilometres southwest of the town of Chapais, in Quebec. The Company will retain a 2 % net smelter return royalty, with each tranche of 1 % NSR being redeemable for $1,000,000.

There are no cash payments and exploration expenditure commitments forming part of this transaction.

(c) On December 19, 2014, the Company announces the sale to Sunset Cove Mining inc. (“Sunset Cove Mining”) of its 100 % interest in the La Pause property in consideration for the issuance of 1,000,000 common shares of Sunset Cove Mining for a value of $35,000. The La Pause Property comprises 36 claims and is located 800 meters north of the Westwood Mine, near the town of Cadillac, in Quebec. The Company will retain a 2 % net smelter return royalty, with each tranche of 1 % NSR being redeemable for $1,000,000.

There are no cash payments and exploration expenditure commitments forming part of this transaction.

(In Canadian $)

9. Share capital

Authorized

Unlimited number of common shares, without par value, voting and participating

	December 31,2014		December 31,2013	
	Number	**Amount**	Number	Amount
		$		$
Balance, beginning of the year	**64,665,295**	**15,640,117**	57,904,145	14,966,939
Shares issued and paid				
Acquisition of property (a) (b)	**550,000**	**82,750**	700,000	92,500
Private placements (e)(h)	**798,000**	**62,876**	2,500,000	172,000
Flow-through private placements (c)(f) (i)	**5,812,500**	**780,000**	3,561,150	569,784
Renouncement of tax deductions (d) (g) (j)	**-**	**(248,750)**	-	(142,446)
	7,160,500	**676,876**	6,761,150	691,838
Share issue expenses	**-**	**(14,070)**	-	(18,660)
Balance, at end of the year	**71,825,795**	**16,302,923**	64,665,295	15,640,117

(a) On April 14, 2014, the Company bought back a 1 % net smelter return (NSR) royalty on the Benoist Property. The Company was exercising its right of first refusal in respect of the royalty. An aggregate of 500,000 common shares were issued at a price of $0.15 per share in an all-share transaction for a value of $75,000.

On July 29, 2013, the Company reached an agreement with Murgor and acquired a 100% interest in the Benoist property, consisting of 98 mining claims, for a cash payment of $250,000 and the issuance of 650,000 common shares.

(b) On March 19, 2012, the Company issued 50,000 common shares in vertue of the option agreement enabling it to acquire a 50% undivided interest in the Fenton project. Initially, the Company had also to incur exploration expenditures aggregating $1,500,000 by March 19, 2015. This agreement was extended for 3 more years, on September 16, 2014. This extension will end on March 19, 2018 and the Company will continue to issue 50,000 common shares on each anniversary of the agreement. In addition, the Company had a firm commitment to invest $500,000 in exploration work over the first year following the signature of the agreement, which was completed and the Company issued 50,000 common shares to SOQUEM INC, on the first and the second anniversary following the signature of the agreement for a value in shares of $15,750 ($8,000 in 2013). SOQUEM INC. is the operator. After the Company earns its undivided interest of 50%, SOQUEM INC. and the Company will form a joint venture. Share issue expenses totalling $269 have reduced share capital.

(c) Issuance of flow-through shares on December 29, 2014

On December 29, 2014, the Company completed a private placement conducted without intermediate agent or broker for aggregate gross proceeds of $250,000. The offering consists of 2,500,000 flow-through common shares at a price of $0.10 per flow-through share for a total consideration of $250,000. Share issue expenses totalling $4,834 were also applied against the share capital.

(d) The Company also renounced to the tax deduction related to the flow-through shares representing an amount of $50,000 which has reduced the share capital and increased the liabilities related to flow-through shares.

9. Share capital (continued)

(e) Issuance of common shares on June 27, 2014

On June 27, 2014, the Company completed a private placement conducted without intermediate agent or broker for aggregate gross proceeds of $95,760. The offering consisted of 95 units. Each unit of the private placement, at a price of $1,008 per unit, comprises 8,400 common shares at a price of $0.12 per share and 8,400 common share purchase warrants. Each warrant entitles the holder to acquire one (1) common share at a price of $0.20 per share for a period of 24 months following the closing date. Accordingly, an aggregate of 798,000 common shares and 798,000 warrants were issued. The financing is accounted for net of the value of the related warrants, which was established at $32,884. Share issue expenses totalling $2,533 were also applied against the share capital.

(f) Issuance of flow-through shares on June 27, 2014

On June 27, 2014, the Company completed a private placement conducted without intermediate agent or broker for aggregate gross proceeds of $530,000. The offering consists of 530 units. Each unit, at a price of $1,000 per unit, comprises 6,250 flow-through common shares. Accordingly, the Company issued 3,312,500 flow-through shares at a price of $0.16 per share. Share issue expenses totalling $4,729 were also applied against the share capital.

(g) The Company also renounced to the tax deduction related to the flow-through shares amounting to $198,750 which has reduced the share capital and increased the liabilities related to the flow-through shares.

(h) Issuance of common shares on December 18, 2013

On December 18, 2013, the Company completed a private placement conducted without intermediate agent or broker for aggregate gross proceeds of $250,000. The offering consisted of the issuance of 2,500,000 common shares at a cost of $0.10 per share and 2,500,000 share purchase warrants with each warrant entitling the holder to subscribe to one common share at a price of $0.16 for a period of 24 months following the date of closing. The financing is presented net of the value of the related warrants which was established at $78,000. Share issue expenses totalling $12,530 have reduced share capital in 2013 and $1,530 in 2014.

(i) Issuance of flow-through shares on December 18, 2013

On December 18, 2013, the Company completed a flow-through shares private placement conducted without intermediate agent or broker for aggregate gross proceeds of $569,784. The offering consisted of the issuance of 3,561,150 flow-through shares at a cost of $0.16 totalling an amount of $569,784. Share issue expenses totalling $ 6,130 have reduced share capital in 2013 and $175 in 2014.

(j) The Company also renounced to the tax deduction related to the flow-through shares amounting to $142,446 which has reduced the share capital and increased the liabilities related to flow-through shares.

Stock Option Plan

The Company has a stock option plan that has been approved by the shareholders. The maximum number of common shares which may be reserved under the plan is limited to 10% of the number of common shares issued and outstanding (on a non-diluted basis). The options granted to any optionnee cannot exceed 5% of the issued and outstanding common shares. The options are vested over a period of 12 months and are exercisable over a maximum of five years.

(In Canadian $)

9. Share capital (continued)

The following table summarizes the information about the outstanding stock options:

	December 31, 2014		December 31, 2013	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
		$		$
Outstanding - Beginning	**3,425,000**	**0.30**	3,035,000	0.33
Granted-employees	**2,450,000**	**0.15**	950,000	0.25
Expired	**(850,000)**	**0.29**	(560,000)	0.43
Outstanding - End	**5,025,000**	**0.23**	3,425,000	0.30
Exercisable - End	**3,150,000**	**0.28**	2,950,000	0.31

The following table summarizes certain information for stock options outstanding and exercisable :

	Outstanding options December 31, 2014			**Exercisable options December 31, 2014**		
Exercise price	**Number of options**	**Weighted average remaining life**	**Weighted average exercise price**	**Number of options**	**Weighted average remaining life**	**Weighted average exercise price**
		(years)	**$**		**(years)**	**$**
$0.10 to $0.24	**2,520,000**	**4.66**	**0.15**	**645,000**	**4.27**	**0.20**
$0.25 to $0.34	**1,700,000**	**2.95**	**0.25**	**1,700,000**	**2.95**	**0.25**
$0.35 to $0.44	**305,000**	**0.88**	**0.39**	**305,000**	**0.88**	**0.39**
$0.45 to $0.54	**500,000**	**1.38**	**0.45**	**500,000**	**1.38**	**0.45**
$0.10 to $0.54	**5,025,000**	**3.53**	**0.23**	**3,150,000**	**2.77**	**0.28**

The weighted average fair value of stock options granted was estimated using the Black-Scholes model at $0.10 per option ($0.08 in 2013) using the following assumptions:

	2014	2013
Risk-free interest rate	**1.32%**	1.13%
Expected volatility	**95%**	83%
Dividend yield	**Nil**	Nil
Weighted average expected life	**5 years**	5 years

(In Canadian $)

9. Share capital (continued)

Warrants

The following table presents the changes that occurred during the year :

	December 31, 2014			December 31, 2013		
	Number	**Weighted average exercise price**	**Weighted average remaining contractual life**	Number	Weighted average exercise price	Weighted average remaining contractual life
		$	**(years)**		$	(years)
Outstanding -	**4,000,000**	**0.21**	**1.40**	2,999,429	0.38	0.97
Granted-private placements	**798,000**	**0.20**	**1.49**	2,500,000	0.16	1.96
Expired	**(1,500,000)**	**0.30**	**-**	(1,499,429)	0.46	-
Outstanding - End	**3,298,000**	**0.17**	**1.09**	4,000,000	0.21	1.40
Exercisable - End	**3,298,000**	**0.17**	**1.09**	1,500,000	0.30	0.46

At issuance, the warrants are subject to a 4 month and 1 day statutory hold period.

The outstanding warrants are as follows:

Maturity date	**Exercise price**	**Number**
	$	
December 2015	0.16	**2,500,000**
June 2016	0.20	**798,000**
		3,298,000

The weighted average fair value of warrants granted was estimated on the grant date using the Black-Scholes option-pricing model at $0.05 per warrant ($0.03 in 2013) using the following assumptions:

	2014	2013
Risk-free interest rate	**1.03%**	1.07%
Expected volatility	**132%**	100%
Dividend yield	**nil**	nil
Weighted average expected life	**2 years**	2 years

(In Canadian $)

10. Employee remuneration

Employee benefits expense recognized are detailed below:	**December 31, 2014**	December 31, 2013
	$	$
Salaries and fees	**586,999**	711,464
Salaries and fees including bonuses and benefits	**49,409**	57,672
Share-based payments-employees	**124,666**	90,299
Defined contribution pension plan	**16,580**	14,116
	777,654	873,551
Less: salaries capitalized in exploration and evaluation assets	**(272,827)**	(547,375)
Employee benefits expense	**504,827**	326,176

11. Cash flows

Additional information	**December 31, 2014**	December 31, 2013
	$	$
Items not affecting cash and cash equivalents		
Shares issued for the acquisition of mining properties	**82,750**	92,500
Sale of mining properties and deferred exploration costs for share consideration	**74,250**	-
Shares issue expenses included in accounts payable and accrued liabilities	**2,133**	13,135
Depreciation of property, plant and equipment transferred to deferred exploration costs	**19,920**	19,729
Deferred exploration costs included in accounts payable and accrued liabilities	**18,639**	56,338
Share-based payments-employees charged to deferred exploration costs	**27,317**	17,560
Credits on mining taxes applied against deferred exploration costs	**20,624**	22,618
Tax credit applied against deferred exploration costs	**85,112**	83,665
Tax credit applied against other exploration costs (Statement of loss)	-	2,281

12. Financial Instruments

Objectives and policies in managing financial risks

The Company is exposed to various financial risks resulting from its operations and investing activities. The directors and officers of the Company manage those risks.

The Company does not enter into speculative derivative financial instruments.

12. Financial Instruments (continued)

Financial risks

The following paragraphs describe the main financial risks to which the Company is exposed and its risk management policies.

Interest risk

The banker's acceptances bear interest at a fixed rate and consequently expose the Company to the risk of fair value fluctuation related to changes in interest rates.

The other financial assets and liabilities of the Company are not exposed to interest risk because they do not bear interest.

The Company does not use financial derivatives to reduce its exposure to interest risk.

As at December 31, 2014, the Company's exposure to interest rate risk is summarized as follows:

Cash and cash equivalents :	Variable and fixed interest rate
Cash reserved for exploration :	Variable and fixed interest rate
Receivables :	Non-interest bearing
Accounts payable and accrued liabilities :	Non-interest bearing

Interest rate sensitivity

As at December 31, 2014, the Company only received interest on bankers' acceptances and on its account bearing interests.

Interest rate fluctuations may affect the fair value of the investments in fixed interest financial assets.

The possible effects on fair value that could arise as a result of changes in interest rates are taken into account when making investment decisions.

Liquidity risks

The Company establishes cash forecasts to ensure it has the necessary funds to fulfill its obligations. Obtaining additional funds makes it possible for the Company to continue its operations, and while it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

Liquidity risk analysis

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

Over the year, the Company has financed its exploration expense commitments, its working capital requirements and acquisitions through private and flow-through financings.

(In Canadian $)

12. Financial Instruments (continued)

The following table summarizes the Company's financial liabilities as at:

	December 31, 2014		
	Less than one year	Between one and three years	More than three years
	$	$	$
Accounts payable and accrued liabilities	**125,950**	-	-
Liability related to flow-through shares	**157,708**	-	-
	283,658	-	-

	December 31, 2013		
	Less than one year	Between one and three years	More than three years
	$	$	$
Accounts payable and accrued liabilities	**251,457**	-	-
Liability related to flow-through shares	**142,446**	-	-
	393,903	-	-

Where the counterparty has a choice over the timing of when an amount is to be paid, the liability has been included at the earliest date on which payment can be required.

Credit risk analysis

The Company's exposure to credit risk is limited to the carrying value of its financial assets at the date of presentation of the financial information as disclose below :

	December 31, 2014	December 31, 2013
	$	$
Cash and cash equivalents	**303,355**	1,070,047
Cash reserved for exploration	**537,222**	569,784
Banker's acceptances	**553,841**	503,273
Receivables (other than goods and services tax receivable)	**11,394**	116,787
Carrying amounts	**1,405,812**	2,259,891

The Company has no trade receivables. Its receivables comprised mainly of credit duties refundable and refundable tax credit for resources. Consequently, the exposure to credit risk for the Company's receivables is considered immaterial. No impairment loss has been recognized in the periods presented.

The Company's management considers that all of the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality.

None of the Company's financial assets are secured by collateral or other credit enhancements.

(In Canadian $)

12. Financial Instruments (continued)

Credit risk analysis (continued)

The credit risk for cash and cash equivalents and cash reserved for exploration is considered negligible, since the counterparties are reputable financial institutions with high quality external credit ratings.

Fair value of financial instruments

The Company discloses the fair value hierarchy by which the financial instruments are evaluated and assigned to the following levels. Level 1 features a valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 includes inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 includes inputs for the asset or liability that are not based on observable market data. Marketable securities are classified under Level 1 (note 14).

The fair value of cash and cash equivalents, cash reserved for exploration and receivables approximates their carrying value as these items will be realized in the short term.

13. Deferred income and mining taxes

The reconciliation of the income tax expense, calculated using the statutory income tax rates of the federal government and the Province of Quebec, to the income tax expense as per the financial statements, is as follows:

	December 31, 2014	December 31, 2013
	$	$
Loss before income and mining taxes	**(1,584,137)**	(1,796,918)
Combined federal and provincial income tax at 26.9% (26.9% as at December 31, 2013)	**(426,133)**	(483,371)
Deferred exploration flow-through shares	**313,616**	326,998
Mining taxes	**(95,567)**	(67,224)
Non-deductible expenses for income tax purposes	**36,737**	27,834
Share issue expenses not affecting earnings	**(3,784)**	(5,020)
Change in valuation allowance	**155,321**	187,100
Other	**16,210**	(6,859)
	(3,600)	(20,542)
Flow-through premium	**(233,488)**	(238,440)
Deferred income and mining taxes	**(237,088)**	(258,982)

As at December 31, 2014, the Company has accumulated, for federal and provincial income tax purposes, non-capital losses which can be applied against future years' taxable income and which will expire as follows:

(In Canadian $)

13. Deferred income and mining taxes (continued)

Year	**December 31, 2014** Federal	**December 31, 2014** Provincial	December 31, 2013 Federal	December 31, 2013 Provincial
	$	**$**	**$**	**$**
2025	8,387	7,530	8,387	7,530
2026	5,699	4,765	5,699	4,765
2027	524,066	521,001	524,066	521,001
2028	725,416	718,518	725,416	718,518
2029	724,776	720,746	724,776	720,746
2030	955,459	952,206	955,459	952,206
2031	792,271	777,709	792,271	777,709
2032	1,114,872	1,100,591	1,114,872	1,100,591
2033	863,531	842,225	863,531	842,225
2034	808,358	800,904	-	-
	6,522,835	**6,446,195**	5,714,477	5,645,291

Significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31, 2014	December 31, 2013
	$	$
Property, plant and equipment	**53,809**	42,191
Non-capital losses	**1,745,522**	1,528,962
Share issue expenses	**34,223**	78,928
Valuation allowance	**(1,779,745)**	(1,607,890)
Deferred tax assets	**53,809**	42,191
Mining rights	**(2,217,506)**	(2,209,150)
Deferred tax liabilities	**(2,163,697)**	(2,166,959)

Change in deferred tax amounts

	Assets (liabilities) Balance December 31, 2013	Recognized in profit or (loss)	Recognized in equity	**Assets (liabilities) Balance December 2014**
	$	$	$	**$**
Property, plant and equipment	42,191	11,618	-	**53,809**
Mining Properties	(128,126)	1,522	-	**(126,604)**
Deferred exploration costs	(2,081,024)	(9,540)	(338)	**(2,090,902)**
Total	(2,166,959)	3,600	(338)	**(2,163,697)**

(In Canadian $)

13. Deferred income and mining taxes (continued)

Change in deferred tax amounts

	Asset (liabilities) Balance December 31, 2012	Recognized in profit or (loss)	Recognized in equity	**Asset (liabilities) Balance December 2013**
	$	$	$	**$**
Property, plant and equipment	36,307	5,884	-	**42,191**
Mining Properties	(220,401)	92,275	-	**(128,126)**
Deferred exploration costs	(2,014,629)	(55,173)	(11,222)	**(2,081,024)**
Total	(2,198,723)	42,986	(11,222)	**(2,166,959)**

14. Financial assets and liabilities

	December 31, 2014		December 31, 2013	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	$	**$**	$	$
Categories of financial assets and liabilities				
Financial assets				
Loans and receivables				
Cash and cash equivalents	**303,355**	**303,355**	1,070,047	1,070,047
Cash reserved for exploration	**537,222**	**537,222**	569,784	569,784
Banker's acceptance	**553,841**	**553,841**	503,273	503,273
Available for sale financial asset				
Other short-term financial assets	**80,500**	**80,500**	100,000	100,000
Financial liabilities				
Other financial liabilities				
Trade	**19,070**	**19,070**	17,663	17,663
Other	**106,880**	**106,880**	233,794	233,794

15. Contingencies and commitments

The Company is partially financed through the issuance of flow-through shares. However, there is no guarantee that its expenses will qualify as Canadian exploration expenses, even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors.

Moreover, tax rules regarding flow-through placements set deadlines for carrying out the exploration work no later than the first of the following dates:

– Two years following the flow-through placements;
– One year after the Company has renounced the tax deductions relating to the exploration work.

Commitments to carry out exploration work that are not met are subject to a combined tax rate of 30% (Canada and Quebec).

(In Canadian $)

15. Contingencies and commitments (continued)

During the year ended December 31, 2014, the Company received $780,000 ($569,784 as at December 31, 2013) from flow-through financings for which the Company will renounce tax deductions. The amount has been presented as “Cash reserved for exploration”.

As at February 28, 2015, the Company renounced to tax deductions of $780,000 and management is required to fulfil its commitments before the stipulated deadline of December 31, 2015. The portion unspent as at December 31, 2014, of $537,222 has been presented as “Cash reserved for exploration”.

16. Transactions with key management personnel

The Company's key management personnel are members of the Board of Directors, the president, the vice-president and chief financial officer. The remuneration of key management personnel includes the following expenses:

	December 31, 2014	December 31, 2013
	$	$
Short-term employee benefits		
Salaries and fees including bonuses and benefits	**363,411**	345,053
Social security costs and contributions to the pension plan	**37,868**	37,974
Total short-term employee benefits	**401,279**	383,027
Share-based payments-employees	**80,594**	42,757
Total remuneration	**481,873**	425,784

During the years ended in 2014 and 2013, key management personnel did not exercise any share options granted through the share-based payment plans.

17. Capital disclosures

The Company's objectives in managing its capital are to ensure sufficient liquidity to pursue its organic growth strategy and undertake selective acquisitions. The Company manages its 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 the capital structure, the Company may issue new shares and acquire or sell mining properties to improve its financial performance and flexibility.

The Company's capital is composed of shareholders' equity. The Company's primary uses of capital are to finance exploration expenditures and acquire properties. To effectively manage the Company's capital requirements, the Company has in place a rigorous planning and budgeting process to help determine the funds required to ensure the Company has appropriate liquidity to meet its operating and growth objectives.

The Company expects that its current capital resources and its ability to obtain additional financing will support further exploration and development of its mineral properties for the next 12 months.

The Company is not subject, with regards to external rules, to any requirements regarding its capital, except in case that the Company completes a flow-through financing for which the cash must be reserved for exploration. As at December 31, 2014, the Company's cash reserved for exploration was $537,222 ($569,784 as at December 31, 2013).

As at December 31, 2014, shareholders' equity was $9,266,294 ($9,886,737 as at December 31, 2013).

18. Subsequent event

(a) On April 7th, 2015, the Company completed a private placement with accredited investors, directors, officers and other investors for gross proceeds of $140,000. In total, the Company issued 1,400 000 units (the "Units") at a price of $0.10 per Unit, with each Unit consisting of one common share at a price of $0.10 per share and one common share purchase warrant, each warrant entitling the holder to subscribe for one common share at a price of $0.13 for a period of 24 months following the closing date.

The securities issued under the private placement are subject to a four month statutory hold period.

(b) On March 13th, 2015, the Company completed a private placement with SODÉMEX II s.e.c. for gross proceeds of $75,000. In total, the Company issued 750 000 units (the "Units") at a price of $0.10 per Unit, with each Unit consisting of one common share at a price of $0.10 per share and one common share purchase warrant, each warrant entitling the holder to subscribe for one common share at a price of $0.13 for a period of 24 months following the closing date.

The securities issued under the private placement are subject to a four month statutory hold period.

(c) On March 11th, 2015, the Company completed a private placement with SIDEX, s.e.c. for gross proceeds of $100,000. In total, the Company issued 1 000 000 units (the "Units") at a price of $0.10 per Unit, with each Unit consisting of one common share at a price of $0.10 per share and one common share purchase warrant, each warrant entitling the holder to subscribe for one common share at a price of $0.13 for a period of 24 months following the closing date.

The securities issued under the private placement are subject to a four month statutory hold period.