NOTICE TO SHAREHOLDERS

(A Development Stage Enterprise)

Condensed Interim Financial Statements
For the six months ended June 30, 2014

(Stated in Canadian Dollars)

Responsibility for Financial Statements

The accompanying financial statements for Metals Creek Resources Corp. have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") consistently applied. Only changes in accounting policies have been disclosed in these unaudited condensed interim financial statements. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed interim financial statements for the period ended June 30, 2014.

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

June 30, 2014 and 2013

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Prepared by Management)

As at	**June 30, 2014 $ (Unaudited)**	December 31, 2013 $ (Audited)
ASSETS		
Current		
Cash	**28,717**	400,687
Short term investments (note 3)	**1,408,895**	1,442,405
Staking security deposits (note 9)	**26,750**	28,180
H.S.T. and other receivables	**8,465**	45,368
Prepaid expenses	**16,751**	18,895
	1,489,578	1,935,535
Property and equipment (note 4)	**52,841**	54,282
Long term investments (note 5)	**541,678**	712,104
Exploration and evaluation assets (note 6)	**6,804,653**	6,727,258
	8,888,750	9,429,179
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (note 8)	**31,683**	87,818
	31,683	87,818
Equity		
Share Capital (note 7)	**11,728,403**	11,728,403
Reserves (note 7)	**5,032,447**	5,015,754
Deficit	**(7,903,783)**	(7,402,796)
	8,857,067	9,341,361
	8,888,750	9,429,179

Nature and Continuance of Operations – Note 1

These financial statements are authorized for issue by the Board of Directors on August 20, 2014. They are signed on the Corporation's behalf by:

"Alexander Stares" Director

"Nick Tsimidis" Director

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Prepared by Management – Unaudited)

	Three Months Ended June 30, 2014 $	Three Months Ended June 30, 2013 $	Six Months Ended June 30, 2014 $	Six Months Ended June 30, 2013 $
EXPENSES				
Business development	22,854	26,044	52,518	71,994
Depreciation	4,888	3,919	9,203	7,839
Office and general	25,475	42,213	56,017	63,075
Professional fees (note 8)	15,396	14,891	32,885	45,363
Salaries and benefits	96,369	90,748	197,594	205,551
Share-based payments (note 7(iii))	5,896	2,245	16,693	5,173
Amounts earned on exploration and evaluation assets	-	(1,308)	-	(1,573)
Write-down of exploration and evaluation assets	-	774	-	76,756
Pre-acquisition exploration and evaluation expenses	14,030	12,284	79,841	25,406
Adjustment to fair value for fair value through profit and loss investments	5,391	39,885	41,392	73,881
	190,299	231,695	486,143	573,465
Loss before the following:	190,299	231,695	486,143	573,465
Gain on sale of exploration and evaluation assets, net	-	-	(5,000)	-
Grant and other revenue	-	-	(525)	-
Loss on sale of long term investments	-	-	34,333	-
Interest and investment income	(7,000)	(9,845)	(13,964)	(19,327)
Loss and comprehensive loss for the period	183,299	221,850	500,987	554,138
Loss per share – basic and diluted	0.002	0.002	0.005	0.006
Weighted Average Shares Outstanding – basic and diluted	98,571,214	98,571,214	98,571,214	98,571,214

The accompanying notes form an integral part of these financial statements

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Prepared by Management – Unaudited)
For the six months ended June 30, 2014 and 2013

	Share Capital		Reserves			
	Number of Shares #	Share Capital $	Warrants $	Equity Settled Benefits $	Deficit $	Total
Balance at December 31, 2012	**98,571,214**	**11,728,403**	**2,185,202**	**2,772,437**	**(6,911,937)**	**9,774,105**
Share-based payments	-	-	-	5,173	-	5,173
Expiration of warrants	-	-	(362,675)	362,675	-	-
Comprehensive loss for the period	-	-	-	-	(554,138)	(554,138)
Balance at June 30, 2013	**98,571,214**	**11,728,403**	**1,822,527**	**3,140,285**	**(7,466,075)**	**9,225,140**
Balance at December 31, 2013	**98,571,214**	**11,728,403**	**1,822,527**	**3,193,227**	**(7,402,796)**	**9,341,361**
Share-based payments	-	-	-	16,693	-	16,693
Expiration of warrants	-	-	(1,822,527)	1,822,527	-	-
Comprehensive loss for the period	-	-	-	-	(500,987)	(500,987)
Balance at June 30, 2014	**98,571,214**	**11,728,403**	**-**	**5,032,447**	**(7,903,783)**	**8,857,067**

The accompanying notes form an integral part of these financial statements

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

CONDENSED INTERIM STATEMENTS CASH FLOWS
Prepared by Management – Unaudited)

	Six Months Ended June 30, 2014 $	Six Months Ended June 30, 2013 $
CASH FLOWS FROM (USED IN):		
OPERATING ACTIVITIES		
Comprehensive loss for the period	(500,987)	(554,138)
Depreciation	9,203	7,839
Share-based payments	16,693	5,173
Adjustment to fair value for fair value through profit and loss investments	41,392	73,881
Write-down of exploration and evaluation assets	-	76,756
Loss on sale of long term investments	34,333	-
Decrease in H.S.T. and other receivables	36,903	12,076
Decrease (increase) in prepaid expenses	2,144	(7,851)
Decrease in accounts payable and accrued liabilities	(56,135)	(23,085)
Cash flows used in operating activities	(416,454)	(409,349)
FINANCING ACTIVITIES		
Redemption of short term investments	31,709	687,623
Cash flows from financing activities	31,709	687,623
INVESTING ACTIVITIES		
Decrease in staking security deposits	1,430	6,301
Net proceeds on sale of long term investments	129,000	-
Expenditures on exploration and evaluation assets	(109,894)	(285,226)
Acquisition of property and equipment	(7,761)	-
Cash flows from (used in) investing activities	12,775	(278,925)
Decrease in cash	(371,970)	(651)
Cash - beginning of period	400,687	79,813
Cash - end of period	28,717	79,162

Supplemental information (see note 10)

The accompanying notes form an integral part of these financial statements

METALS CREEK RESOURCES CORP.
(A Development Stage Enterprise)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
June 30, 2014
(Prepared by Management – Unaudited)

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Metals Creek Resources Corp. (the "Company") was incorporated on June 21, 2004 under the Business Corporations Act (Ontario).

The Company is an exploration stage company, and is in the process of exploring its resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

The accompanying financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern. The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations, and the ability of the Company to raise additional capital. Specifically, the recovery of the Company's investment in exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to develop its properties and establish future profitable production from the properties, or from the proceeds of their disposition. The Company has working capital in the amount of $1,457,895 (December 31, 2013 - $1,847,717) and has a deficit in the amount of $7,903,783 (December 31, 2013 - $7,402,796). The Company has not earned any significant revenues to date and is considered to be in the exploration stage.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB ("International Accounting Standards Board") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 - Interim Financial Reporting. The accounting policies followed in these condensed interim financial statements are the same as those applied in the Company's audited annual financial statements for the year ended December 31, 2013.

The policies applied in these financial statements are based on IFRS issued and outstanding as of August 20, 2014, the date the Board of Directors approved the statements. Any subsequent changes to IFRS after this date could result in changes to the financial statements for the period ended June 30, 2014.

The condensed interim financial statements do not contain all disclosures required under IFRS and should be read in conjunction with Company's audited annual financial statements and the notes thereto for the year ended December 31, 2013.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Actual results could differ from those estimates. Significant accounts that require estimates as the basis for determining the stated amounts include exploration and evaluation assets, share-based payments, allocation of financing proceeds, and income taxes. Differences may be material.

3. SHORT TERM INVESTMENTS:

		June 30, 2014	Dec 31, 2013
Money Market Mutual funds		1,313,995	1,345,705
Guaranteed Investment Certificates		-	-
Investment Trust		94,900	96,700
	$	1,408,895	1,442,405

These funds are available for exploration and operations upon the request of the Company.

The money market mutual funds consist of fully liquid, managed money market fund units that yield regular monthly dividends at market rates.

The Investment Trust is a fully liquid senior loan fund bearing interest at 6.75%.

4. PROPERTY AND EQUIPMENT

		Cost		Acc. Depr.		June 30, 2014 Net
Computer equipment	$	24,163	$	21,224	$	2,939
Furniture and fixtures		13,467		9,893		3,574
Computer software		63,020		58,438		4,582
General equipment		32,478		18,866		13,612
Automobile		54,882		26,748		28,134
Leasehold improvements		4,812		4,812		-
	$	192,822	$	139,981	$	52,841

		Cost		Acc. Depr.		Dec. 31, 2013 Net
Computer equipment	$	22,511	$	20,423	$	2,088
Furniture and fixtures		13,467		9,495		3,972
Computer software		56,911		56,911		-
General equipment		32,478		17,354		15,124
Automobile		54,882		21,784		33,098
Leasehold improvements		4,812		4,812		-
	$	185,061	$	130,779	$	54,282

5. LONG TERM INVESTMENTS

	June 30, 2014		December 31, 2013	
	Market $	Cost $	Market $	Cost $
Canadian Equities				
Spruce Ridge Resources Ltd. (i)	3,750	56,250	5,000	56,250
U.S. Gold & Silver Inc. (i)	3,678	21,249	2,521	21,249
Noble Mineral Exploration Inc. (ii)	15,000	58,125	26,250	58,125
Sokoman Iron Corp. (iii)	57,000	585,000	76,000	585,000
GTA Resources and Mining Inc. (iv)	17,000	28,000	30,000	28,000
Gold Royalties Corporation (v)	370,000	490,000	533,333	653,333
Xmet Inc. (vi)	71,500	43,500	39,000	13,500
White Metal Resources Corp. (vii)	3,750	2,500	-	-
	541,678	1,284,624	712,104	1,415,457

(i) During 2010, the Company entered into an option agreement with Spruce Ridge Resources Ltd. (TSX-V:SHL) ("Spruce Ridge") pursuant to which Spruce Ridge could earn a 100% interest on eight claims comprising the Company's Sops Arm property in Newfoundland by making a share payment to the Company of 125,000 shares on signing and an additional 125,000 shares of Spruce Ridge and by spending $25,000 in exploration over a two year period (all shares and commitments have been satisfied). The Company would retain a 2% NSR on the property as well as a 100% interest in the base metal potential on the Sops Arm property. The Spruce Ridge shares are valued at the June 30, 2014 closing price of $0.015 per common share (December 31, 2013 - $0.02). The shares of U.S. Gold & Silver Inc. (TSX:USA) were received from Spruce Ridge originally as shares of RX Gold & Silver (which later merged with U.S. Gold & Silver Inc.) as a dividend-in-kind based on the Company's pro-rata ownership of Spruce Ridge and are valued at the June 30, 2013 closing price of $0.54 per common share (December 31, 2014 - $0.37).

(ii) During the 2011 fiscal year, the Company sold its interest in 10 mining claim blocks totaling 132 claim units in the Lucas, Duff, and Tully townships to Noble Mineral Exploration Inc. ("Noble") (TSX-V:NOB) (formerly Ring of Fire Resources Inc.). Under the agreement, Noble has agreed to pay the Company a total of 750,000 shares, 375,000 issuable on signing and 375,000 issuable on or before June 1, 2012 and $50,000 in cash, $25,000 payable on signing and $25,000 on or before June 1, 2012 (all shares and cash have been paid). In addition, the Company will retain a 2% Net Smelter Return Royalty ("NSR") or a 10% Net Profits Interest ("NPI") at the Company's election with Noble having the right to buy back 1% of the NSR or 5% of the NPI at a price of $1 million. The shares of Noble are traded on the TSX-V exchange under the symbol "NOB" and are valued at the June 30, 2014 closing price of $0.02 per common share (December 31, 2013 - $0.035).

(iii) The shares of Sokoman Iron Corp. (formerly Golden Dory Resources Corp.) are valued at the June 30, 2014 closing price of $0.03 (December 31, 2013 - $0.04). See note 6(f) for further details on the nature of the agreement that resulted in the receipt of the shares by the Company. During 2013, Golden Dory completed a share consolidation on a 1 for 10 basis as well as a name change to Sokoman Iron Corp. ("Sokoman") which trades under the symbol "SIC" on the TSX Venture Exchange. As a result of the consolidation, the Company holds 1,900,000 shares of Sokoman.

(iv) During 2013 the Company announced that it has entered into an Option/Joint Venture agreement with GTA Resources ("GTA") (TSX-V:GTA) in which GTA can earn a 51% to 70% interest in the Company's Squid East property in the Matson Creek area of Yukon. To earn an initial 51% interest, GTA must make cash payments of $60,000 over three years ($20,000 due upon regulatory approval (received)), issue a total of 2,000,000 GTA shares over three years (200,000 due upon regulatory approval (received)) and incur work expenditures of $2,000,000 over three years ($500,000 firm including a minimum 400 meters of drilling by 1st anniversary). The Company will be the operator during the earn-in period. Once a 51% interest is earned by GTA, either a 51/49 joint venture will be formed, or GTA may elect to earn an additional 19% interest to bring its total property interest to 70%. The terms to increase its interest from 51% to 70% include payments of $210,000 and 400,000 GTA shares within 120 days of the 3rd anniversary date and incurring an additional $1,000,000 in exploration expenditures by the 5th anniversary. GTA would assume operatorship once it had earned a 51% interest. The shares are valued at the June 30, 2014 closing price of $0.085 per common share (December 31, 2013 - $0.15). During the period ended June 30, 2014, GTA terminated the option agreement and the property is retained 100% by the Company.

(v) During the year ended December 31, 2013, the Company entered into an agreement with Gold Royalties Corporation ("Gold Royalties") in which Gold Royalties acquired a 1.0% royalty interest in the Iron Horse Project. The purchase price of $1,000,000 was payable through the issuance of 1,333,333 common shares of Gold Royalties (the "Gold Royalties Shares") at a deemed price of $0.75 per Gold Royalties Share (the "Share Consideration"). The Company has agreed to a contractual escrow period whereby the Share Consideration will be subject to escrow with a 25% release every six (6) months from the date of closing of the Transaction. The common shares of Gold Royalties trade on the TSX Venture Exchange under the symbol "GRO" and are valued at the June 30, 2014 closing price of $0.37 per common share (December 31, 2014 - $0.40). During the period ended June 30, 2014, the Company sold 333,333 common shares of Gold Royalties for gross proceeds of approximately $130,000.

(vi) During the year ended December 31, 2013, the Company executed an agreement with Xmet Inc. ("Xmet") pursuant to which Xmet has the option to purchase a 100% interest in 24 claim units staked by the Company. Under the agreement, Xmet will pay the Company $10,000 ($5,000 on regulatory approval (received) and $5,000 ninety days after regulatory approval (received)) and issue 2 million common shares of Xmet (300,000 upon regulatory approval (received) and 1,700,000 within four months after regulatory approval, provided Xmet decides to continue with the option following an EM airborne survey (pending)).

In addition, during the period ended June 30, 2014, the Company executed an option agreement with Xmet pursuant to which Xmet has the option to earn a 60% interest in the Feagan Lake Graphite project. In order to earn the initial 50% interest, Xmet must make a cash payment of $5,000 and issue 1 million common shares of Xmet to the Company upon TSX Venture Exchange ("Exchange") approval (all received); carry out a further $150,000 in work obligations and perform a minimum 500m of drilling within one year of Exchange approval (pending); carry out a further $250,000 in work obligations and issue 500,000 shares to the Company within two years of Exchange approval; and finally carry out a further $425,000 in work obligations and issue 500,000 shares the Company within three years of Exchange approval. Xmet may then increase its interest from fifty percent to sixty percent within 90 days after earning its fifty percent interest by making a cash payment of $100,000, issuing 1,500,000 shares to the Company and conducting $1,000,000 in work obligations over the next year. Xmet may at any time accelerate its obligations to earn its interest earlier. Once Xmet's interest is earned, the project will continue as a joint venture with the Company.

The aggregate of 1.3 million shares held by the Company are valued at the June 30, 2014 closing price of $0.055 per common share (December 31, 2013 - $0.13). The common shares of Xmet trade on the TSX Venture Exchange under the symbol "XME".

(vii) During the six month period ended June 30, 2014, the Company sold two claim blocks totaling 210 claim units in southwest Labrador known as the Senecal Lake Property ("SL") to White Metal Resources Corp., ("WHM") (formerly Trillium North Minerals Ltd.) a company associated by common directorship. Pursuant to the sale, WHM issued 500,000 common shares for a 100% ownership interest. In addition, WHM has granted a 1% N.S.R. on the SL property as well as a 1% N.S.R. on adjacent claims already owned by WHM. WHM may buy-back up to 0.5% of each respective N.S.R. for $500,000 each (or $1 million for both claim groups). Pursuant to a share escrow agreement, the Company received an initial 50,000 shares upon TSX-V acceptance and will receive the remainder in accordance with the escrow release schedule which is 15% every six months. The initial 50,000 shares of WHM (TSXV: WHM) were valued at the June 30, 2014 closing price of $0.075 per share. Receipt of the shares was recorded as a reduction in the carrying cost of the property.

6. EXPLORATION AND EVALUATION ASSETS

Mineral property acquisition, exploration and development expenditures are deferred until the properties are placed into production, sold, impaired or abandoned. These deferred costs will be amortized over the estimated useful life of the properties following commencement of production, or written-down if the properties are allowed to lapse, are impaired, or are abandoned. The deferred costs associated with each property for the period ended June 30, 2014 and year ended December 31, 2013 is summarized in the tables below:

For the six months ended June 30, 2014

		Dog Paw (a)	Ogden (b)	Yukon (c)	Jackson's Arm (d)	Staghorn (e)	Iron Horse (f)	Other (g)	Total
Dec. 31, 2013 - Acquisition Costs	$	176,891	415,709	57,237	2,054	7,450	-	301,573	960,914
									-
Additions		-	-	-	-	-	-	22,421	22,421
Writedowns/Recoveries		-	-	-	-	-	-	(37,500)	(37,500)
Subtotal	$	-	-	-	-	-	-	(15,079)	(15,079)
June 30, 2014 - Acquisition Costs	$	**176,891**	**415,709**	**57,237**	**2,054**	**7,450**	**-**	**286,494**	**945,835**
Dec. 31, 2013 - Exploration and Evaluation Expenditures	$	1,150,696	3,742,482	129,740	357,585	1,500	-	384,341	5,766,344
Assaying		274	230	684	-	-	-	91	1,279
Prospecting		360	-	-	915	-	-	10,511	11,786
Geological		5,376	35,252	6,627	-	2,156	-	18,014	67,425
Geophysical		-	-	-	-	-	-	5,918	5,918
Line Cutting		-	-	-	-	-	-	-	-
Trenching		-	-	-	-	-	-	-	-
Diamond Drilling		-	6,771	438	-	900	-	-	8,109
Miscellaneous		-	-	-	-	-	-	-	-
Writedowns/Recoveries		-	-	-	-	(2,043)	-	-	(2,043)
Subtotal	$	6,010	42,253	7,749	915	1,013	-	34,534	92,474
June 30, 2014 - Exploration and Evaluation Expenditures	$	**1,156,706**	**3,784,735**	**137,489**	**358,500**	**2,513**	**-**	**418,875**	**5,858,818**
June 30, 2014 - Total	$	**1,333,597**	**4,200,444**	**194,726**	**360,554**	**9,963**	**-**	**705,369**	**6,804,653**

For the year ended December 31, 2013

		Dog Paw (a)	Ogden (b)	Yukon (c)	Jackson's Arm (d)	Staghorn (e)	Iron Horse (f)	Other (g)	Total
Dec. 31, 2012 - Acquisition Costs	$	176,891	403,807	65,406	2,054	-	8,205	264,188	920,551
									-
Additions		-	11,902	330	-	7,962	-	44,043	64,237
Writedowns/Recoveries		-	-	(8,499)	-	(512)	(8,205)	(6,658)	(23,874)
Subtotal	$	-	11,902	(8,169)	-	7,450	(8,205)	37,385	40,363
Dec 31, 2013 - Acquisition Costs	$	**176,891**	**415,709**	**57,237**	**2,054**	**7,450**	**-**	**301,573**	**960,914**
Dec. 31, 2012 - Exploration and Evaluation Expenditures	$	1,121,430	3,291,104	276,784	427,526	-	113,579	415,112	5,645,535
Assaying		-	19,595	36,369	-	453	-	-	56,417
Prospecting		7,635	-	3,103	7,679	7,184	-	715	26,316
Geological		20,468	16,774	29,776	10,784	5,389	1,014	37,375	121,580
Geophysical		1,163	900	20,087	1,000	-	-	-	23,150
Line Cutting		-	-	-	-	-	-	-	-
Trenching		-	-	79,227	1,009	-	-	-	80,236
Diamond Drilling		-	414,409	216,722	-	1,650	-	-	632,481
Miscellaneous		-	-	5,161	-	1,500	-	1,594	8,255
Writedowns/Recoveries		-	-	(537,489)	(90,413)	(14,676)	(114,593)	(70,455)	(827,626)
Subtotal	$	29,266	451,378	(147,044)	(69,941)	1,500	(113,579)	(30,771)	120,809
Dec. 31, 2013 - Exploration and Evaluation Expenditures	$	**1,150,696**	**3,742,482**	**129,740**	**357,585**	**1,500**	**-**	**384,341**	**5,766,344**
Dec. 31, 2013 - Total	$	**1,327,587**	**4,148,191**	**186,977**	**359,639**	**8,950**	**-**	**685,914**	**6,727,258**

a. Dog Paw Gold Property

In 2007, the Company acquired an option on the Dog Paw Gold project which is located approximately 40 km east of Kenora, Ontario and consists of 23 claims totaling 269 units. The Company entered into an option agreement with Endurance Gold Corp. whereby under the Initial Option the Company could earn a 70% interest in the property by making share payments totaling 400,000 shares (completed in 2008) and completing work commitments of $200,000 on the property (completed). The Company exercised a Second Option to earn a further 5% in the property by issuing a further 50,000 common shares (completed in 2008) and spent an additional $250,000 on the property (completed). The Company has now earned a 75% interest and a joint venture has been formed on a 75% (the Company) and 25% (Endurance Gold Corp.) basis.

b. Ogden

During 2008, the Company entered into an agreement with Goldcorp Canada Ltd. ("Goldcorp") to jointly explore Goldcorp's mining claims located in Ogden and Deloro Townships, located six kilometres south of Timmins, Ontario. The property consists of 84 patented and unpatented claims totaling approximately 1,184 hectares (the "Property"). The agreement allows for the Company to earn 50% of Goldcorp's interest in the Property by funding total expenditures on the Property of $3,100,000 over four years as follows: (i) $400,000 in year one, (ii) $700,000 in year two and (iii) $1,000,000 in each of years three and four. The Company was also required to make cash and share payments to Goldcorp as follows: (i) $40,000 cash and $25,000 worth of common shares on signing (completed in 2008), (ii) $35,000 cash and $25,000 worth of common shares on the first anniversary (completed in 2009), (iii) $35,000 cash and $50,000 worth of common shares on the second anniversary (completed in 2010), (iv) $100,000 worth of common shares on the third anniversary (completed in 2011), and (v) $150,000 worth of common shares on the fourth anniversary (completed). Within six months of the Company's vesting its 50% interest in the Property, Goldcorp had the option to buy back a 20% interest from the Company for a cash payment of up to $310,000, expending $4,100,000 on the Property within two years, and completing a feasibility study within three years.

The Company was the operator of the Property during the earn-in period and afterwards, provided it holds a 50% or greater interest in the Property. During the year ended December 31, 2012, the Company received notice that Goldcorp did not intend to pursue its back-in right on the Ogden property and as a result, the Company and Goldcorp are in the process of finalizing a 50/50 joint venture agreement. If either party becomes diluted to a 10% interest, that interest will be converted into a 2% Net Smelter Return Royalty.

c. Yukon

The Yukon property consists of 242 staked claims in four separate claim blocks in the Dawson Range gold district. Three of the claim blocks are located in the Matson Creek area (Squid East and West properties and Fogo property) and the fourth is located west of the Yukon River (Change property). The Company owns a 100% interest in all claim blocks.

Squid East Property

The Squid East property consists of 82 claims and was acquired by staking and is located in the Matson Creek area of Yukon.

During the year ended December 31, 2013, the Company announced that it has entered into an Option/Joint Venture agreement with GTA Resources ("GTA") in which GTA can earn a 51% to 70% interest in the Company's Squid East property in the Matson Creek area of Yukon. The 82 claim property was initially staked by the Company in 2011 and the Company owns a 100% interest. To earn an initial 51% interest, GTA must make cash payments of $60,000 over three years ($20,000 received), issue a total of 2,000,000 GTA shares over three years (200,000 shares received) and incur work expenditures of $2,000,000 over three years ($500,000 firm including a minimum 400 meters of drilling by 1st anniversary - completed). The Company will be the operator during the earn-in period. Once a 51% interest is earned by GTA, either a 51/49 joint venture will be formed, or GTA may elect to earn an additional 19% interest to bring its total property interest to 70%. The terms to increase its interest from 51% to 70% include payments of $210,000 and 400,000 GTA shares within 120 days of the 3rd anniversary date and incurring an additional $1,000,000 in exploration expenditures by the 5th anniversary. GTA would assume operatorship once it had earned a 51% interest.

During the year ended December 31, 2013, the Company recovered $499,743 in exploration costs incurred under the joint venture. These costs were recorded as a reduction to the deferred exploration and evaluation expenditures with the exception of the operator fee totaling $19,399 which was recorded in income during the period.

During the three month period ended June 30, 2014, GTA decided not to proceed with the option and the Company now holds a 100% interest in the property.

d. Jackson's Arm

The Jackson's Arm property consists of 246 staked claim units totaling 6,150 hectares and is located in north-central Newfoundland. The Company owns a 100% interest in the project.

During the year ended December 31, 2013, the Company applied for a grant under the Mineral Incentive Program through the Government of Newfoundland and Labrador for exploration and evaluation work completed on its Jackson's Arm property. The amount of the grant was $90,413 and the funds were received by the Company during the current period. The grant was recorded as a reduction of deferred exploration and evaluation expenditures.

e. Staghorn

During 2008, the Company entered into an agreement with a group of prospectors to earn a 100% interest in a group of 76 claim units spread over 1,216 hectares in the Wood Lake area in west central Newfoundland. Terms of the option agreement include making a series of staged option payments totaling $95,000 and issuing 250,000 shares to the optionors over three years. During 2008, 2009 and 2010, the Company issued 50,000, 70,000 and 50,000 common shares respectively to the optionors. The optionors retain a 2% Net Smelter Royalty, 50% of which can be purchased for $1,000,000. During 2011, the Company reduced the carrying amount of the deferred exploration expenditures on the Staghorn project by $100,000 as a result of the receipt of a non-repayable grant from the Province of Newfoundland. Also during 2011, the Company paid $44,000 and issued 50,000 shares to the optionors pursuant to the option agreement and now holds a 100% interest.

During the year ended December 31, 2012, the Company determined that no further work would be conducted on the property and has written off $nil in deferred exploration and evaluation expenditures during the period ended June 30, 2014 (December 31, 2013 - $15,188). The Company is actively seeking a joint venture partner on the project.

f. Iron Horse (formerly Gabbro Lake)

The Iron Horse project consists of 371 claims located approximately 120 km Northeast of Labrador City, Labrador.

During 2008, the Company entered into a formal joint venture agreement with Golden Dory Resources for the Iron Horse Project (the "Property"). Under the terms of the agreement the Company and Golden Dory Resources formed the joint venture on a 50:50 basis with the Company being the primary operator.

During 2012, the Company announced that it had reached an agreement subject to TSX Venture Exchange approval whereby Golden Dory can increase its ownership interest from 50% to 70%. Under the terms of the agreement, Golden Dory will become the operator and can increase its interest by 10% to 60% by issuing 1.5 million shares of Golden Dory to the Company (received) and by completing a $500,000 exploration program in 2012, which is to include a minimum 1,200 metre diamond drill program. Golden Dory can increase its ownership interest by an additional 10% to 70% by issuing an additional 2.5 million Golden Dory shares to the Company and by providing an NI 43-101 compliant report by the fourth anniversary of the agreement. During the year ended December 31, 2012, Golden Dory successfully met the conditions to earn the initial 10% additional interest and holds a 60% interest in the Project.

During 2013, the Company signed a letter of intent to sell its remaining 30% interest in the Project to Golden Dory subject to entering into a definitive amending agreement and upon receipt of TSX Venture Exchange approval (received). The Company and Golden Dory agreed to amend their existing Option and Joint Venture

Agreement dated May 18, 2012 (the “JVOA”) to provide for Golden Dory to accelerate its interest in the Property to 70% and then for Golden Dory to purchase the remaining 30% residual interest from the Company (the “Residual 30% Interest”). The JVOA will be amended to provide that Golden Dory will accelerate increasing its interest in the Property to 70% by issuing 2,500,000 common shares to the Company (received) without having to comply with a previous term which required Golden Dory to complete a NI 43-101 report resulting in a minimum of 50 million tonnes of product. Upon Golden Dory acquiring the 70% interest in the Property, the royalty interest in the Property will be reduced to a 0.9% NSR. As part of the amended JVOA, Golden Dory will also purchase the Company’s Residual 30% Interest by: a) issuing 15 million common shares to the Company (received); b) paying $1 million to the Company upon completion of a bankable feasibility study on the Property; and c) issuing to the Company an additional 1% NSR on the Property (received). Upon Golden Dory acquiring all of the Company’s interest in the Property, the Company will retain, in the aggregate, a 1.9% NSR in the Property. As a result, the Company owns 19,000,000 shares of Golden Dory, or approximately 15% of its total issued and outstanding, while Golden Dory will have a 100% interest in the Iron Horse project. During 2013, Golden Dory completed a share consolidation on a 1 for 10 basis as well as a name change to Sokoman Iron Corp. (“Sokoman”) which trades under the symbol “SIC” on the TSX Venture Exchange. As a result of the consolidation, the Company holds 1,900,000 shares of Sokoman.

In addition, during the year ended December 31, 2013, the Company announced that it had entered into an agreement with Gold Royalties Corporation ("Gold Royalties") in which Gold Royalties will acquire a 1.0% royalty interest in the Iron Horse Project. The purchase price of $1,000,000 is payable through the issuance of 1,333,333 common shares of Gold Royalties (the "Gold Royalties Shares") (received) at a deemed price of $0.75 per Gold Royalties Share (the "Share Consideration"). The Company still retains a 0.9% royalty from the Iron Horse Project. The Company has agreed to a contractual escrow period whereby the Share Consideration will be subject to escrow with a 25% release every six (6) months from the date of closing of the Transaction. The common shares of Gold Royalties trade on the TSX Venture Exchange under the symbol “GRO”.

g. <u>Other Properties</u>

Included in Other Properties (located in Ontario and Newfoundland) are the Wick’s Lake; Tilt Cove; Sops Arm North; Gryba; Tally Pond; Hearst; Feagan Lake; and Mealy Intrusion properties. During the six month period ended June 30, 2014 the Company incurred $79,841 (December 31, 2013: $52,368) in pre-acquisition exploration and evaluation costs which were included in expenses for the year.

Feagan Lake Graphite Property

The Feagan Lake claim block consists of 12 claims totaling 175 contiguous claim units and is located northwest of Hearst, Ontario.

During the period ended June 30, 2014, the Company executed an option agreement with Xmet pursuant to which Xmet has the option to earn a 60% interest in the Feagan Lake Graphite project. In order to earn the initial 50% interest, Xmet must make a cash payment of $5,000 and issue 1 million common shares of Xmet to the Company upon TSX Venture Exchange (“Exchange”) approval (all received); carry out a further $150,000 in work obligations and perform a minimum 500m of drilling within one year of Exchange approval (pending); carry out a further $250,000 in work obligations and issue 500,000 shares to the Company within two years of Exchange approval; and finally carry out a further $425,000 in work obligations and issue 500,000 shares the Company within three years of Exchange approval. Xmet may then increase its interest from fifty percent to sixty percent within 90 days after earning its fifty percent interest by making a cash payment of $100,000, issuing 1,500,000 shares to the Company and conducting $1,000,000 in work obligations over the next year. Xmet may at any time accelerate its obligations to earn its interest earlier. Once Xmet’s interest is earned, the project will continue as a joint venture with the Company.

Mealy Intrusion/Senecal Lake Property

During the six month period ended June 30, 2014, the Company sold two claim blocks totaling 210 claim units in southwest Labrador known as the Senecal Lake Property (“SL”) to White Metal Resources Corp., (“WHM”) (formerly Trillium North Minerals Ltd.) a company associated by common directorship. Pursuant to the sale, WHM issued 500,000 common shares for a 100% ownership interest. In addition, WHM has granted a 1%

N.S.R. on the SL property as well as a 1% N.S.R. on adjacent claims already owned by WHM. WHM may buy-back up to 0.5% of each respective N.S.R. for $500,000 each (or $1 million for both claim groups). Pursuant to a share escrow agreement, the Company received an initial 50,000 shares upon TSX-V acceptance and will receive the remainder in accordance with the escrow release schedule which is 15% every six months.

7. CAPITAL AND RESERVES

i. Share Capital

At June 30, 2014, the authorized share capital comprised an unlimited number of common shares and an unlimited number of preferred shares.

To date, no preferred shares have been issued.

ii. Share Purchase Warrants

Details of share purchase warrant transactions for the period are as follows:

	# of Warrants	Amount $	Wtd. Avg. Ex. Price
Balance, December 31, 2012	12,385,020	2,185,202	
-Expired during the year	(1,900,420)	(362,675)	$0.28
Balance, December 31, 2013	10,484,500	1,822,527	
-Expired during the period	(10,484,500)	(1,822,527)	$0.45
Balance, June 30, 2014	-	-	

The following table summarizes information about the warrants outstanding at June 30, 2014 and the year ended December 31, 2013:

Expiry Dates	Exercise Price	June 30, 2014 # of Warrants	December 31, 2013 # of Warrants
February 2, 2014	$0.45	-	10,484,500

During the year ended December 31, 2013, the Company received TSX Venture Exchange approval to extend the term of 10,484,500 share purchase warrants initially set to expire on February 2, 2013 by 12 months. The warrants were issued as part of a private placement completed by the Company on February 4, 2011. Each warrant is exercisable into one common share of the Company at a price of $0.45 per share. The new expiry date of the warrants is February 2, 2014. All other terms of the warrants will remain unchanged. During the six month period ended December 31, 2014, the 10,484,500 warrants expired unexercised.

iii. Stock Options

Details of stock option transactions for the six month period ended June 30, 2014 and the year ended December 31, 2013 are as follows:

	# of Options	Wtd. Avg. Ex. Price
Balance, December 31, 2012	7,515,000	$0.16
Granted during the year	2,060,000	$0.10
Cancelled during the year	(145,000)	$0.14
Balance, December 31, 2013 and June 30, 2014	9,430,000	$0.15

The following table summarizes information about the options outstanding at June 30, 2014 and December 31, 2013:

Expiry Dates	Exercise Price	June 30, 2014 # of Options	December 31, 2013 # of Options
August 2014	$0.15	1,280,000	1,280,000
February 2015	$0.16	1,260,000	1,260,000
May 2015	$0.10	100,000	100,000
March 2016	$0.235	1,475,000	1,475,000
August 2016	$0.13	2,955,000	2,955,000
July 2017	$0.13	300,000	300,000
March 2015	$0.10	100,000	100,000
August 2018	$0.10	1,960,000	1,960,000
		9,430,000	9,430,000

The Company applies the fair value method of accounting for share-based payments using an option pricing model. Subsequent to June 30, 2014, 1,280,000 stock options with an exercise price of $0.15 expired unexercised.

Stock options granted to directors, officers and employees vested during the period ended June 30, 2014 are as follows:

Grant Date	# of Options	Exercise Price	Expiry Date
March 1, 2013	4,110	$0.10	March 1, 2015
August 7, 2013	458,180	$0.10	August 7, 2018
	462,290		

The Company has calculated $16,693 as share-based payments expense and under capital stock as reserves for the 462,290 options vesting to directors, officers and employees during the period:

- For the 100,000 options granted on March 1, 2013, the fair value of each vested option is $0.026 and was estimated on the grant date with the following assumptions: dividend yield of 0%, expected volatility of 147%, a risk-free interest rate of 1.01% and an expected life of approximately 2 years.

- For the 1,960,000 options granted on August 7, 2013, the fair value of each vested option is $0.036 and was estimated on the grant date with the following assumptions: dividend yield of 0%, expected volatility of 166%, a risk-free interest rate of 1.75% and an expected life of approximately 5 years.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

iv. Share Issuance – Mineral Property Option Agreements

The Company has issued no shares in acquiring options on mineral properties at June 30, 2014 and December 31, 2013.

8. RELATED PARTY TRANSACTIONS

The Company paid or accrued the following amounts to related parties during the period ended June 30, 2014 and June 30, 2013:

Payee	Description of Relationship	Nature of Transaction	June 30, 2014 Amount ($)	June 30, 2013 Amount ($)
Stares Prospecting Ltd.	Company controlled by Alexander Stares, Director and Officer	Payments for equipment rentals, supply of labour and reimbursement of expenses capitalized in deferred development expenditures	-	43,641
Eastrock Exploration/ Wayne Reid	Company controlled by Wayne Reid, Director and Officer	Payments for geological consulting services, and reimbursement of expenses capitalized in deferred development expenditures	16,272	15,194
Nick Tsimidis	Director and Officer	Payments for consulting fees and reimbursement of expenses	13,560	12,780
Stares Contracting Corp.	Company controlled by Michael Stares, Director	Payments for staking services and reimbursement of expenses capitalized in exploration and evaluation assets	7,321	-

The purchases from/fees charged by related parties are in the normal course of operation and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Included in accounts payable and accrued liabilities at June 30, 2014 is:

- $nil payable to Stares Prospecting Ltd., (2013: $2,731);
- $2,712 payable to Eastrock Exploration Inc., (2013: $2,192)
- $nil payable to Nick Tsimidis, (2013: $6,000)

Key management personnel remuneration during the period included $189,351 (June 30, 2013 - $184,131) in salaries and benefits and $9,816 (June 30, 2013 - $3,588) in share-based payments.

9. STAKING SECURITY DEPOSITS

Staking security deposits of $26,750 (December 31, 2012 – $22,281) represents security amounts paid to the Government of Newfoundland and Labrador in connection with mineral property claims located in the Province of Newfoundland. These staking security deposits are refundable to the company upon submission by the company of a report covering the first year work requirements which meets the requirements of the Government of Newfoundland and Labrador.

10. SUPPLEMENTAL CASH FLOW INFORMATION

	June 30, 2014 $	June 30, 2013 $
Shares received for option/sale of mineral properties	32,500	28,000

11. LOSS PER SHARE

Basic loss per common share has been calculated using the weighted average number of common shares outstanding in each respective period. As the issue of shares upon the exercise of stock options and warrants would be anti-dilutive, diluted loss per common share is equivalent to basic loss per common share.

12. COMMITMENTS

The Company has entered into a lease agreement for its office premises in Thunder Bay, Ontario expiring September 15, 2014 for $1,219 per month.

During the year ended December 31, 2013, the Company hired King James Capital Corp. to provide investor relations and financial public relations services in exchange for a fee of $2,000 per month for a term of twelve months. In addition, the Company granted to King James Capital Corp. 100,000 stock options at an exercise price of $0.10 for a term of two years with one-quarter of the options granted vesting every three months following the date of grant. The monthly fee was reduced to $1,000 per month during the year.