

**STRONGBOW EXPLORATION INC.**

**CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**

**APRIL 30, 2014**

**(Unaudited – Prepared by Management)**

**(Expressed in Canadian Dollars)**

Reader's Note:

These consolidated condensed interim financial statements of Strongbow Exploration Inc. ("Strongbow") for the three months ended April 30, 2014 have been prepared by and are the responsibility of the Company's management.

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

**STRONGBOW EXPLORATION INC.**  
**CONSOLIDATED CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

	<b>April 30, 2014</b>	January 31, 2014
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 36,214	\$ 101,408
Marketable securities (Note 3)	24,300	16,550
Receivables (Note 4)	4,671	2,746
Prepaid expenses	<u>13,142</u>	<u>16,969</u>
	78,327	137,673
<b>Investment</b> (Note 3)	100,792	92,274
<b>Deposits</b>	5,000	5,000
<b>Equipment</b> (Note 6)	12,617	13,640
<b>Exploration and evaluation assets</b> (Note 7)	<u>605,051</u>	<u>605,051</u>
	<b>\$ 801,787</b>	<b>\$ 853,638</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 23,889	\$ 20,723
<b>Asset retirement obligation</b> (Note 10)	<u>53,799</u>	<u>106,781</u>
	<u>77,688</u>	<u>127,504</u>
<b>CAPITAL AND RESERVES</b>		
Capital stock (Note 8)	26,415,443	26,415,443
Share-based payment reserve (Note 8)	4,095,128	4,095,128
Investment revaluation reserve	66,077	49,809
Deficit	<u>(29,852,549)</u>	<u>(29,834,246)</u>
	<u>724,099</u>	<u>726,134</u>
	<b>\$ 801,787</b>	<b>\$ 853,638</b>

**Nature and Continuance of Operations and Going Concern Assumption** (Note 1)

**Commitments** (Note 12)

**Subsequent Event** (Note 13)

**Approved and authorized on behalf of the Board on June 27, 2014:**

“D. Grenville Thomas”

Director

“Kenneth A. Armstrong”

Director

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

**STRONGBOW EXPLORATION INC.****CONSOLIDATED CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS  
FOR THE THREE MONTHS ENDED APRIL 30**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	<b>2014</b>	2013
<b>EXPENSES</b>		
Accretion (Note 10)	\$ 283	\$ 225
Advertising and promotion	696	16,154
Depreciation (Note 6)	1,023	1,462
Insurance	3,826	8,256
Office, miscellaneous and rent	2,471	17,421
Professional fees	5,736	4,932
Generative exploration costs	(434)	11,467
Regulatory and filing fees	9,364	7,815
Salaries and benefits	<u>89</u>	<u>27,758</u>
	<b>(23,054)</b>	(95,490)
Foreign exchange loss	(299)	(689)
Loss on sale of marketable securities and investments	-	(9,430)
Write-off of exploration and evaluation assets	-	(71,609)
Cost recovery	<u>5,050</u>	<u>1,200</u>
	<b>4,751</b>	<b>(80,528)</b>
<b>Loss for the period</b>	<b>(18,303)</b>	(176,018)
Unrealized gain (loss) on marketable securities and investments	<u>16,268</u>	<u>(825)</u>
<b>Comprehensive loss for the period</b>	<b>\$ (2,035)</b>	<b>\$ (176,843)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.00)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding</b>	<b>9,107,716</b>	9,107,716

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

**STRONGBOW EXPLORATION INC.**  
**CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED APRIL 30**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (18,303)	\$ (176,018)
Items not involving cash:		
Accretion	283	225
Depreciation	1,023	1,462
Generative exploration costs	(7,684)	1,976
Loss on sale of marketable securities and investments	-	9,430
Write-off of exploration and evaluation assets	-	71,609
Changes in non-cash working capital items:		
Increase in receivables	(1,925)	(2,520)
Decrease in prepaid expenses	3,826	15,828
Increase (decrease) in accounts payable and accrued liabilities	<u>3,167</u>	<u>(34,226)</u>
Net cash used in operating activities	<u>(19,613)</u>	<u>(112,234)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expenditures on exploration and evaluation assets	-	(24,877)
Expenditures to reduce asset retirement obligation	(45,581)	-
Proceeds from sale of marketable securities and investments	<u>-</u>	<u>40,570</u>
Net cash provided by (used in) investing activities	<u>(45,581)</u>	<u>15,693</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash provided by (used in) financing activities	<u>-</u>	<u>-</u>
<b>Change in cash during the period</b>	<b>(65,194)</b>	<b>(96,541)</b>
<b>Cash beginning of period</b>	<b><u>101,408</u></b>	<b><u>167,495</u></b>
<b>Cash end of period</b>	<b>\$ 36,214</b>	<b>\$ 70,954</b>
<b>Cash paid during the period for interest</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash paid during the period for income taxes</b>	<b>\$ -</b>	<b>\$ -</b>

**Supplemental disclosure with respect to cash flows (Note 11)**

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

**STRONGBOW EXPLORATION INC.**  
**CONSOLIDATED CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
**APRIL 30, 2014**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

	Capital Stock		Reserves			Total
	Number of shares	Amount	Share-based payment reserve	Investment revaluation reserve	Deficit	
Balance at January 31, 2013	9,107,716	\$ 26,415,443	\$ 4,095,128	\$ -	\$ (26,899,596)	\$ 3,610,975
Unrealized loss on marketable securities and investments	-	-	-	(825)	-	(825)
Loss for the period	-	-	-	-	(176,018)	(176,018)
<b>Balance at April 30, 2013</b>	<b>9,107,716</b>	<b>\$ 26,415,443</b>	<b>\$ 4,095,128</b>	<b>\$ (825)</b>	<b>\$ (27,075,614)</b>	<b>\$ 3,434,132</b>
Balance at January 31, 2014	9,107,716	\$26,415,443	\$ 4,095,128	\$ 49,809	\$ (29,834,246)	\$ 726,134
Unrealized gain on marketable securities and investments	-	-	-	16,268	-	16,268
Loss for the period	-	-	-	-	(18,303)	(18,303)
<b>Balance at April 30, 2014</b>	<b>9,107,716</b>	<b>\$26,415,443</b>	<b>\$ 4,095,128</b>	<b>\$ 66,077</b>	<b>\$ (29,852,549)</b>	<b>\$ 724,099</b>

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

**STRONGBOW EXPLORATION INC.**

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

APRIL 30, 2014

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

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**1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN ASSUMPTION**

Strongbow Exploration Inc. (the “Company”) is incorporated federally under the laws of the Canada Business Corporations Act (“CBCA”).

The consolidated condensed interim financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company. The Company trades on the TSX Venture Exchange, (TSXV – SBW) and its head office is located at Suite 960 – 789 West Pender Street, Vancouver, BC, Canada V6C 1H2.

The Company’s principal business activity is the acquisition and exploration of exploration and evaluation assets. To date, the Company has not generated significant revenues from operations and is considered to be in the exploration stage.

The Company is in the process of acquiring and exploring its exploration and evaluation assets and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets and related deferred costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the financing necessary to complete the development of its exploration and evaluation assets and upon future profitable production.

These consolidated condensed interim financial statements have been prepared on a going concern basis with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. However, the Company has sustained substantial losses from operations since inception and has no current source of revenue. Continued operations of the Company and further exploration on the remaining exploration and evaluation assets is dependent on the Company’s ability to complete additional equity financings or generate profitable operations in the future. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported amounts of expenses and the classification of statement of financial position items if the going concern assumption was inappropriate. These adjustments could be material.

As at April 30, 2014, the Company had current assets of \$78,327 to settle current liabilities of \$23,889. Although the Company has positive working capital of \$54,438 as at April 30, 2014, the Company may be required to delay discretionary expenditures if additional financing cannot be obtained on reasonable terms. Failure to obtain additional financing may result in the loss of some or all of the Company’s exploration and evaluation assets (Note 7).

**2. BASIS OF PRESENTATION**

**Statement of Compliance**

These condensed interim consolidated financial statements have been prepared by the Company in accordance with International Accounting Standards 34, Interim Financial Reporting (“IAS 34”), using the same accounting policies and methods of application as the audited consolidated financial statements of the Company for the year ended January 31, 2014. These condensed interim consolidated financial statements do not include all disclosures required by International Financial Reporting Standards (“IFRS”) for annual audited consolidated financial statements and accordingly should be read in conjunction with the Company’s annual audited consolidated financial statements for the year ended January 31, 2014 prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”).

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of June 27, 2014, the date the Board of Directors approved the statements.

**STRONGBOW EXPLORATION INC.**

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

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(Unaudited – Prepared by Management)

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**2. BASIS OF PRESENTATION – Continued****New Accounting Standards**

The following standards were applied effective February 1, 2014 and had no significant effect on the Company's financial performance and disclosures:

- Amendments to *IAS 32, Financial Instruments: Presentation* clarifies the application of the offsetting rules and requires additional disclosure on financial instruments subject to netting arrangements.
- *IAS 36, Impairment of Assets* modifies some of the disclosure requirements regarding the recoverable amount of non-financial assets.
- *IFRIC 21, Levies* provides guidance on when to recognize a liability for a levy imposed by a government, other than those levies within the scope of other standards.

**3. MARKETABLE SECURITIES AND INVESTMENTS****a) Marketable Securities**

The Company holds 295,000 common shares in three TSX-V listed companies (January 31, 2014 – 295,000 common shares).

	April 30, 2014			January 31, 2014		
	Cost	Unrealized Gain*	Fair Market Value**	Cost	Unrealized Loss*	Fair Market Value**
Various public companies	\$ 23,525	\$ 775	\$ 24,300	\$ 23,525	\$ (6,975)	\$ 16,550

\*before deferred taxes

\*\*Includes 200,000 common shares (fair market value of \$18,000) of Westhaven Ventures Inc. ("Westhaven"), a company with a common director.

During the year ended January 31, 2014, the Company received common shares of a TSX-V company with a fair value of \$10,000 pursuant to a property option agreement (Note 7).

**b) Investment in North Arrow Minerals Inc. ("North Arrow")**

	April 30, 2014			January 31, 2014		
	Cost	Unrealized Gain*	Fair Market Value	Cost	Unrealized Gain*	Fair Market Value
Investment in North Arrow	\$ 35,490	\$ 65,302	\$ 100,792	\$ 35,490	\$ 56,784	\$ 92,274

\*before deferred taxes

North Arrow and the Company are related by virtue of two common directors. During the year ended January 31, 2014, the Company received gross proceeds of \$100,135 from the sale of 340,000 North Arrow common shares and recognized a gain of \$15,135 from the sale. Subsequent to April 30, 2014, the Company sold 35,500 common shares of North Arrow for gross proceeds of \$25,876.



**STRONGBOW EXPLORATION INC.**

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

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**4. RECEIVABLES**

	<b>April 30, 2014</b>	January 31, 2014
GST receivables	\$ 2,891	\$ 171
Related party receivables	<b>1,780</b>	2,575
<b>Total</b>	<b>\$ 4,671</b>	\$ 2,746

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>April 30, 2014</b>	January 31, 2014
Trade payables	\$ 5,484	\$ 3,931
Accrued liabilities	<b>18,000</b>	16,792
Related party payable	<b>405</b>	-
<b>Total</b>	<b>\$ 23,889</b>	\$ 20,723

**6. EQUIPMENT**

	Computer Equipment	Total
<b>Cost</b>		
As at January 31, 2014	\$ 48,588	\$ 48,588
Additions	-	-
Disposals	-	-
<b>As at January 31, 2014 and April 30, 2014</b>	<b>\$ 48,588</b>	<b>\$ 48,588</b>
<b>Accumulated Depreciation</b>		
As at January 31, 2013	\$ (29,102)	\$ (29,102)
Charge for the year	(5,846)	(5,846)
As at January 31, 2014	\$ (34,948)	\$ (34,948)
Charge for the period	(1,023)	(1,023)
<b>As at April 30, 2014</b>	<b>\$ (35,971)</b>	<b>\$ (35,971)</b>
<b>Net book value</b>		
As at January 31, 2014	\$ 13,640	\$ 13,640
<b>As at April 30, 2014</b>	<b>\$ 12,617</b>	<b>\$ 12,617</b>

**STRONGBOW EXPLORATION INC.**

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

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**7. EXPLORATION AND EVALUATION ASSETS**

	January 31, 2014	Expended During The Period	Write-off of Costs and Recoveries	April 30, 2014
Gold and Base Metal Properties, British Columbia				
Exploration costs	\$ 33,764	\$ -	\$ -	\$ 33,764
Acquisition costs	44,467	-	-	44,467
Geological and assays	66,942	-	-	66,942
Office and salaries	456,278	-	-	456,278
Retirement costs	3,600	-	-	3,600
<b>TOTAL</b>	<b>\$ 605,051</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 605,051</b>

During the three months ended April 30, 2014, the Company wrote-off \$Nil (April 30, 2013 - \$71,609) relating to certain properties.

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its properties is in good standing.

**Gold and Base Metal Properties, British Columbia**

The Company maintains interests in various gold and base metal properties in B.C. in addition to the Shovelnose property described below.

*Shovelnose Property*

The Company acquired, by staking, a 100% interest in certain mineral claims comprising the Shovelnose property in October 2005. The Company expanded the Shovelnose property by staking additional mineral claims in November 2008.

In January 2011, the Company signed an option agreement with Westhaven Ventures Inc. (“Westhaven”), whereby Westhaven can earn up to a 70% interest in the Shovelnose property. A director of the Company is also a director of Westhaven. Under the terms of the option agreement, Westhaven can earn an initial 51% interest in the Shovelnose property by i) incurring \$1.5 million in exploration expenditures over a three year period, including a firm commitment to spend \$250,000 in the first year of the agreement (completed), and ii) issuing a total of 300,000 common shares to Strongbow (completed). Within twelve months of having earned its 51% interest in the property, Westhaven will have the option to earn an additional 19% interest (bringing its total property interest to 70%) by i) issuing an additional 500,000 shares to the Company and ii) incurring an additional \$1.5 million in exploration expenditures.

On June 10, 2014, the Company agreed to extend the term of the option period during which Westhaven may earn a 51% interest in the Shovelnose property. The original three year option period was extended to four years.

**Gold and Base Metal Properties, Northwest Territories and Nunavut**

The Company maintains interests in various gold and base metal properties in the Northwest Territories and Nunavut in addition to the properties described below.

*Opescal Lake, NWT*

The Company acquired, by staking, a 100% interest in certain mineral claims forming part of the Company’s Snowbird nickel project, in December 2006. During the year ended January 31, 2013, the Company wrote off all capitalized acquisition and exploration expenditures due to limited exploration activities on the property over the preceding three fiscal years. However, the Company retains its interest in the underlying mineral claims for the Opescal Lake, NWT property.

**STRONGBOW EXPLORATION INC.**

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

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(Unaudited – Prepared by Management)

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**7. EXPLORATION AND EVALUATION ASSETS – Continued****Gold and Base Metal Properties, Northwest Territories and Nunavut – Continued***Nickel King Project, NWT*

The Company holds a 100% interest in a number of mineral claims and mining leases in the southern Northwest Territories. Certain of these mining leases are subject to a 3% net smelter returns royalty (“NSR”) on base and precious metals production and an additional 2% gross overriding royalty (“GOR”). The Company may purchase the entire NSR at any time for \$1,500,000 and the Company may purchase one-half (1%) of the GOR at any time for \$2,500,000. During the year-ended January 31, 2014, the Company wrote off all capitalized acquisition and exploration expenditures due to limited exploration activities over the preceding three fiscal years. The Company is maintaining its interest in the underlying mineral claims and mining leases for the Nickel King Project by making annual lease payments.

**Gold and Base Metal Properties, Saskatchewan**

The Company maintains a 100% interest in a number of mineral claims in northern Saskatchewan that form part of the Company’s Snowbird nickel project. During the year-ended January 31, 2014, the Company wrote off all capitalized acquisition and exploration expenditures due to limited exploration activities over the preceding three fiscal years.

**8. CAPITAL AND RESERVES****Authorized Share Capital**

At April 30, 2014, the authorized share capital is an unlimited number of common shares without par value. All issued shares are fully paid.

**Share issuances**

There were no share issuances for the period ended April 30, 2014.

**Stock options**

In June 2013, the Company’s shareholders approved the Company’s Stock Option Plan (the “Plan”), which establishes a rolling number of shares issuable under the plan in the amount of 10% of the Company’s issued shares at the date of grant.

Under the terms of the Plan, the exercise price of each stock option granted cannot be less than the market price at the date of grant, less a discount up to 25% in accordance with the policies of the TSX-V. Options granted can have a term up to five years with vesting provisions determined by the directors in accordance with TSX-V policies for Tier 2 Issuers. Typically, the Company has granted stock options at or above the market price on the grant date, with a vesting period of 25% at the date of grant and 25% every six months thereafter.

As at April 30, 2014 the following stock options were outstanding:

	Number of Shares	Exercise Price	Number Vested	Expiry Date
<b>Options</b>	138,500	\$ 1.70	138,500	July 26, 2014
	161,500	2.00	161,500	September 23, 2015
	7,000	4.20	7,000	December 22, 2015
	134,000	5.50	134,000	April 29, 2016

**STRONGBOW EXPLORATION INC.**

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

APRIL 30, 2014

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**8. CAPITAL AND RESERVES – Continued****Stock options – Continued**

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance, January 31, 2014	447,000	\$	3.00
Cancelled/Expired	<u>(6,000)</u>		3.76
Balance, April 30, 2014	441,000	\$	3.00
<b>Number of options currently exercisable as at April 30, 2014</b>		<b>441,000</b>	<b>\$ 3.00</b>

**Share-based compensation**

During the three months ended April 30, 2014 and April 30, 2013, the Company granted no stock options. Total share-based compensation recognized due to options vested during the three months ended April 30, 2014 was \$Nil (April 30, 2013 - \$Nil).

**9. RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with related parties not disclosed elsewhere in these financial statements:

- Charged rent and technical services of \$526 (April 30, 2013 - \$8,188) to North Arrow, a company with two common directors.
- Charged administrative and technical services of \$Nil (April 30, 2013 - \$15,144) to Stornoway Diamond Corporation (“Stornoway”), a company with a common officer.
- Paid or accrued administrative and accounting services of \$Nil (April 30, 2013 - \$2,870) to Stornoway.
- Paid or accrued administrative and technical services of \$Nil (April 30, 2013 - \$324) to Westhaven.

Included in receivables are amounts due from North Arrow totaling \$1,780 (January 31, 2014 - \$2,431) for reimbursement of exploration expenditures and shared administrative expenses paid by the Company on North Arrow’s behalf.

Included in receivables are amounts due from Westhaven totaling \$Nil (January 31, 2014 - \$9) for reimbursement of administrative costs paid by the Company on Westhaven’s behalf.

Included in payables are amounts due to Stornoway totaling \$405 (January 31, 2014 - \$135 receivable) for reimbursement of administrative costs paid by Stornoway on the Company’s behalf.

Key management includes the Company’s directors and officers. Compensation awarded to key management was as follows:

	<b>Three Months Ended April 30, 2014</b>		Three Months Ended April 30, 2013
Salaries and benefits <sup>1</sup>	\$ -	\$	54,569
Total	\$ -	\$	54,569

1 – When key management is working specifically on exploration and evaluation assets their time is capitalized against the exploration and evaluation asset.

**STRONGBOW EXPLORATION INC.**

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

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**10. ASSET RETIREMENT OBLIGATION**

	<b>Three Months Ended</b>		Year Ended
	<b>April 30, 2014</b>		January 31, 2014
Balance – beginning of the period	\$ 106,781	\$	81,170
Accretion	283		569
Reduction in asset retirement obligation	(45,581)		-
Change in estimate	(7,684)		25,042
Balance – end of the period	\$ 53,799	\$	106,781

The Company has recorded an asset retirement obligation, which reflects the present value of the estimated amount of undiscounted cash flow required to satisfy the asset retirement obligation in respect of the Nickel King, Dumas Lake, Shovelnose, Ridgeway and Midway properties. The pre-tax market based discount rate at which the estimated cashflows have been discounted to arrive at the obligation was 1.06% and the inflation rate was 1.30%. The undiscounted amount of inflation-adjusted estimated future cash flows is \$55,333. During the three-months ended April 30, 2014, the Company incurred \$45,581 to remove fuel drums and other materials from the Nickel King property. The change in estimate has been recorded as a reduction of generative exploration costs on the condensed interim statements of loss and comprehensive loss for the three months ended April 30, 2014.

**11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

The significant non-cash transactions for the three months ended April 30, 2014 were:

- a) The Company recognized \$7,750 in unrealized gains on marketable securities and \$8,518 in unrealized gains on investments through investment revaluation reserve.

The Company did not have any significant non-cash transactions for the three months ended April 30, 2013.

**12. COMMITMENTS**

The Company is committed to minimum future lease payments for office premises through to January 31, 2016 as follows:

Fiscal year ending January 31, 2016                      \$ 4,210

The Company's lease costs may be reduced due to recoveries through sub-leases.

**13. SUBSEQUENT EVENT**

On May 20, 2014, the Company entered into a share purchase agreement with an arm's length third party (the "Purchaser") whereby the Purchaser acquired a 100% interest in the Company's U.S. subsidiary Palmetto in exchange for granting to the Company a 1% NSR applicable to certain properties located in South Carolina, USA. The Purchaser retains the right to purchase 50% of the NSR (0.5%) at any time for US\$500,000 after which the Purchaser may acquire the remaining 50% of the NSR (0.5%) at any time for US\$1,500,000.