SPANISH MOUNTAIN GOLD LTD.
(An Exploration Stage Company)

Condensed Consolidated Interim Financial Statements
September 30, 2014 and 2013
(Unaudited)
(Expressed in Canadian Dollars)

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NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed consolidated interim financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of the interim financial statements by an entity's auditors.

Spanish Mountain Gold Ltd.

(An Exploration Stage Company)

Condensed Consolidated Interim Balance Sheets

(Expressed in Canadian Dollars)

	Note		**September 30, 2014**		**December 31, 2013**
Assets					
Current Assets					
Cash and cash equivalents		$	310,755	$	373,592
Accounts receivable			28,223		60,785
Tax credit receivable	9		-		2,195,149
Prepaid expenses and deposits			82,761		98,421
			421,739		2,727,947
Mineral Properties	6		76,699,982		75,666,501
Property and Equipment	7		1,124,849		1,147,289
Deposits for Reclamation			92,500		117,000
		$	78,339,070	$	79,658,737
Liabilities and Shareholders' Equity					
Current Liabilities					
Accounts payable and accrued liabilities	10	$	644,422	$	1,285,498
Flow-through share premium			-		106,164
			644,422		1,391,662
Deferred Income Taxes	9		3,153,779		3,282,185
			3,798,201		4,673,847
Shareholders' Equity					
Capital Stock	8		85,981,249		85,981,249
Warrants Reserve	8(d)		113,245		359,629
Share-Based Payments Reserve	8(e)		3,752,526		3,876,906
Deficit			(15,306,151)		(15,232,894)
			74,540,869		74,984,890
		$	78,339,070	$	79,658,737

Approved on behalf of the Board:

"Christopher Lattanzi"
……………………..……………… Director
Christopher Lattanzi

"Morris Beattie"
……………………………………….. Director
Morris Beattie

Spanish Mountain Gold Ltd.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

		For the Three Months Ended September 30		For the Nine Months Ended September 30	
	Note	**2014**	**2013**	**2014**	**2013**
General and Administrative Expenses					
Salaries and wages	10	$ 94,564	$ 185,673	$ 288,449	$ 543,474
Consulting fees	10	33,065	67,223	139,295	199,184
Rent		39,951	37,995	117,291	113,757
Legal and accounting		624	14,197	40,092	81,532
Transfer agent and filing fees		5,446	9,724	26,221	31,862
Insurance		16,117	15,470	48,350	46,993
Office and miscellaneous		4,168	15,962	18,546	30,923
Amortization		4,697	7,170	13,880	23,261
Investor relations and travel		2,175	43,126	6,693	71,276
Share-based payments	8, 10	-	37,814	-	206,787
Loss Before Other Items		(200,807)	(434,354)	(698,817)	(1,349,049)
Other Items					
Interest and other income		1,629	916	27,726	14,304
Impairment loss on mineral properties	6	(7,500)	(221,753)	(7,500)	(221,753)
Loss Before Deferred Income Tax Recovery		(206,678)	(655,191)	(678,591)	(1,556,498)
Deferred Income Tax Recovery (Expense)	9	69,201	138,983	234,570	(561,335)
Net Loss and Comprehensive Loss for Period		$ (137,477)	$ (516,208)	$ (444,021)	$ (2,117,833)
Loss Per Share, basic and fully diluted		$ (0.00)	$ (0.00)	$ (0.00)	$ (0.01)
Weighted Average Number of Common Shares Outstanding		201,447,706	188,747,377	201,447,706	188,463,544

Spanish Mountain Gold Ltd.
(An Exploration Stage Company)
Condensed Consolidated Interim Statement of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Number of Common Shares	Capital Stock	Warrants Reserve	Share-Based Payments Reserved	Deficit	Total Equity
Balance, December 31, 2012	188,319,276	$ 85,077,100	$ 246,384	$ 3,745,211	$ (9,747,799)	$ 79,320,896
Issued for cash						
Private placement, net of share issue cost	13,128,430	1,085,564	113,245	-	-	1,198,809
Fair value of expired options	-	-	-	(76,335)	76,335	-
Premium on issue of flow-through shares	-	(217,978)				(217,978)
Share-based payments	-	-	-	206,787	-	206,787
Net loss for period	-	-	-	-	(2,117,833)	(2,117,833)
Balance, September 30, 2013	201,447,706	$ 85,944,686	$ 359,629	$ 3,875,663	$ (11,789,297)	$ 78,390,681
Issued for cash						
Private placement, net of share issue cost	-	36,563.00	-	-	-	36,563.00
Fair value of expired options	-	-	-	(22,122)	22,122	-
Premium on issue of flow-through shares	-	-	-	-	-	-
Share-based payments	-	-	-	23,365	-	23,365
Net loss for period	-	-	-	-	(3,465,719)	(3,465,719)
Balance, December 31, 2013	201,447,706	$ 85,981,249	$ 359,629	$ 3,876,906	$ (15,232,894)	$ 74,984,890
Fair value of expired options	-	-	-	(124,380)	124,380	-
Fair value of expired warrants	-	-	(246,384)	-	246,384	-
Net loss for period	-	-	-	-	(444,021)	(444,021)
Balance, September 30, 2014	201,447,706	85,981,249	113,245	3,752,526	(15,306,151)	74,540,869

Spanish Mountain Gold Ltd.

(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2014	**2013**	**2014**	**2013**
Operating Activities				
Net loss for period	$ (137,477)	$ (516,208)	$ (444,021)	$ (2,117,833)
Items not involving cash				
Share-based payments	-	37,814	-	206,787
Amortization	4,697	7,170	13,880	23,261
Impairment loss on assets and mineral properties	7,500	221,753	8,606	221,753
Deferred income tax expense (recovery)	(69,201)	(138,983)	(234,570)	561,335
	(194,481)	(388,454)	(656,105)	(1,104,697)
Changes in non-cash working capital				
Accounts receivable	(12,295)	(77,302)	32,562	28,443
Prepaid expenses and deposits	1,391	72,961	15,660	159,722
Accounts payable and accrued liabilities	26,888	(117,753)	(177,867)	(1,667,463)
	15,984	(122,094)	(129,645)	(1,479,298)
Cash Used in Operating Activities	(178,497)	(510,548)	(785,750)	(2,583,995)
Financing Activity				
Shares issued for cash	-	1,253,694	-	1,198,810
Investing Activities				
Expenditures on mineral properties	(253,645)	(290,122)	(1,450,445)	(1,051,003)
Mining exploration tax credit received	-	-	2,195,149	711,856
Purchase of property and equipment	-	(4,810)	(38,791)	(4,810)
Refund for reclamation deposits	17,000	-	17,000	-
Cash Used in Investing Activities	(236,645)	(294,932)	722,913	(343,957)
Increase (Decrease) in Cash	(415,142)	448,214	(62,837)	(1,729,142)
Cash and Cash Equivalents, Beginning of Period	725,897	1,540,668	373,592	3,718,025
Cash and Cash Equivalents, End of Period	$ 310,755	$ 1,988,882	$ 310,755	$ 1,988,882
Supplemental Cash Flow Information				
Non-cash items				
Mineral properties included in accounts payable and accrued liabilities	510,044	804,771	510,044	804,771
Amortization inlcuded in mineral properties	15,974	15,624	46,245	45,670

1. NATURE AND CONTINUANCE OF OPERATIONS

Spanish Mountain Gold Ltd. (the "Company") is a resource exploration stage company incorporated under the *Business Corporations Act of Alberta* and continued into British Columbia under the *Business Corporations Act* of British Columbia. The head office and principal address of the Company are located at Suite 1120 - 1095 West Pender Street, Vancouver, British Columbia V6E 2M6. The address of the Company's registered office is Suite 1500 - 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7.

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Accordingly, these condensed consolidated interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

As the Company is a resource exploration stage company, which does not generate any revenue and has been relying on equity-based financing to fund its operations. At September 30, 2014 the Company has working capital deficit (total current assets net of total current liabilities) of $222,682 (December 31, 2013 – working capital of $1,336,285) and an accumulated deficit of $15,306,151 (December 31, 2013 - $15,232,894). The Company will require additional financing either through equity or debt financing, sale of assets, joint venture arrangements or a combination thereof in order to meet its administrative costs and to continue to explore and develop its mineral properties. There is no assurance that sufficient future funding will be available on a timely basis or on terms acceptable to the Company. If the Company is unable to obtain sufficient funding in this fashion, the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern will be in significant doubt.

The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and maintain an adequate level of financial resources to discharge its on-going obligations. Management seeks to raise capital, when necessary, to meet its funding requirements and has undertaken available cost-cutting measures. There can be no assurance that management's plan will be successful as it is dependent on prevailing capital market conditions and the availability of other financing opportunities.

2. BASIS OF PREPARATION

Approval of the condensed consolidated interim financial statements

The unaudited condensed consolidated interim financial statements of Spanish Mountain Gold Ltd. for the period ended September 30, 2014 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 19, 2014.

Basis of preparation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the IASB have been condensed or omitted and these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2013.

2. BASIS OF PREPARATION (Continued)

Basis of preparation (Continued)

The accounting policies applied in preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended December 31, 2013, with the exception of certain amendments to accounting standards issued by the IASB, which were applicable from

January 1, 2014. These amendments did not have a significant impact on the Company's unaudited condensed interim consolidated financial statements.

Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments carried at fair value. In addition, these condensed consolidated interim financial statements have also been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out in note 3 have been applied consistently by the Company and its subsidiary for all periods presented.

Use of judgments and estimates

Apart from making estimates and assumptions as described below, the Company's management makes critical judgments in the process of applying its accounting policies that have significant effect on the amounts recognized in the Company's condensed consolidated interim financial statements. The significant judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimation uncertainties, that have the most significant effect include, but are not limited to:

- Impairment of property and equipment and mineral properties

  Assets or cash-generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's property and equipment and mineral properties.

  In respect of costs incurred for its mineral properties, management has determined that exploratory drilling, evaluation, development and related costs incurred, which have been capitalized, are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, economics assessment/studies, accessible facilities and existing permits.

- Mining exploration tax credits

  The Company is eligible for refundable tax credits on qualified resource expenditures incurred in the province of British Columbia. Management's judgment is applied in determining whether the resource expenditures are eligible for claiming such credits.

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include:

2. BASIS OF PREPARATION (Continued)

Use of judgments and estimates (continued)

- the recoverability of mining exploration tax credits;
- the recoverability of mineral properties;
- the recoverability of property and equipment;
- the determination of asset retirement and environmental obligations;
- the utilization of deferred income tax assets; and
- the determination of the variables used in the Black-Scholes option pricing model to calculate the fair value of options and warrants.

While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies:

(a) **Principles of consolidation**

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary, Wildrose Resources Ltd. (“Wildrose”). All intercompany transactions and balances have been eliminated on consolidation.

(b) **Cash and cash equivalents**

Cash and cash equivalents comprise cash, bank deposits or highly-liquid temporary investments that are readily convertible into known amounts of cash.

(c) **Mineral properties**

The Company capitalizes all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed or the Company's mineral rights are allowed to lapse.

Costs accumulated relating to projects that are abandoned are written off in the period in which a decision to discontinue the project is made.

All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company’s assessment of its ability to sell the property for an amount exceeding the deferred costs, provision is made for the impairment in value.

When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, costs will be depleted using the unit-of-production method over the estimated life of the ore body based upon recoverable ounces to be mined from estimated proven and probable reserves.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) **Mineral properties** (Continued)

From time to time, the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded until the payments are made or received. Proceeds received on the sale or option of the Company's property interest is recorded as a reduction of the mineral property cost. When proceeds received in respect of a property exceed its carrying cost, such excess is recognized in net income.

(d) **Property and equipment**

Property and equipment are recorded at cost and amortized using the declining-balance basis at the following annual rates:

Building	4%
Computer equipment	30%
Furniture and field equipment	20%
Vehicles	30%
Office equipment	20%

Amortization on leasehold improvements is recorded on a straight-line basis over the term of the lease.

Additions during the year are amortized on a pro-rated basis. Amortization on property and equipment used directly on exploration projects is capitalized to mineral properties.

(e) **Impairment of non-current assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU (the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflow from other assets or groups of assets (the CGU), where the recoverable amount of the CGU is the greater of the CGU's fair value less costs to sell and its value in use) to which the assets belong.

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.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in profit or loss for the period, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Impairment of non-current assets (Continued)

The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding the projects. Discounted cash flow techniques often require management to make estimates and assumptions concerning reserves and expected future production revenues & expenses.

Where an impairment loss subsequently reverses, the carrying amount of the asset (the CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(f) Provision for closure and reclamation

The Company assesses its mine rehabilitation provision at each reporting date. Changes to estimated future costs are recognized in the balance sheet by either increasing or decreasing the rehabilitation liability and asset to which it relates if the initial estimate was originally recognized as part of an asset measured in accordance with IAS 16 *Property, Plant and Equipment*.

The Company records the present value of estimated costs of legal and constructive obligations required to restore mining operations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures; rehabilitating mine; dismantling operating facilities; closure of plant and waste sites; and restoration, reclamation and vegetation of affected areas.

Present value is used where the effect of the time value of money is material. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, and the amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

(g) Mining exploration tax credit (METC)

The Company recognizes mining exploration tax credits in the period in which the related qualifying resource expenditures are incurred. The amount recoverable is subject to review and approval by the taxation authorities and is adjusted for in the period when such approval is confirmed.

(h) Non-monetary transactions

Shares issued for consideration other than cash are valued at the fair value of assets received or services rendered or the quoted market price at the date of issuance, whichever is determined to be the more reliable measure. Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market trading price of the common shares at the time the units are priced, and any excess is allocated to warrants.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) **Share-based payments**

The Company has a stock option plan that is described in note 8(c). Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as capital stock and the related amount originally recorded in share-based payments reserve is transferred to capital stock. For those unexercised options that expire, the recorded value is transferred to deficit.

(j) **Loss per share**

Loss per share is calculated by dividing loss available to common shareholders by the weighted average number of common shares outstanding during the period. For all periods presented, the loss available to common shareholders equals the reported loss. The computation of diluted earnings per share is performed by presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of conversions or exercise of options and warrants if they would be anti-dilutive.

(k) **Income taxes**

The Company follows the asset and liability method of accounting for deferred income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, losses carried forward and other tax deductions. Deferred income tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in net income (loss) in the period in which the change is enacted or substantively enacted. The amount of deferred income tax assets is limited to the amount of the benefit that is probable that the related tax benefit will be realized.

(l) **Flow-through shares**

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchase the shares.

At the time of closing a financing involving flow-through shares, the Company allocates proceeds received first to common shares based on the market trading price of the common shares at the time the flow-through shares are priced, and any excess is allocated to flow-through premium liability.

At the time of closing a financing involving flow-through units consisting of common shares and warrants, the Company allocates proceeds received as follows:

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Flow-through shares (Continued)

- Capital stock – the market trading price of the common share;
- Warrant reserve – based on the valuation derived using the Black-Scholes option pricing model; and
- Flow-through premium – any excess, recorded as a liability.

Thereafter, as qualifying resource expenditures are incurred, these costs are capitalized to mineral properties and the flow-through premium, if any, is amortized to profit or loss.

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule in accordance with Government of Canada flow-through regulations. When applicable, this flow-through financing cost is accrued and recorded to profit or loss.

(m) Financial instruments

(i) Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. Management determines the classification of its financial instruments at initial recognition. The Company's accounting policy for each category is as follows:

Fair value through profit or loss (“FVTPL”) – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in net income (loss).

Loans and receivables – These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments – These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured 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 and other relevant indicators, 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 net income (loss).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) **Financial instruments** (Continued)

(i) Financial assets (Continued)

Available-for-sale – Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income as a component of equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in net income (loss).

All financial assets, except for those classified as FVTPL, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Transactions costs related to financial instruments classified as FVTPL are expensed as incurred. All other transaction costs related to financial instruments are recorded as part of the instruments and are amortized using the effective interest rate.

(ii) Financial liabilities

The Company classifies its financial liabilities into one of two categories. The Company's accounting policy for each category is as follows:

FVTPL – This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the net income (loss).

Other financial liabilities – This category includes non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the income statement over the period to maturity using the effective interest method.

Other financial liabilities include accounts payable and accrued liabilities.

(iii) Fair value hierarchy

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities;
Level 2 Inputs, other than quoted prices in Level 1 that are observable for the asset or liability either directly or indirectly; and
Level 3 Unobservable inputs that are not based on observable market data.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) **New accounting pronouncements** (Continued)

All of the new and revised standards described below may be early-adopted. The Company does not expect any material impact from adopting these standards.

(i) IFRS 9 *Financial Instruments* (2009)

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Debt instruments meeting both a “business model” test and a “cash flow characteristics” test are measured at amortized cost (the use of fair value is optional in some limited circumstances)

- Investments in equity instruments can be designated as “fair value through other comprehensive income” with only dividends being recognized in profit or loss

All other instruments (including all derivatives) are measured at fair value with changes recognized in profit or loss

- The concept of “embedded derivatives” does not apply to financial assets within the scope of the standard and the entire instrument must be classified and measured in accordance with the above guidelines.

The IASB has indefinitely postponed the mandatory adoption date of this standard.

(ii) IFRS 9 *Financial Instruments* (2010)

This is a revised version incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing de-recognition requirements from IAS 39 Financial Instruments: Recognition and Measurement.

The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss; in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

The IASB has indefinitely postponed the mandatory adoption date of this standard.

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company has classified its financial instruments as follows:

- Cash and cash equivalents, as FVTPL;
- Deposits for reclamation, as held-to-maturity; and
- Accounts payable and accrued liabilities, as other financial liabilities.

The carrying values of accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments. The carrying value of reclamation deposits approximates fair value since amounts held earn interest at market rates.

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

(a) Credit risk

Credit risk refers to the potential that a counterparty to a financial instrument will fail to discharge its contractual obligations and arises principally from the Company's holdings of cash and cash equivalents. The Company manages credit risk, in respect of cash and cash equivalents by holding these at two major Canadian financial institutions with strong investment-grade ratings by a recognized agency.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents, as all amounts are held at two major Canadian financial institutions.

	September 30, 2014	December 31, 2013
Cash held in bank accounts	$ 25,755	$ 173,592
Term deposits	285,000	200,000
	$ 310,755	$ 373,592

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's cash and cash equivalents at September 30, 2014 is $310,755 (2013 - $373,592) which is less than its aggregate short-term liabilities. At September 30, 2014, the Company had accounts payable and accrued liabilities of $644,422 (2013 - $1,285,498), which have contractual maturities of 90 days or less.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The Company is exposed to interest rate risk, foreign currency risk and other price risk as follows:

(i) Interest rate risk

The Company's cash and cash equivalents are held in bank accounts and earn interest at variable interest rates. Due to the short-term nature of these financial instruments and the prevailing interest rate environment, fluctuations in market rates do not have a significant impact on estimated fair values or cash flows as of September 30, 2014 and 2013.

(ii) Foreign currency risk

The Company's operations are located in Canada with substantially all transactions denominated in Canadian dollars, and accordingly, the Company is not exposed to significant foreign currency risk.

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(c) Market risk (Continued)

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not significantly exposed to other price risk with respect to its financial instruments, as their fair values and future cash flows are not impacted materially by fluctuations in market prices.

5. CAPITAL MANAGEMENT

The Company's primary source of funds has been obtained through the issuance of capital stock. The Company does not use other sources of financing that require fixed payments of interest and principal, and is not subject to any externally imposed capital requirements.

The Company defines its capital as all components of shareholders' equity. Capital requirements are determined by the Company's exploration activities on its mineral property interests and administrative overhead. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet strategic goals.

In accordance with its investment policy, the Company periodically invests its capital in liquid investments to obtain returns that are considered reasonable under prevailing market conditions. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns of unused capital.

Although the Company has been successful at raising funds in the past through the issuance of capital stock, there can be no assurances that it will continue into the future.

There were no changes in the Company's approach to capital management during the period ended September 30, 2014.

(Expressed in Canadian Dollars)

6. MINERAL PROPERTIES

Acquisition and exploration expenditures incurred on mineral properties are as follows:

	Spanish Mountain	SHG	Total
Balance, December 31, 2012	$ 72,450,785	$ 4,308,375	$ 76,759,160
Additions during the year			
Mineral deposit studies	14,142	-	14,142
Deferred exploration costs			
Amortization	60,234	-	60,234
Assaying	694,410	-	694,410
Camp materials & supplies	163,651	-	163,651
Contract wages	787,453	-	787,453
Drilling	777,293	-	777,293
Environmental assessment	16,200	-	16,200
Equipment rental	34,517	-	34,517
First Nations Community Relations	101,027	-	101,027
Geological consulting	474,976	-	474,976
Land tenure	50,902	4,400	55,302
Maps and reports	28,313	-	28,313
Travel and accommodation	154,952	-	154,952
Total additions during the year	3,358,070	4,400	3,362,470
Impairment of mineral property	-	(4,312,775)	(4,312,775)
BC METC receivable (note 9)	(142,354)	-	(142,354)
Net additions	3,215,716	(4,308,375)	(1,092,659)
Balance, December 31, 2013	75,666,501	-	75,666,501
Additions during the year			
Mineral deposit studies	-	-	-
Deferred exploration costs			
Amortization	46,245	-	46,245
Assaying	171,682	-	171,682
Camp materials & supplies	67,956	-	67,956
Contract wages	280,910	-	280,910
Drilling	242,324	-	242,324
Equipment rental	21,527	-	21,527
First Nations Community Relations	1,320	-	1,320
Geological consulting	164,220	-	164,220
Land tenure	8,277	-	8,277
Travel and accommodation	29,020	-	29,020
Total additions during the period	1,033,481	-	1,033,481
Net additions	1,033,481	-	1,033,481
Balance, September 30, 2014	$ 76,699,982	$ -	$ 76,699,982

6. MINERAL PROPERTIES (Continued)

(a) **Spanish Mountain Property, British Columbia**

The property is subject to various net smelter returns ("NSR") at 2.5%. The Company may, at its option, reduce the NSR to 1% or 1.5% dependent on the underlying mineral claims with a maximum aggregate payment of $1,000,000 to the vendors.

On June 15, 2010, the Company acquired a 100% undivided interest in the Cedar Creek Property, which is contiguous to the Spanish Mountain property. The wholly-owned property is subject to a 2.5% NSR in favour of a third party. The NSR may be purchased by the Company for $500,000 per 1% NSR. On May 23, 2011, the Company acquired two additional mineral claims that are adjacent to the Cedar Creek property for $110,000 cash. The claims are subject to a 3% NSR, 2.5% of which may be purchased for $1,000,000.

On August 21, 2012, the Company completed the acquisition of a 100% undivided interest in an additional group of mineral claims for consideration of $500,000 in cash and 2,000,000 common shares with a fair value of $740,000. The property is subject to an aggregate 4% NSR. The Company has the option to reduce the net NSR to 2% by paying a one-time cash payment of $2,000,000 to the royalty holders.

(b) **SHG, Cariboo Mining Division, British Columbia**

On July 26, 2006, the Company purchased 100% of five mineral properties to the northwest of the Spanish Mountain property in central British Columbia. The vendor retains a 2% NSR, which may be reduced to 1% by the Company for $1,000,000.

During the year ended December 31, 2013, a total of 67 mineral claims consisting of the SHG properties expired without renewal resulting in an impairment loss of $4,312,775.

(c) **Title to mineral property interests**

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

(d) **Realization of assets**

The investment in and expenditures on mineral properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

(Expressed in Canadian Dollars)

6. MINERAL PROPERTIES (Continued)

(e) Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental issues related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

7. PROPERTY AND EQUIPMENT

	Land	Building	Computer Equipment	Furniture and Field Equipment	Vehicles	Office Equipment	Leasehold Improvements	Total
Cost								
Balance, December 31, 2012	$ 127,441	$ 1,112,739	$ 159,368	$ 149,391	$ 34,668	$ 21,170	$ 18,731	$ 1,623,508
Additions	-	-	-	4,810	-	-	-	4,810
Disposals	-	-	-	(3,000)	-	-	-	(3,000)
Balance, December 31, 2013	127,441	1,112,739	159,368	151,201	34,668	21,170	18,731	1,625,318
Additions	-	-	-	-	38,059	-	732	38,791
Disposals	-	-	(3,447)	-	-	-	-	(3,447)
Balance, September 30, 2014	127,441	1,112,739	155,921	151,201	72,727	21,170	19,463	1,660,662
Accumulated Amortization								
Balance, December 31, 2012	$ -	$ 223,225	$ 80,212	$ 43,536	$ 24,746	$ 13,284	$ 3,111	$ 388,114
Additions	-	35,580	25,743	21,234	3,418	1,573	3,116	90,664
Disposals	-			(749)	-	-	-	(749)
Balance, December 31, 2013	-	258,805	105,955	64,021	28,164	14,857	6,227	478,029
Additions	-	25,568	11,003	12,993	7,683	941	1,937	60,125
Disposals	-	-	(2,341)	-	-	-	-	(2,341)
Balance, September 30, 2014	$ -	284,373	114,617	77,014	35,847	15,798	8,164	535,813
Carrying Amounts								
At December 31, 2013	$ 127,441	$ 853,934	$ 53,413	$ 87,180	$ 6,504	$ 6,313	$ 12,504	$ 1,147,289
At September 30, 2014	$ 127,441	$ 828,366	$ 41,304	$ 74,187	$ 36,880	$ 5,372	$ 11,299	$ 1,124,849

8. CAPITAL STOCK

(a) Authorized

(i) Unlimited number of common voting shares without par value
(ii) Unlimited number of first preferred shares
(iii) Unlimited number of second preferred shares

The first and second preferred shares may be issued in one or more series and the directors are authorized to fix the number in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series.

(b) Private placements

On September 27, 2013, the Company completed a private placement and issued 8,719,136 flow-through units ("FT Units") at a price of $0.12 per FT Unit and 3,974,000 non-flow-through units ("Units"), at a price of $0.10 per Unit, for total gross proceeds of $1,443,696. Each FT Unit consists of one flow-through common share of the Company and one-half of one common share purchase warrant of the Company (each whole warrant, a "Warrant"). Each Unit consists of one common share of the Company and one Warrant. Each Warrant entitles the holder to acquire a common share of the Company at a price of $0.15 for a period of 24 months. The Company allocated $1,142,382 (before share issue costs) to capital stock, $83,336 to warrant reserve and $217,978 to flow-through premium.

Cash share issue costs in the amount of $208,322 were recorded. The Company also issued 435,294 Units and 534,656 compensation warrants (the "Compensation Warrants") to the placing agent, with each Compensation Warrant exercisable to acquire one common share of the Company at a price of $0.10 for a period of 24 months. The non-cash share issue cost has an aggregate fair value of $69,086 ($39,177 to capital stock and $29,909 to warrant reserve). The fair value of compensation warrants was estimated to be $25,556 using the Black-Scholes option pricing model.

(c) Stock options

The Company has a fixed number stock option plan that reserves a specified number of shares up to a maximum of 20% of the Company's issued shares as at the date of shareholder approval. The maximum number of options that has been approved by the Company's shareholders is 17,401,903. The exercise price of any option granted shall not be less than the fair market value of the shares at the time of the grant. The expiry date for each option, set by the Board of Directors at the time of issue, shall not be more than five years after the grant date. Unless stipulated by the Board of Directors, options granted generally vest 25% on date of grant and a further 25% vest every six months and expire after five years.

(Expressed in Canadian Dollars)

8. CAPITAL STOCK (Continued)

(c) Stock options (Continued)

Changes in the Company's stock options during the period ended September 30, 2014 and the year ended December 31, 2013 are summarized as follows:

	September 30, 2014		December 31, 2013	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	9,795,000	$ 0.50	10,120,000	$ 0.51
Expired	(900,000)	$ 0.25	(150,000)	$ 0.43
Forfeited	-	$ -	(175,000)	$ 0.77
Outstanding, end of period	8,895,000	$ 0.53	9,795,000	$ 0.50

A summary of the Company's stock options outstanding and exercisable as at September 30, 2014 and December 31, 2013 is as follows:

	September 30, 2014			December 31, 2013		
Expiry Date	Exercise Price	Number of Options	Number of Options exercisable	Exercise Price	Number of Options	Number of Options exercisable
June 29, 2014	$ 0.25	-	-	$ 0.25	900,000	900,000
October 12, 2014	$ 0.29	400,000	400,000	$ 0.29	400,000	400,000
January 5, 2015	$ 0.28	150,000	150,000	$ 0.28	150,000	150,000
January 27, 2015	$ 0.36	400,000	400,000	$ 0.36	400,000	400,000
February 9, 2015	$ 0.36	300,000	300,000	$ 0.36	300,000	300,000
February 17, 2015	$ 0.37	1,100,000	1,100,000	$ 0.37	1,100,000	1,100,000
August 23, 2015	$ 0.45	600,000	600,000	$ 0.45	600,000	600,000
March 9, 2016	$ 0.65	1,020,000	1,020,000	$ 0.65	1,020,000	1,020,000
March 31, 2016	$ 0.65	300,000	300,000	$ 0.65	300,000	300,000
September 20, 2016	$ 0.82	1,300,000	1,300,000	$ 0.82	1,300,000	1,300,000
April 11, 2017	$ 0.44	1,000,000	1,000,000	$ 0.44	1,000,000	1,000,000
April 23, 2017	$ 0.55	2,325,000	2,325,000	$ 0.55	2,325,000	2,325,000
		8,895,000	8,895,000		9,795,000	9,795,000

The weighted average remaining contractual life of outstanding options as at September 30, 2014 is 1.60 (2013 – 2.18) years.

(Expressed in Canadian Dollars)

8. CAPITAL STOCK (Continued)

(d) **Share purchase warrants**

The Company has share purchase warrants outstanding entitling the holders to acquire common shares as follows:

Expiry Date	Exercise Price	Outstanding December 31, 2013	Expired	Outstanding September 30, 2014
Jun 14, 2014	$ 0.45	4,106,404	4,106,404	-
Sep 27, 2015	$ 0.15	8,768,862	-	8,768,862
Sep 27, 2015	$ 0.10	534,656	-	534,656
		13,409,922	4,106,404	9,303,518

Expiry Date	Exercise Price	Outstanding December 31, 2012	Issued	Expired	Outstanding December 31, 2013
Feb 9, 2013	$ 0.42	14,787,000	-	14,787,000	-
Jul 13, 2013	$ 0.70	16,666,660	-	16,666,660	-
Jun 14, 2014	$ 0.45	4,106,404	-	-	4,106,404
Sep 27, 2015	$ 0.15	-	8,768,862	-	8,768,862
Sep 27, 2015	$ 0.10	-	534,656	-	534,656
		35,560,064	9,303,518	31,453,660	13,409,922

(e) **Share-based payments**

The Company did not grant any stock options during the period ended September 30, 2014 and 2013. Share-based payments expense of $206,787incurred during the period ended September 30, 2013 pertains to the vesting of previously granted options.

The expected volatility assumption is based on the historical and implied volatility of the Company’s common share price on the TSX Venture Exchange. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options’ expected life. The Company uses historical data to estimate option exercise, forfeiture and employee termination within the valuation model. The Company has not paid and does not anticipate paying dividends on its common stock. Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period. Based on the best estimate, management applied the estimated forfeiture rate of 9% in determining the expense recorded in the accompanying condensed consolidated interim statements of operations.

(Expressed in Canadian Dollars)

9. INCOME TAXES

The Company's combined statutory tax rate is currently at 26% reflecting a combined federal corporate tax rate of 15% and BC corporate tax rate of 11%.

The reconciliation of income tax computed at the statutory tax rate to income tax recovery (expense) is follows:

	For the Nine Months Ended September 30, 2014	For the Nine Months Ended September 30, 2013
Loss before tax	$ 678,591	$ 1,556,498
Statutory income tax rate	26.0%	26.0%
Expected income tax recovery	176,434	404,689
Items non-deductible for income tax purposes	(165)	(54,712)
Impact of temporary differences for mineral properties	(47,863)	(911,312)
Recovery of flow-through premium	106,164	-
Deferred income tax recovery (expense)	$ 234,570	$ (561,335)

The tax effected items that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities at September 30, 2014 and December 31, 2013, are presented below:

	September 30, 2014	December 31, 2013
Deferred income tax assets		
Property and equipment	$ 159,187	$ 143,267
Non-refundable mining income tax credit	1,201,902	1,201,902
Share issue costs	113,763	162,766
Non-capital loss carried forward	5,240,113	5,064,103
	6,714,965	6,572,038
Deferred income tax liabilities		
Mineral properties	(9,868,744)	(9,854,223)
Deferred income tax liability, net	$ (3,153,779)	$ (3,282,185)

The Company recognizes tax benefits on losses or other deductible amounts where it is probable the Company will generate taxable income to utilize its deferred tax assets.

As at September 30, 2014, the Company has unused tax losses for which no deferred tax asset is recognized amounting to approximately $1,432,327.

Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined under Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances that are allotted for such expenditure, but have not yet been spent.

(Expressed in Canadian Dollars)

9. INCOME TAXES (Continued)

In connection with the flow-through private placements completed on September 27, 2013 and December 13, 2012, the Company has an obligation to incur qualified expenditures of $1,046,296 by December 31, 2014 and $2,710,227 by December 31, 2013, respectively. On January 31, 2013, the Company renounced exploration expenditures of $2,710,227 with an effective date of December 31, 2012 and recorded a corresponding deferred tax liability of $704,659. On February 12, 2014, the Company renounced exploration expenditures of $1,046,296 with an effective date of December 31, 2013 and recorded a corresponding deferred tax liability of $269,421. As of September 30 2014, the Company has completed its obligation to incur qualified expenditures.

The Company is eligible for BC mining exploration tax credits ("BC METC"), as it has incurred qualified mineral exploration expenditures for determining the existence, location, extent or quality of a mineral resource in the province of British Columbia. The tax credit is calculated as 30% (for the area in which the Company operates) of qualified mineral exploration expenditures incurred. At September 30, 2014 the Company has not recorded a BC METC receivable (December 31, 2013 - $2,195,149) in connection with exploration expenditures incurred during 2014. The filing for the BC METC is subject to an assessment process, which may include an audit by the taxation authorities. The amount ultimately recoverable may be different from the amount claimed.

As at December 31, 2013, the Company has Canadian non-capital losses of $20,910,999 that may be applied to reduce future Canadian taxable income purposes, expiring as follows:

	Spanish Mountain	Wildrose	Total
Non-capital losses, expiring as follows:			
2014	$ 155,289	$ -	$ 155,289
2015	614,077	168,000	782,077
2026	723,138	15,622	738,760
2027	861,641	-	861,641
2028	1,723,029	136,921	1,859,950
2029	1,410,811	55,965	1,466,776
2030	3,606,202	47,730	3,653,932
2031	4,492,124	25,888	4,518,012
2032	2,298,986	1,000	2,299,986
2033	4,573,209	1,367	4,574,576
	$ 20,458,506	$ 452,493	$ 20,910,999

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS

(a) The Company obtains technical and strategic advice from a consulting firm, of which a director is a shareholder. During the period ended September 30, 2014, the Company incurred $130,000 (September 30, 2013 - $162,000) in consulting fees. Accounts payable and accrued liabilities as at September 30, 2014 includes $31,068 (December 31, 2013 - $21,174) owed to the consulting firm.

(b) The Company previously retained a UK-based company to provide marketing and administrative support in connection with activities associated with its European shareholders. A director of the Company is also a director and major shareholder of the UK-based firm. The Company has not incurred any fees for the period ended September 30, 2014, (September 30, 2013 - $179,606) for services rendered nor does it have any outstanding accounts payable owed to the UK-based company (December 31, 2013 - $22,034).

(c) Key management comprises directors and executive officers of the Company. Certain executive officers are entitled to termination benefits of up to two years' gross salary totalling approximately $960,000 in the event of a change of control in the Company's ownership. The Company has no post-employment benefits and other long-term employee benefits.

Compensation of key management personnel for the periods ended September 30, 2014 and 2013 is summarized as follows:

	For the Nine Months Ended September 30, 2014	2013
Salaries and wages / consulting fees	430,080	849,262
Share-based payments	-	184,087
	$ 430,080	$ 1,033,349

(d) Accounts payable and accrued liabilities as at September 30, 2014 includes $81,374 (December 31, 2013 - $79,027) owed to key management for reimbursement of expenses and consulting fees outstanding.

All amounts due to related parties have repayment terms similar to the Company's other accounts payable. Interest is not charged on outstanding balances.

11. SEGMENTED INFORMATION

The Company has one operating segment, mineral exploration, and all of its long-term assets are located in Canada.

(Expressed in Canadian Dollars)

12. COMMITMENTS

The Company entered into a lease agreement for office premises that commenced June 1, 2012 and expires May 31, 2017. The total lease payment pursuant to the agreement is $779,844, of which the remaining balance at September 30, 2014 is $438,630.

The Company's minimum combined lease payments for office premises and equipment for the next four years are as follows:

2014 (remainder of year)	48,526
2015	182,191
2016	175,808
2017	69,186
	$ 475,711

13. EVENTS AFTER THE REPORTING PERIOD

(a) Subsequent to the period ending September 30, 2014, 400,000 stock options with an exercise price of $0.29 expired on October 12, 2014 without being exercised.

(b) During November 2014 the Company entered into a sub-lease agreement to share its office premises with a third party sub-tenant. The agreement commences November 1, 2014 and expires May 31, 2017. The cumulative expense recoveries pursuant to this agreement are expected to be $288,586.