Midland Exploration Inc.

Financial Statements

September 30, 2014 and 2013

December 10, 2014

Independent Auditor's Report

To the shareholders of
Midland Exploration Inc.

We have audited the accompanying financial statements of Midland Exploration Inc., which comprise the statements of financial position as at September 30, 2014 and 2013 and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Midland Exploration Inc. as at September 30, 2014 and 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP[1]

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[1] CPA auditor, CA, public accountancy permit No. A123642

Midland Exploration Inc.

Statements of Financial Position
As at September 30, 2014 and 2013

	As at September 30, 2014	As at September 30, 2013
	$	$
Assets		
Current assets		
Cash and cash equivalents (note 5)	1,667,402	1,262,538
Investments (note 6)	2,060,000	2,060,000
Accounts receivable	62,983	68,955
Sales tax receivable	118,335	120,910
Tax credits and mining rights receivable	66,578	149,699
Prepaid expenses	24,168	22,366
	3,999,466	3,684,468
Non-current assets		
Exploration and evaluation assets (note 7)		
Exploration properties	1,090,489	1,030,972
Exploration and evaluation expenses	4,802,845	5,238,531
	5,893,334	6,269,503
Total assets	9,892,800	9,953,971
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	464,004	341,054
Advance received for exploration work	370,329	-
Liability related to the premium on flow-through share	27,460	-
Total liabilities	861,793	341,054
Equity		
Capital stock (note 8)	17,270,485	16,133,166
Warrants	30,818	52,542
Contributed surplus	1,959,018	1,639,751
Deficit	(10,229,314)	(8,212,542)
Total equity	9,031,007	9,612,917
Total liabilities and equity	9,892,800	9,953,971

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

On behalf of the Board

(s) Jean-Pierre Janson	(s) Gino Roger
Jean-Pierre Janson	Gino Roger
Director	President, Director

Midland Exploration Inc.

Statements of Comprehensive Loss

For the years ended September 30, 2014 and 2013

	2014	2013
	$	$
Revenues		
Project management fees	165,435	18,870
Residual gain on option payments on mining assets	7,148	-
	172,583	18,870
Operating Expenses		
Salaries	328,600	310,293
Stock-based compensation	170,451	187,933
Travel	54,310	44,083
Rent and insurance	48,074	48,601
Office expenses	87,593	80,383
Regulatory fees	31,368	38,185
Conferences and mining industry involvement	77,477	113,646
Press releases and investors relations	63,896	67,333
Professional fees	197,048	197,329
General exploration	12,059	9,820
Impairment of exploration and evaluation assets (note 7)	1,288,721	118,450
Operating expenses	2,359,597	1,216,056
Other gains or losses		
Interest income	56,565	66,743
Loss before income taxes	(2,130,449)	(1,130,443)
Recovery of deferred income taxes (note 11)	155,863	442,353
Loss and comprehensive loss	(1,974,586)	(688,090)
Basic and diluted loss per share (note 10)	(0.07)	(0.02)

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

Midland Exploration Inc.

Statements of Change in Equilty

For the years ended September 30, 2014 and 2013

	Number of shares outstanding	Capital stock	Warrants	Contributed surplus	Deficit	Total equity
		$	$	$	$	$
Balance at Oct. 1, 2013	28,671,225	16,133,166	52,542	1,639,751	(8,212,542)	9,612,917
Loss and comprehensive loss	-	-	-	-	(1,974,586)	(1,974,586)
Private placement	802,001	570,683	30,818	-	-	601,501
Flow-through private placement	833,286	749,959	-	-	-	749,959
Less: premium	-	(183,323)	-	-	-	(183,323)
	833,286	566,636	-	-	-	566,636
Stock-based compensation	-	-	-	266,725	-	266,725
Warrants expired	-	-	(52,542)	52,542	-	-
Share issue expenses	-	-	-	-	(42,186)	(42,186)
Balance at Sept. 30, 2014	**30,306,512**	**17,270,485**	**30,818**	**1,959,018**	**(10,229,314)**	**9,031,007**

	Number of shares outstanding	Capital stock	Warrants	Contributed surplus	Deficit	Total equity
		$	$	$	$	$
Balance at Oct. 1, 2012	26,611,079	13,592,641	-	1,395,806	(7,254,782)	7,733,665
Loss and comprehensive loss	-	-	-	-	(688,090)	(688,090)
Private placement	769,264	965,423	34,620	-	-	1,000,043
Flow-through private placement	1,105,882	1,824,705	-	-	-	1,824,705
Less: premium	-	(442,353)	-	-	-	(442,353)
	1,105,882	1,382,352	-	-	-	1,382,352
Acquisition of a mining property	60,000	57,000	-	-	-	57,000
Options exercised	125,000	135,750	-	(54,500)	-	81,250
Stock-based compensation	-	-	-	298,445	-	298,445
Issuance of broker warrants	-	-	17,922	-	(17,922)	-
Share issue expenses	-	-	-	-	(251,748)	(251,748)
Balance at Sept. 30, 2013	28,671,225	16,133,166	52,542	1,639,751	(8,212,542)	9,612,917

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

Midland Exploration Inc.

Statements of Cash Flows

For the years ended September 30, 2014 and 2013

	2014	2013
	$	$
Operating activities		
Loss	(1,974,586)	(688,090)
Adjustment for:		
Residual gain on option payments on mining assets	(7,148)	-
Stock-based compensation	170,451	187,933
Impairment of exploration and evaluation assets	1,288,721	118,450
Recovery of deferred income taxes	(155,863)	(442,353)
	(678,425)	(824,060)
Changes in non-cash working capital items		
Accounts receivable	5,972	58,511
Sales tax receivable	2,575	42,892
Tax credits and mining rights receivable	(3,534)	-
Prepaid expenses	(1,802)	11,425
Accounts payable and accrued liabilities	258,827	18,933
Advance received for exploration work	370,329	-
	632,367	131,761
	(46,058)	(692,299)
Financing activities		
Private placement	601,501	1,000,043
Flow-through private placement	749,959	1,824,705
Exercise of options	-	81,250
Share issue expenses	(42,186)	(251,748)
	1,309,274	2,654,250
Investing activities		
Additions to investments	-	(2,060,000)
Disposals of investments	-	2,527,000
Additions to exploration properties	(178,896)	(407,891)
Disposals of exploration properties	60,000	90,000
Additions to exploration and evaluation expenses	(901,795)	(2,034,375)
Tax credits and mining rights received	162,339	125,488
	(858,352)	(1,759,778)
Net change in cash and cash equivalents	404,864	202,173
Cash and cash equivalents – beginning	1,262,538	1,060,365
Cash and cash equivalents - ending	1,667,402	1,262,538

See note 15

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

1. Statute of incorporation and nature of activities

Midland Exploration Inc. ("the Corporation"), incorporated on October 2, 1995 and operating under the Business Corporations Act (Québec), is a company in the mining exploration business. The Corporation's operations include the acquisition and exploration of mining properties. The address of its head office is 1, Place Ville Marie, suite 4000, Montreal, Quebec, H3B 4M4. The Corporation's shares are listed on the TSX Venture Exchange (the "Exchange") under the MD ticker.

Until it is determined that properties contain mineral reserves or resources that can be economically mined, they are classified as exploration properties. The recoverability of exploration and evaluation assets is dependent upon: the discovery of economically recoverable reserves and resources; securing and maintaining title and beneficial interest in the properties; the ability to obtain the necessary financing to complete exploration and the profitable sale of the assets. The Corporation will periodically have to raise additional funds to continue operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

Although the Corporation has taken steps to verify 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 Corporation's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

2. Summary of significant accounting policies

Basis of presentation
The accompanying financial statements have been prepared in accordance with the *International Financial Reporting Standards* ("IFRS") as issued by the *International Accounting Standards Board* ("IASB"). The accounting policies, method of computation and presentation applied to these financial statements are consistent with those of the previous financial year. These financial statements were approved and authorized for issue by the Board of Directors on December 10, 2014.

Basis of measurement
These financial statements have been prepared on a historical cost basis.

Functional and presentation currency
The financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

Jointly controlled assets and exploration activities
A jointly controlled asset involves joint control and offers joint ownership by the Corporation and other venturers of assets contributed to or acquired for the purpose of the joint venture, without the formation of a corporation, partnership or other entity.

Where the Corporation's activities are conducted through jointly controlled assets and exploration activities, the financial statements include the Corporation's share in the assets and the liabilities as well as in the income and the expenses from the joint operations.

Financial instruments
Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and all substantial risks and rewards have been transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

2. Summary of significant accounting policies (Cont'd)

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below.

The category of financial instruments determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income. All income relating to financial instruments that are recognized in profit or loss are presented within other gains or losses.

Financial assets
The Corporation's cash and cash equivalents and accounts receivable fall into the *loans and receivables* category. The Corporation's investments fall into the *held-to-maturity* category.

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

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

Held-to-maturity investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

Impairment of financial assets
All financial assets are subject to review for impairment at least at each annual reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

Objective evidence of impairment could include:
– Significant financial difficulty of the issuer or counterparty;
– Default or delinquency in interest or principal payments; or
– It becoming probable that the borrower will enter bankruptcy or financial reorganization.

Individually significant accounts receivable are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Financial liabilities
The accounts payable and accrued liabilities and the advance received for exploration work fall into the *Financial liabilities measured at amortized cost* category.

Financial liabilities measured at amortized cost
Accounts payable and accrued liabilities and advance received for exploration work are measured at amortized cost using the effective interest method.

2. Summary of significant accounting policies (Cont'd)

Cash and cash equivalents
Cash and cash equivalents consist of cash on hand, bank balances and short-term liquid investments with original maturities of three months or less or cashable at any time without penalties.

Taxes credits and mining rights receivable
The Corporation is entitled to a refundable tax credit on qualified exploration expenditures incurred and a refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as a reduction of the exploration and evaluation expenses incurred. As management intends to realize the carrying value of its assets and settle the carrying value of its liabilities through the sale of its exploration and evaluation assets, the related deferred tax has been calculated accordingly.

Exploration and evaluation assets
Exploration and evaluation ("E&E") assets are comprised of exploration properties and E&E expenses. All costs incurred prior to obtaining the legal rights to undertake E&E activities on an area of interest are expensed as incurred.

E&E assets include rights in exploration properties, paid or acquired through a business combination or an acquisition of assets, and costs related to the initial search for mineral deposits with economic potential or to obtain more information about existing mineral deposits.

Mining rights are recorded at acquisition cost or at fair value in the case of a devaluation caused by an impairment of value. Mining rights and options to acquire undivided interests in mining rights are depreciated only as these properties are put into commercial production.

E&E expenses for each separate area of interest are capitalized (net from E&E expenses recharged to partners) and include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore like topographical, geological, geochemical and geophysical studies. They also reflect costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition. E&E expenses include the cost of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body;
- determining the optimal methods of extraction and metallurgical and treatment processes;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

When a mine project moves into the development phase, E&E expenses are capitalized to mine development costs in property and equipment. An impairment test is performed before reclassification and any impairment loss is recognized in the statement of comprehensive loss.

E&E expenses include overhead expenses directly attributable to the related activities.

2. Summary of significant accounting policies (Cont'd)

Cash flows attributable to capitalized E&E costs are classified as investing activities in the statement of cash flows.

From time to time, the Corporation may acquire or dispose of a property pursuant to the terms of an option agreement. Due to the fact that options are exercisable entirely at the discretion of the option holder, the amounts payable or receivable are not recorded. Option payments are recorded when they are made or received. Proceeds on the sale of exploration properties are applied by property in reduction of the exploration properties, then in reduction of the E&E expenses and any residual is recorded in the statement of comprehensive loss unless there is contractual work required in which case the residual gain is deferred and will reduce the contractual disbursements when done.

Funds received from partners on certain properties where the Corporation is the operator in order to perform exploration work as per agreements, are accounted for in the statement of financial position as advances received for upcoming exploration work. These advances are reduced gradually when the exploration work is performed. The project management fees received when the Corporation is the operator are recorded in the statement of comprehensive loss when the E&E expenses are charged back to the partner. When the partner is the operator, the management fees are recorded in the statement of financial position as E&E expenses.

Operating lease agreements

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under an operating lease are charged to the statement of comprehensive loss or capitalized in the E&E expenses on a straight-line basis over the period of the lease. Related expenses, such as maintenance and insurance expenses, are charged as incurred.

Impairment of non-financial assets

E&E assets are reviewed for impairment, by area of interest, if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Corporation estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in the statement of comprehensive loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the impairment charge for the period.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

2. Summary of significant accounting policies (Cont'd)

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not provided for if they arise from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred income tax assets and liabilities are presented as noncurrent and are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Equity
Capital stock represents the amount received on the issue of shares. Warrants represent the allocation of the amount received for units issued as well as the charge recorded for the broker warrants relating to financing. Contributed surplus includes charges related to stock options until they are exercised and the warrants that are expired and not exercised. Deficit includes all current and prior period retained profits or losses and share issue expenses.

Proceeds from unit placements are allocated between shares and warrants issued on a pro-rata basis of their value within the unit using the Black-Scholes pricing model.

Flow-through shares
The Corporation finances some E&E expenses through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. The difference between the amount recorded as common share and the amount paid by the investors for the shares (the "premium"), measured with the residual value method, is accounted for as flow-through share premium, which is reversed to income as recovery of deferred income taxes when the eligible expenses are incurred. The Corporation recognizes a deferred tax liability for flow-through shares and a deferred tax expense, at the moment the eligible expenditures are incurred.

Share and warrant issue expenses
Share and warrant issue expenses are accounted for in the year in which they are incurred and are recorded as a deduction to equity in the deficit in the year in which the shares are issued.

2. Summary of significant accounting policies (Cont'd)

Stock-based compensation

The Corporation operates an equity-settled share-based remuneration plan (share options plan) for its eligible directors, officers, employees and consultants. The Corporation's plan does not feature any options for a cash settlement.

An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Corporation. The expense is recorded over the vesting period for employees and over the period covered by the contract for non-employees.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values, unless that fair value cannot be estimated reliably. If the Corporation cannot estimate reliably the fair value of the goods or service received, the Corporation shall measure their value indirectly by reference to the fair value of the equity instruments granted. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date using the Black Scholes option pricing model and excludes the impact of non-market vesting conditions.

All equity-settled share-based payments (except warrants to brokers) are ultimately recognized as an expense in the statement of comprehensive loss or capitalized as an E&E expenses on the statement of financial position, depending on the nature of the payment with a corresponding credit to contributed surplus, in equity. Warrants to brokers, in respect of an equity financing are recognized as share issue expense reducing the equity in the deficit with a corresponding credit to warrants.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are recorded as capital stock. The accumulated charges related to the share options recorded in contributed surplus are then also transferred to capital stock.

Loss per share

Loss per share is calculated using the weighted average number of shares outstanding during the year. Diluted loss per share is calculated using the weighted average number of shares outstanding during the year for the calculation of the dilutive effect of warrants and stock options unless they have an anti-dilutive effect.

Revenue recognition

The project management fees received when the Corporation is the operator are recorded in the statement of comprehensive loss when the exploration work recharged to the partners are incurred.

Segment disclosures

The Corporation currently operates in a single segment – the acquisition, exploration and evaluation of exploration properties. All of the Corporation's activities are conducted in Canada.

3. Accounting standards issued but not yet effective

The most relevant standards, amendments and interpretations issued but not yet effective up to the date of the issuance of these financial statements are listed below.

IFRS 9, Financial Instruments, ("IFRS 9")
In July 2014, the IASB issued IFRS 9 – Financial Instruments. The IASB has previously published versions of IFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). The July 2014 publication represents the final version of the Standard, replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 – Financial Instruments: Recognition and Measurement.

This standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset or liability and own credit. The standard introduces a new, expected loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and it lowers the threshold for recognition of full lifetime expected losses. The new standard also introduces a substantially-reformed model for hedge accounting with enhanced disclosures about risk management activity and aligns hedge accounting more closely with risk management. The new standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The extent of the impact of adoption of IFRS 9 has not yet been determined.

IFRIC 21, Levies ("IFRIC 21")
In May 2013, the IASB issued IFRIC 21, Levies. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014, and is to be applied retrospectively. IFRIC 21 provides guidance for levies in accordance with IAS 37, Provision, Contingent Liabilities and Contingent Assets. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. The Corporation will adopt IFRIC 21 in its financial statements for the fiscal year beginning October 1, 2014. The Corporation does not expect to have a material impact on its financial statements following the adoption of IFRIC 21.

IAS 36 Impairment of Assets ("IAS 36")
IAS 36 Impairment of Assets has been revised to incorporate amendments issued by the IASB in May 2013. The amendments more accurately reflect the IASB's previous decision to require: the disclosure of the recoverable amount of impaired assets; and additional disclosures about the measurement of the recoverable amount of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments are effective for annual periods beginning on or after January 1, 2014 and have been early adopted by the Corporation for the fiscal year beginning October 1, 2013.

4. Critical accounting estimates, judgments and assumptions

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results could differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Judgements

Impairment of E&E assets
Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of E&E assets requires management’s judgment, among others, regarding the following: the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; substantive expenditure on further E&E of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires considerable management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Corporation’s assets and earnings may occur during the next period.

The total impairment loss of the E&E assets recognized is $1,288,721 for the year ended September 30, 2014 ($118,450 for 2013). No reversal of impairment losses has been recognized for the reporting periods.

Deferred taxes
The assessment of availability of future taxable profits involves judgment. A deferred tax asset is recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. Judgment is also involved in the determination of the expected manner of realisation or settlement of the carrying amount of the Corporation's assets and liabilities which is expected to be through the sale of the Corporation's assets.

4. Critical accounting estimates, judgments and assumptions (Cont'd)

Valuation of credit on duties refundable for loss and the refundable tax credit for resources

Refundable credit on mining duties and refundable tax credit related to resources for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities using the tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Uncertainties exist with respect to the interpretation of tax regulations, including credit on mining duties and tax credit related to resources for which certain expenditures could be disallowed by the taxation authorities in the calculation of credits, and the amount and timing of their collection. The calculation of the Corporation's credit on mining duties and tax credit related to resources necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until notice of assessments and payments have been received from the relevant taxation authority. Differences arising between the actual results following final resolution of some of these items and the assumptions made, or future changes to such assumptions, could necessitate adjustments to credit on mining duties and tax credit related to resources, exploration and evaluation assets and expenses, and income tax expense in future periods.

The amounts recognized in the financial statements are derived from the Corporation's best estimation and judgement as described above. However, the inherent uncertainty regarding the outcome of these items means that eventual resolution could differ from the accounting estimates and therefore impact the Corporation's financial position and its financial performance and cash flows.

5. Cash and cash equivalents

	As at September 30, 2014	As at September 30, 2013
	$	$
Cash	664,362	315,538
Guaranteed investment certificate bearing interest of 1.20%, maturing February 20, 2014	-	947,000
Guaranteed investment certificate bearing interest between 1.15% and 1.25%, maturing between December 22, 2014 and February 23, 2015	1,003,040	-
	1,667,402	1,262,538

The instruments that compose cash and cash equivalents are cashable any time without any penalties.

6. Investments

	As at September 30, 2014	As at September 30, 2013
	$	$
Guaranteed investment certificates, not cashable before the expiry date, between 1.90% and 2.05% interest, maturing between November 26, 2014 and December 18, 2014, with a maturity value of $2,142,129	2,060,000	2,060,000
	2,060,000	2,060,000

As of September 30, 2014, the balance on flow-through financing not spent according to the restrictions imposed by this financing represents $111,510 (none as of September 30, 2013) and is included in the investments. The Corporation has to dedicate these funds to Canadian mining properties exploration.

7. Exploration and evaluation assets

The following tables disclose the acquisition costs of exploration properties:

Acquisition costs	Undivided interest	As at Sept. 30, 2013	Additions	Option payments	Impair-ment	As at Sept. 30, 2014
	%	$	$	$	$	$
Abitibi						
Maritime-Cadillac	49	290,437	-	-	-	290,437
Laflamme	61.6	61,867	10,010	-	(2,784)	69,093
Patris	100	88,996	(1,924)	-	-	87,072
Casault	100	3,628	13,089	-	-	16,717
Valmond	100	8,346	1,464	(9,810)	-	-
Jouvex	100	29,978	17,416	-	(3,150)	44,244
Heva	100	89,591	5,612	-	-	95,203
Samson	100	-	32,852	(32,852)	-	-
La Peltrie	100	-	9,362	-	-	9,362
Abitibi Or	100	-	77,521	-	-	77,521
Grenville-Appalaches						
Weedon	100	43,810	2,828	-	(9,200)	37,438
Gatineau	100	19,209	2,172	-	(2,693)	18,688
James Bay						
James Bay Au	100	160,854	28,023		(8,686)	180,191
James Bay U	100	9,828	-	-	-	9,828
James Bay Fe	100	44,917	2,891	-	-	47,808
Eleonore	100	88,372	18,520	-	(29,162)	77,730
Northern Quebec						
Pallas PGE	100	59,540	(48,239)	-	-	11,301
Willbob	100	-	1,130	-	-	1,130
Quebec Labrador						
Ytterby	50	25,307	1,916	-	(25,711)	1,512
Project Generation	100	6,292	11,695	-	(2,773)	15,214
		1,030,972	186,338	(42,662)	(84,159)	1,090,489

Acquisition costs	Undivided interest	As at Sept. 30, 2012	Additions	Option payments	Impair-ment	As at Sept. 30, 2013
	%	$	$	$	$	$
Abitibi						
Maritime-Cadillac	49	290,416	21	-	-	290,437
Laflamme	60	16,894	49,718	-	(4,745)	61,867
Patris	100	16,637	72,359	-	-	88,996
Casault	100	-	3,791	(163)	-	3,628
Valmond	100	11,822	1,742	-	(5,218)	8,346
Jouvex	100	16,877	13,101	-	-	29,978
Heva	100	-	89,591	-	-	89,591
Grenville-Appalaches						
Weedon	100	41,115	15,162	-	(12,467)	43,810
Gatineau	100	7,272	11,937	-	-	19,209
James Bay						
James Bay Au	100	109,744	73,413	-	(22,303)	160,854
James Bay U	100	4,459	5,369	-	-	9,828
James Bay Fe	100	35,145	29,506	-	(19,734)	44,917
Eleonore	100	66,312	22,060	-	-	88,372
Northern Quebec						
Pallas PGE	100	-	59,540	-	-	59,540
Quebec Labrador						
Ytterby	50	11,388	13,919	-	-	25,307
Project Generation	100	4,961	1,331	-	-	6,292
		633,042	462,560	(163)	(64,467)	1,030,972

7. Exploration and evaluation assets (Cont'd)

The following two tables disclose details of exploration and evaluation expenses:

E&E expenses	Undivided interest	As at Sept. 30, 2013	Additions	Option payments	Tax credits	Impair-ment	As at Sept. 30, 2014
	%	$	$	$	$	$	$
Abitibi							
Maritime-Cadillac	49	228,787	4,178	-	-	-	232,965
Laflamme	61.6	1,167,804	143,709	-	(999)	-	1,310,514
Patris	100	179,176	31,913	-	(2,334)	-	208,755
Casault	100	214,479	78,480	-	(2,877)	-	290,082
Valmond	100	113,507	22,166	(10,190)	(1,528)	-	123,955
Jouvex	100	237,576	111,080	-	(2,566)	-	346,090
Heva	100	16,149	2,720	-	(306)	-	18,563
Abitibi Au	100	-	36,859	-	(218)	-	36,641
Grenville-Appalaches							
Weedon	100	359,196	33,991	-	(5,174)	-	388,013
Gatineau	100	28,648	132	-	(14)	-	28,766
James Bay							
James Bay Au	100	162,521	57,004	-	(2,848)	-	216,677
James Bay U	100	14,686	-	-	-	-	14,686
James Bay Fe	100	42,158	-	-	-	-	42,158
Eleonore	100	949,831	241,004	-	(15,696)	-	1,175,139
Northern Quebec							
Pallas PGE	100	210,168	41,654	-	(35,734)		216,088
Willbob	100	-	5,116	-	-	-	5,116
Quebec Labrador							
Ytterby	50	1,277,720	39,144	-	(3,212)	(1,204,562)	109,090
Project Generation	100	36,125	5,600	-	(2,178)	-	39,547
		5,238,531	854,750	(10,190)	(75,684)	(1,204,562)	4,802,845

E&E expenses	Undivided interest	As at Sept. 30, 2012	Additions	Option payments	Tax credits	Impair-ment	As at Sept. 30, 2013
	%	$	$	$	$	$	$
Abitibi							
Maritime-Cadillac	49	214,241	14,833	-	(287)	-	228,787
Laflamme	60	592,050	578,568	-	(2,814)	-	1,167,804
Patris	100	85,044	98,017	-	(3,885)	-	179,176
Casault	100	276,006	28,310	(89,837)	-	-	214,479
Valmond	100	73,139	41,038	-	(670)	-	113,507
Jouvex	100	18,957	219,988	-	(1,369)	-	237,576
Heva	100	-	16,149	-	-	-	16,149
Grenville-Appalaches							
Weedon	100	198,458	187,856	-	(27,118)	-	359,196
Gatineau	100	25,593	3,913	-	(858)	-	28,648
James Bay							
James Bay Au	100	111,249	60,045	-	(8,773)	-	162,521
James Bay U	100	14,686	-	-	-	-	14,686
James Bay Fe	100	59,703	36,541	-	(103)	(53,983)	42,158
Eleonore	100	366,786	651,833	-	(68,788)	-	949,831
Northern Quebec							
Pallas PGE	100	-	227,060	-	(16,892)	-	210,168
Quebec Labrador							
Ytterby	50	1,171,617	107,636	-	(1,533)	-	1,277,720
Project Generation	100	34,704	1,421	-	-	-	36,125
		3,242,233	2,273,208	(89,837)	(133,090)	(53,983)	5,238,531

7. Exploration and evaluation assets (Cont'd)

a) Maritime-Cadillac

The Corporation holds 49% of the Maritime-Cadillac property located south of the Lapa mine, along the Cadillac-Lardner fault, subject to a 2% net smelter return ("NSR") royalty; half of the royalty can be bought back for a payment of $1,000,000.

As permitted in the agreement signed in June 2009 and amended in November 2012 and May 2013, Agnico Eagle Mines Limited ("Agnico Eagle") indicated that it wants to increase its undivided interest from 50% to possibly 65% during a three-year period by financing a bankable feasibility study with respect to the Maritime-Cadillac property or by assuming all mining operations on the Maritime-Cadillac property. If conditions are met, it will earn 1% additional interest for every $1,000,000 spent on the Maritime-Cadillac property (up to 15% by spending $15,000,000). In June 2013, Agnico Eagle completed additional work for $1,000,000 and consequently earned a 51% interest in the property. Agnico Eagle and the Corporation are now in a joint venture and future work will be shared 51% Agnico Eagle - 49% Midland.

b) Abitibi Au

The Corporation staked claims in the Abitibi region.

c) Laflamme Au-Cu

The Corporation holds 61.6% of the Laflamme property located west of Lebel-sur-Quévillon in the Abitibi region.

On August 17, 2009, the Corporation signed an agreement with North American Palladium Ltd. ("NAP"). As of July 31, 2011, NAP earned its 50% interest in the Laflamme property following a $100,000 cash payment and $1,000,000 exploration work completed or credited. In December 2012, NAP decided not to contribute anymore and therefore its interest was diluted. Since December 2012, Midland is the operator. In March 2013, NAP announced the sale of its subsidiary holding the Quebec gold assets to Maudore Minerals Ltd. Following the exploration work of $704,744 done since January 2013, the interest of Midland is 61.6% as at September 30, 2014.

Some claims were dropped therefore the Corporation impaired partially for $2,784 the exploration property cost ($4,745 in 2013).

d) Patris

The Corporation holds the Patris property located northeast of Rouyn-Noranda. The Patris property now includes the claims of the old Dunn property.

Some claims are subject to the following NSR royalties:

- 1%, the Corporation can buy it back for $500,000 per 0.5% tranche;
- 2%, the Corporation can buy it back for $1,000,000 per 1% tranche.

On November 12, 2012, the Corporation acquired a 100% interest in some claims adjacent to the Patris property in exchange for a payment of $50,000. Part of the claims are subject to a 2% NSR royalty, the Corporation may buy back that royalty in total or in two parts upon a payment of $1,000,000 per 1% for a total of $2,000,000. The other part of the claims is subject to a 1% NSR royalty; the Corporation may buy back the royalty in total or in two parts upon a payment of $500,000 per 0.5%, for a total of $1,000,000.

7. Exploration and evaluation assets (Cont'd)

On July 24, 2013, the Corporation acquired a 100% interest in some claims adjacent to the Patris property in exchange for a payment of $5,000. The claims are subject to a 1.5% NSR royalty, the Corporation may buy back that royalty in total or in three parts upon a payment of $500,000 per 0.5% for a total of $1,500,000.

The Corporation signed an option agreement with Teck Resources Ltd ("Teck") on September 6, 2013 and amended it on May 20, 2014 to accommodate the delays in permitting. Under the agreement, Teck may earn, in three options, a maximum interest of 65%, by fulfilling the following conditions:

	Payments in cash	Work
	$	$
First Option for a 50% initial interest		
On or before August 31, 2015 (firm commitment)	-	500,000
On or before August 31, 2016	-	800,000
On or before August 31, 2017	-	1,700,000
	-	3,000,000
Second Option for a 10% additional interest		
On or before August 31, 2019, $500,000 of exploration work and $60,000 cash payment for each additional 2% interest	300,000	2,500,000
Third Option for a 5% additional interest		
On or before August 31, 2021, $1,000,000 of exploration work for each additional 1% interest	-	5,000,000
Total, for a 65% maximum interest	300,000	10,500,000

Midland will be project operator during the First Option.

e) Casault

The Corporation holds claims north of the city of LaSarre.

On November 16, 2011, the Corporation signed an agreement with a company formally known as Osisko Mining Corporation ("Osisko") whereby Osisko could have acquired 50% of the Casault property subject to $600,000 ($170,000 completed as of September 30, 2013) cash payments and $6,000,000 ($2,901,629 completed) exploration works up to October 31, 2016. On October 16, 2013, Osisko terminated the option agreement.

7. Exploration and evaluation assets (Cont'd)

f) Valmond

The Corporation holds claims west of Matagami. On November 19, 2013, the Corporation signed an agreement with Sphinx Resources Ltd. ("Sphinx") (previously Donner Metals Ltd.) whereby Sphinx can acquire 50% of the Valmond property subject to the following conditions (amended on October 31, 2014):

	Payments in cash	Work
	$	$
Upon signing (completed)	20,000	-
On or before December 31, 2014 (work completed)	50,000	300,000
On or before November 19, 2015 ($230,277 work completed)	50,000	700,000
On or before November 19, 2016	60,000	800,000
On or before November 19, 2017	70,000	700,000
Total	**250,000**	**2,500,000**

- The Corporation will be the operator during the option;
- Upon acquiring a 50% interest, a joint venture will be formed;
- If a party's interest dilutes to 10% or less, its interest will be converted to a 2% NSR royalty, 1% of which can be purchased back for $1,500,000.

Some claims were dropped in 2013 therefore the Corporation impaired partially for $5,218 the exploration property cost.

g) Jouvex

The Corporation owns claims southwest of Matagami. Some claims were dropped in 2014 therefore the Corporation impaired partially for $3,150 the exploration property cost.

h) Heva

On April 25, 2013, the Corporation signed an agreement with Arianne Resources Inc. to acquire a 100% interest in the Heva property located along and proximal to the Cadillac Break, less than 5 kilometres northwest of the town of Malartic. In consideration for the acquisition, the Corporation paid cash $30,000 and issued 60,000 common shares with a fair value of $57,000 which is based on the closing of the Corporation's shares on April 25, 2013. The claims are subject to a 2% NSR royalty to the original holders; half of the royalty can be bought back for a payment of $1,000,000.

7. Exploration and evaluation assets (Cont'd)

i) Samson

The Corporation acquired by map staking several mining claims locate north of the city of La Sarre.

On September 3, 2014, the Corporation signed an agreement with Sphinx whereby Sphinx can acquire 50% of the Samson property subject to the following conditions:

	Payments in cash	Work
	$	$
Upon signing (completed)	40,000	-
On or before September 3, 2015 ($350,000 firm commitment) ($7,010 work completed)	40,000	500,000
On or before September 3, 2016	50,000	700,000
On or before September 3, 2017	70,000	900,000
On or before September 3, 2018	75,000	1 400,000
Total	**275,000**	**3,500,000**

- The Corporation will be the operator during the option;
- Upon acquiring a 50% interest, a joint venture will be formed;
- If a party's interest dilutes to 10% or less, its interest will be converted to a 2% NSR royalty, 1% of which can be purchased back for $1,500,000.

j) La Peltrie

The Corporation acquired by map designation several mining claims locate east of the Lower Detour area.

GRENVILLE-APPALACHES

k) Weedon

The Corporation holds the Weedon property situated south of Quebec City. Some claims are subject to a 1% NSR royalty and the Corporation can buy back the royalty for $500,000 per 0.5%. Some other claims are subject to a 0.5% NSR royalty and the Corporation can buy back this royalty for $500,000.

On June 14, 2013, the Corporation acquired a 100% interest in a claim adjacent to the Weedon property in exchange for a 1.5% NSR royalty on metals except gold and silver, the Corporation may buy back that royalty in total or in three tranches upon a payment of $500,000 per 0.5% tranche for a total of $1,500,000.

Some claims were dropped therefore the Corporation impaired partially for $9,200 ($12,467 in 2013) the exploration property cost.

l) Gatineau Zn

The Corporation owns claims located in the Gatineau region. Some claims were dropped in 2014 therefore the Corporation impaired partially for $2,693.

7. Exploration and evaluation assets (Cont'd)

JAMES BAY

m) James Bay Au

The Corporation owns claims in the James Bay region in the sub-provinces of La Grande and Opinaca. Some claims were dropped therefore the Corporation impaired partially for $8,686 the exploration property cost in 2014 ($22,303 in 2013).

n) James Bay U

The Corporation owns claims in the James Bay region.

o) James Bay Fe

The Corporation owns claims east of the Duncan deposit in the James Bay region. Some claims were dropped and therefore the Corporation partially impaired its exploration and evaluation asset for $73,717 in 2013.

p) Eleonore

The Corporation staked claims near the Éléonore gold discovery of Goldcorp, in the James Bay region. Some claims were dropped therefore the Corporation impaired partially for $29,162 the exploration property cost in 2014 ($88,341 in 2013).

NORTHERN QUEBEC

q) Pallas PGE

The Corporation acquired by map staking several mining claims located west of Kuujjuak in Nunavik.

On January 21, 2014, the Corporation signed an option agreement with Japan Oil, Gas and Metals National Corporation (« JOGMEC ») whereby JOGMEC has the option to acquire 50% interest in the Pallas project prior to March 31, 2016 by funding $2,000,000 in expenditures spread as following:

	Works
	$
On or before March 31, 2014 (completed)	250,000
On or before March 31, 2015 (completed)	700,000
On or before March 31, 2016 ($68,105 completed)	1,050,000
Total	**2,000,000**

Midland will be operator as long as it will hold an interest equal to or higher than 50% in the project.

r) Willbob

The Corporation acquired by map designation several mining claims locate in the Labrador Trough.

7. Exploration and evaluation assets (Cont'd)

QUEBEC / LABRADOR

s) Ytterby

The Corporation staked claims northeast of Schefferville.
On February 23, 2010, the Corporation signed a memorandum of agreement (and on July 29, 2011 a definitive agreement) with JOGMEC whereby JOGMEC acquired a right to acquire a 50% interest in the Ytterby property byfunding $2,700,000 exploration work.

The Corporation is the operator during the farm-in period. A party which declines to participate in an approved program will be diluted in its participation interest. If a party's interest dilutes to 10% or less, its interest will be converted to a 1.5% NSR royalty and the other party may purchase such royalty by paying $1,500,000. A party may give notice to the other party that it wishes to operate through a joint venture company. Once a joint venture company is formed, each party has the right to purchase any mineral in proportion of its shareholding in the joint venture company. JOGMEC shall have the first right of refusal to purchase at the prevailing market prices any mineral that is equivalent to the proportionate shareholding of the joint venture company. Until a joint venture company is formed, any mineral production derived from the property shall be taken in kind in proportion of the party's interest.

In August 2011, JOGMEC completed all the farm-in requirements and earned its 50% interest. As of the date of these financial statements, JOGMEC has not yet given its notice of exercise of option.

The claims on the main bloc were kept and the ones on the other blocs were dropped, therefore the Corporation impaired partially the project for $1,230,273 in 2014.

PROJECT GENERATION

t) Project generation

The Corporation continued geological compilation programs and staking in Quebec for the acquisition of strategic gold, uranium and base metal properties. Some claims were dropped and the Corporation wrote off the related exploration properties costs and E&E expenses for $2,773 in 2014.

8. Equity

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

a) Private placements

2013

On December 21, 2012, the Corporation completed a brokered private placement by issuing 769,264 units at $1.30 per unit and 1,105,882 flow-through shares at $1.65 per share, for total gross proceeds of $2,824,748. Each unit is comprised of one common share and one-half of a warrant. Each whole warrant will entitle the holder to purchase one additional common share at $1.75 until June 21, 2014. The Corporation paid the broker a cash fee of $150,735 and issued 85,342 broker warrants entitling them to acquire 85,342 shares at $1.30 per share until June 21, 2014.

8. Equity (Cont'd)

From the total compensation received from the units, \$34,620 has been allocated to warrants and \$965,423 to common shares, according to a pro rata allocation of the estimated fair value of each of the two components. The estimated fair value of the warrants was determined using the Black-Scholes pricing model based on the following assumptions: no expected dividend yield, an expected volatility of 35.89%, a risk free interest rate of 1.06% and an expected life of the warrants of 18 months.

The total broker warrants cost amounted to \$17,922 and was recorded as share issue cost. This \$17,922 fair value was estimated using the Black-Scholes model with the same assumptions as the warrants.

On December 21, 2012, the Corporation's share closed at \$1.25 on the TSX Venture, therefore the residual value attributed to the benefit related to flow-through shares renunciation is \$0.40 for a total value of \$442,353 credited to other liabilities. As of September 30, 2013, the Corporation has completed the \$1,824,705 exploration work relating to this flow-through private placement.

2014

On December 19, 2013, the Corporation completed a private placement by issuing 802,001 units at \$0.75 per unit and 833,286 flow-through shares at \$0.90 per share, for total gross proceeds of \$1,351,460. Each unit is comprised of one common share and one-half of a warrant. Each whole warrant will entitle the holder to purchase one additional common share at \$1.00 until June 19, 2015.

From the total compensation received from the units, \$30,818 has been allocated to warrants and \$570,683 to common shares, according to a pro rata allocation of the estimated fair value of each of the two components. The estimated fair value of the warrants was determined using the Black-Scholes pricing model based on the following assumptions: no expected dividend yield, an expected volatility of 44.8%, a risk free interest rate of 1.02% and an expected life of the warrants of 18 months.

On December 19, 2013, the Corporation's share closed at \$0.68 on the Exchange, therefore the residual value attributed to the benefit related to flow-through shares renunciation is \$0.22 for a total value of \$183,323 credited to other liabilities. As of September 30, 2014, the Corporation completed \$638,449 of exploration work relating to this flow-through private placement and therefore the other liabilities account was reduced to \$27,460.

b) Warrants

Changes in the Corporation's number of outstanding warrants were as follow:

	2014		2013	
	Number	**Amount**	**Number**	**Amount**
		\$		**\$**
Balance – Beginning of year	469,975	52,542	-	-
Issued following a private placement (note 8a)	401,001	30,818	469,975	52,542
Expired	(469,975)	(52,542)	-	-
Balance – End of year	401,001	30,818	469,975	52,542

8. Equity (Cont'd)

Warrants outstanding as at September 30, 2014 are as follows:

Number of warrants	Exercise price	Expiry date
	$	
401,001	1.00	June 19, 2015
401,001		

c) Policies and processes for managing capital

The capital of the Corporation consists of the items included in equity of $9,031,007 as of September 30, 2014 ($9,612,917 as of September 30, 2013). The Corporation's objectives when managing capital are to safeguard its ability to continue its operations as well as its acquisition and exploration programs. As needed, the Corporation raises funds in the capital markets. The Corporation does not use long term debts since it does not generate operating revenues. There is no dividend policy. The Corporation does not have any externally imposed capital requirements neither regulatory nor contractual requirements to which it is subject, unless the Corporation closes a flow-through private placement in which case the funds are reserved in use for exploration expenses (and the Corporation was in compliance during the year).

9. Employee remuneration

a) Salaries

	2014	2013
	$	$
Salaries	663,032	669,300
Benefits	79,403	75,828
	742,435	745,128
Less : salaries and benefits capitalized in E&E assets	(413,835)	(434,835)
Salaries disclosed on the statement of comprehensive loss	328,600	310,293

b) Stock-based compensation

	2014	2013
	$	$
Stock-based compensation	266,725	298,445
Less : stock-based compensation capitalized in the E&E assets	(96,274)	(110,512)
Stock-based compensation disclosed on the statement of comprehensive loss	170,451	187,933

The Corporation has a stock option plan (the "Plan"). The number of common shares granted is determined by the Board of Directors. On December 20, 2012, the board of directors approved an increase in the number of common shares reserved for issuance under the Corporation's fixed number stock option plan from 3,000,000 to 4,000,000. Such amendment to the plan was approved by the Corporation's shareholders during the annual meeting held on February 19, 2013. The exercise price of any option granted under the plan shall be fixed by the Board of Directors at the time of grant and shall not be lower than the closing price on the day preceding the grant. The term of the option will not exceed ten years from the date of grant. The options normally vest 1/6 per 3 months from the grant date, or otherwise as determined by the Board of Directors.

9. Employee remuneration (Cont'd)

On February 19, 2013, the Corporation granted to its directors, officers, employees and consultants 345,000 options exercisable at $1.25, valid for 10 years. Those options were granted at an exercise price equal to the closing market value of the shares the previous day of the grant. Total stock-based compensation costs amount to $251,850 for an estimated fair value of $0.73 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 63% expected volatility, 1.78% risk-free interest rate and 6 years options expected life. This expected life was estimated by benchmarking comparable situations for companies that are similar to the Corporation. The expected volatility was determined by calculating the historical volatility of the Corporation's share price back from the date of grant and for a period corresponding to the expected life of the options.

On February 20, 2014, the Corporation granted to its directors, officers, employees and consultants 605,000 options exercisable at $0.85, valid for 10 years. Those options were granted at an exercise price equal to the closing market value of the shares the previous day of the grant. Total stock-based compensation costs amount to $272,250 for an estimated fair value of $0.45 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 55% expected volatility, 1.81% risk-free interest rate and 6 years options expected life. This expected life was estimated by benchmarking comparable situations for companies that are similar to the Corporation. The expected volatility was determined by calculating the historical volatility of the Corporation's share price back from the date of grant and for a period corresponding to the expected life of the options.

A summary of changes in the Corporation's common share purchase options is presented below:

	2014		2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Balance – Beginning of year	1,520,000	1.31	1,300,000	1.26
Granted	605,000	0.85	345,000	1.25
Exercised	-	-	(125,000)	0.65
Expired	(345,000)	0.70	-	-
Balance – End of year	1,780,000	1.27	1,520,000	1.31
Balance – End of year exercisable	1,376,668	1.40	1,290,000	1.32

The weighted average price of the Corporation's share on the TSX Venture when exercised was $1.08 in 2013.

9. Employee remuneration (Cont'd)

The following table summarizes information about common share purchase options outstanding and exercisable as at September 30, 2014:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
		$	
20,000	20,000	1.40	December 15, 2014
215,000	215,000	1.48	March 8, 2015
260,000	260,000	1.76	February 17, 2021
315,000	315,000	1.54	February 16, 2022
20,000	20,000	1.61	February 27, 2022
345,000	345,000	1.25	February 19, 2023
605,000	201,668	0.85	February 20, 2024
1,780,000	1,376,668		

10. Loss per share

The calculation of basic loss per share is based on the loss for the year divided by the weighted average number of shares in circulation during the year. In calculating the diluted loss per share, potential common shares such as share options and warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be antidilutive. Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 8 and 9.

	2014	2013
	$	$
Loss	(1,974,586)	(688,090)
Weighted average number of basic and diluted outstanding shares	29,948,093	28,140,398
Basic and diluted net loss per share	(0.07)	(0.02)

11. Income taxes

The income tax expense is made up of the following component:

	2014	2013
	$	$
Recovery of deferred income taxes		
Premium on flow-through share issuance	155,863	442,353
Total recovery of deferred income taxes	155,863	442,353

11. **Income taxes** (Cont'd)

The provision for income taxes presented in the financial statements is different from what would have resulted from applying the combined Canadian Statutory tax rate as a result of the following:

	2014	2013
	$	$
Loss before income taxes	(2,130,449)	(1,130,443)
Combined federal and provincial income tax at 26.90%	(573,091)	(304,089)
Non-deductible expenses	85,412	54,743
Tax effect of renounced flow-through share expenditures	171,743	481,327
Amortization of flow-through share premiums	(155,863)	(442,353)
Unrecognized temporary differences	315,525	(254,903)
Other elements	411	22,922
Recovery of deferred income taxes	(155,863)	(442,353)

The ability to realize the tax benefits is dependent upon a number of factors, including the sale of properties. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profits will be available to allow the asset to be recognized. Accordingly, some deferred tax assets have not been recognized; these deferred tax assets not recognized amount to $940,000.

As at September 30, 2014 and 2013, significant components of the Corporation's deferred income tax assets and liabilities are as follows:

	2014	2013
	$	$
Deferred income tax assets		
Non-capital losses	1,458,000	1,263,000
Donations	14,000	10,000
Share and warrant issue expenses	50,000	71,000
Total deferred income tax assets	1,522,000	1,344,000
Deferred income tax liabilities		
E&E assets	582,000	730,000
Total deferred income tax liabilities	582,000	730,000
Deferred income tax assets not recognized	940,000	614,000

11. Income taxes (Cont'd)

As of September 30, 2014, expiration dates of losses available to reduce future years' income tax are:

	Federal	Provincial
	$	$
2015	96,000	103,000
2026	84,000	69,000
2027	126,000	112,000
2027	177,000	183,000
2028	540,000	514,000
2029	645,000	631,000
2030	726,000	713,000
2031	677,000	663,000
2032	748,000	736,000
2033	906,000	891,000
2034	753,000	741,000

12. Compensation to key management and related party transactions

a) Compensation to key management

The Corporation's key management personnel are members of the Board of Directors, as well as the president, the vice-president exploration and the chief financial officer. Key management remuneration is as follows:

	2014	2013
	$	$
Short-term benefits		
Salaries including bonuses and benefits	281,875	253,406
Professional fees	57,857	48,031
Salaries including bonuses and benefits capitalized in E&E expenses	125,400	165,240
Long-term benefits		
Stock-based compensation	170,451	187,933
Stock-based compensation capitalized in E&E expenses	28,248	30,594
Total compensation	663,831	685,204

b) Related party transactions

In the normal course of operations, in addition to the amounts listed above in the compensation to key management (Note 12a):

- 75,000 shares options were exercised at a price between of $0.60 and $0.65 by key management in 2013;
- A firm in which an officer is a partner charged professional fees amounting to $49,624 ($91,935 in 2013) of which $34,819 ($58,548 in 2013) was expensed and $14,805 ($33,387 in 2013) was recorded as share issue expenses;
- A company controlled by an officer charged professional fees of $48,368 ($45,690 in 2013);
- In December 2013, directors and officers of the Corporation participated in a private placement of flow-through shares (Note 8a) for a total consideration of $103,600 ($97,598 in December 2012).

As at September 30, 2014, the balance due to the related parties amounted to $7,394 ($5,393 in September 30, 2013).

13. Operating lease

The Corporation's future minimum operating lease payments are as follows (assuming that the consumer price index will be the same as the one published October 2014 by Statistic Canada for a 12-month period which was 2.0%):

	As of September 30, 2014
	$
Within 1 year	23,304
1 to 5 years	58,674
After 5 years	-
Total	81,978

In 2010, the Corporation rented premises and had committed for three years until February 2013 with an annual rent of $20,154 for the first year, $20,467 for the second year and $20,779 for the third year ending February 2013. The Corporation was also responsible for its proportionate share of the non-residential surtax and the water surtax representing 163$ per month in 2014.

In September 2012, an amendment was signed to extend the lease for five years, from March 2013 to February 2018. The rent will be $21,875 for the first year and thereafter will be indexed annually at the highest of the increase of the consumer price index or 2.5%. The Corporation had the option to terminate the lease on February 28, 2014 and chose not to.

Lease payments recognized as an expense during the reporting period amounted to $24,256 ($22,551 in 2013). This amount consists of minimum lease payments.

14. Financial instruments

The Corporation is exposed to various financial risks resulting from both its operations and its investment activities. The Corporation’s management manages financial risks. The Corporation does not enter into financial instrument agreements including derivative financial instruments for speculative purposes. The Corporation’s main financial risk exposure and its financial risk management policies are as follows:

Interest rate fair value risk
The Corporation’s interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The investments included in cash and cash equivalents and also investments bear interest at a fixed rate and the Corporation is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations. Interest rates 1% higher (lower) would have decreased (increased) the fair value of these by $7,048 as of September 30, 2014 ($7,639 as of September 30, 2013). The Corporation’s other financial assets and liabilities do not comprise any interest rate risk since they do not bear interest.

14. Financial instruments (Cont'd)

Credit Risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation is subject to concentrations of credit risk through cash and cash equivalents, investments and accounts receivable. The Corporation reduces its credit risk by maintaining part of its cash and cash equivalents in financial instruments held with a Canadian chartered bank and the other part in financial instruments held with an independent investment dealer member of the Canadian Investor Protection Fund. In 2014 and 2013, the investments are composed of guaranteed investment certificates issued by Canadian banks. The Corporation aims at signing partnership agreements with established companies and follows closely their cash position to reduce its credit risk on accounts receivable. All receivable amounts are current.

Liquidity risk
Liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. As of September 30, 2014, the Corporation had enough funds available to meet its financial liabilities and future financial liabilities from its commitments for the year 2015. All accounts payable and accrued liabilities terms are less than 31 days.

Fair value
The carrying value of cash and cash equivalents, accounts receivable, investments and accounts payable and accrued liabilities and advance received for upcoming exploration work are considered to be a reasonable approximation of their fair value because of the short-term maturity and contractual terms of these instruments.

The carrying amounts and fair values of financial instruments presented in the statement of financial position are as follows:

	September 30, 2014		**September 30, 2013**	
	Carrying amount	**Fair Value**	**Carrying amount**	**Fair value**
	$	**$**	**$**	**$**
Financial assets				
Loans and receivables				
Cash and cash equivalents	1,667,402	1,667,402	1,262,538	1,262,538
Accounts receivable	62,983	62,983	68,955	68,955
Held to maturity investments				
Investments	2,060,000	2,060,000	2,060,000	2,060,000
Financial liabilities				
Financial liabilities measured at amortized cost				
Accounts payable and accrued liabilities	464,004	464,004	341,054	341,054
Advance received for exploration work	370,329	370,329	-	-

Fair value estimates are made at the statement of financial position date, based on relevant market information and other information about financial instruments.

15. Additional information on cash flows

	2014	2013
	$	$
Stock-based compensation included in E&E expenses	96,274	110,512
Additions of exploration properties and E&E expenses included in accounts payable and accrued liabilities	74,559	210,436
Tax credits receivable applied against E&E expenses	47,469	133,090
Exercise of options credited to capital stock	-	54,500
Interest received	55,245	62,382

16. Subsequent event

a) Casault and Jouvex

On October 10, 2014, the Corporation signed a letter of intent with SOQUEM INC. ("SOQUEM") to grant SOQUEM the option to acquire a 50% undivided interest in its Casault and Jouvex properties, and to create a joint venture once the option has been exercised, under the following conditions.

	Works
	$
On or before October 10, 2015 (firm commitment)	1,000,000
On or before October 10, 2016	1,000,000
On or before October 10, 2017	1,000,000
On or before October 10, 2018	1,500,000
	4,500,000

The Corporation will be project operator during the option period.

b) Private placement

On December 3, 2014, the Corporation completed a private placement by issuing 1,100,430 units at $0.70 per unit and 1,036,683 flow-through shares at $0.85 per share, for total gross proceeds of $1,651,481. Each unit is comprised of one common share and one-half of a warrant. Each whole warrant will entitle the holder to purchase one additional common share at $0.95 until December 2, 2016.