



**Financial Statements**

**Years Ended  
September 30, 2014 and 2013**

## INDEPENDENT AUDITORS' REPORT

*To the Shareholders of Claim Post Resources Inc.*

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

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' 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 auditors' 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

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

### *Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of material uncertainties that may cast significant doubt about the company's ability to continue as a going concern.

*Collins Barrow Toronto LLP*

Collins Barrow Toronto LLP  
Licensed Public Accountants  
Chartered Accountants  
January 15, 2015



## Statements of Financial Position

(Expressed in Canadian Dollars)

<i>As at September 30,</i>	2014	2013
	\$	\$
<b>Assets</b>		
<b>Current Assets</b>		
Cash (Note 8)	987,883	55,491
Receivables and other assets (Note 9)	110,188	20,135
	<b>1,098,071</b>	75,626
<b>Non-Current Assets</b>		
Property, plant and equipment	2,860	3,976
Deferred acquisition costs (Note 4)	2,193,899	1,686,025
	<b>3,294,830</b>	1,765,627
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables (Notes 10, 12)	417,765	638,056
Due to related parties (Note 12)	-	707,189
Premium liability on flow-through shares (Note 17)	38,000	-
	<b>455,765</b>	1,345,245
<b>Shareholders' Equity</b>		
<b>Capital stock (Note 13)</b>	<b>5,795,633</b>	4,427,956
<b>Shares to be issued (Note 13)</b>	-	22,500
<b>Warrant reserve (Note 14)</b>	<b>3,615,019</b>	1,314,373
<b>Share-based payments reserve (Note 15)</b>	<b>498,938</b>	498,938
<b>Deficit</b>	<b>(7,070,525)</b>	(5,843,385)
	<b>2,839,065</b>	420,382
	<b>3,294,830</b>	1,765,627

Nature of Operations and Going Concern (Note 1)  
 Commitments and Contingencies (Note 17)  
 Subsequent Events (Note 18)

Approved by the Board of Directors

“Richard Williams”  
 Director

“Charles Gryba”  
 Director

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



**Statements of Loss and Comprehensive Loss**  
(Expressed in Canadian Dollars)

<i>Years ended September 30,</i>	<b>2014</b>	<b>2013</b>
	\$	\$
<b>Administrative Expenses</b>		
Interest income	<b>(5,012)</b>	(20)
Amortization	<b>1,116</b>	1,635
Professional fees	<b>522,714</b>	266,328
General and administrative	<b>122,217</b>	113,207
Share-based payments <i>(Note 13)</i>	-	188,955
Shareholder information	<b>109,836</b>	43,829
Investor relations and travel	<b>42,440</b>	49,063
Flow-through share premium recovery	<b>(91,000)</b>	-
	<b>(702,311)</b>	(662,997)
<b>Exploration and evaluation expenditures <i>(Note 5)</i></b>	<b>(524,829)</b>	(42,771)
<b>Write down of deferred acquisition costs <i>(Note 4)</i></b>	-	(62,151)
<b>Net loss and comprehensive loss for the year</b>	<b>(1,227,140)</b>	(767,919)
Loss per share - basic and diluted	<b>(0.013)</b>	(0.016)
Weighted average number of shares outstanding – basic and diluted	<b>97,618,258</b>	47,555,315

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



**Statements of Changes in Equity**  
(Expressed in Canadian Dollars)

	Capital Stock			Reserves		Retained earnings (Deficit)	Total
	Number of shares	Amount	Shares to be issued	Share-based payments	Warrants		
<b>Balance at October 1, 2012</b>	<b>36,363,831</b>	<b>\$ 3,449,347</b>	<b>\$ 866,525</b>	<b>\$ 309,983</b>	<b>\$ 1,034,596</b>	<b>\$ (5,075,466)</b>	<b>\$ 584,985</b>
Shares issued for cash	15,425,000	1,367,500	(942,500)	-	-	-	425,000
Shares issued for property option payments	1,000,000	30,000	22,500	-	-	-	52,500
Share issuance costs	-	(28,000)	-	-	-	-	(28,000)
Share issuance costs – cash	-	(111,114)	75,975	-	-	-	(35,139)
Share issuance costs – broker warrants	-	(46,220)	-	-	46,220	-	-
Share-based payments	-	-	-	188,955	-	-	188,955
Reserve on issuance of warrants	-	(233,557)	-	-	233,557	-	-
Net loss and comprehensive loss for the year	-	-	-	-	-	(767,919)	(767,919)
<b>Balance at September 30, 2013</b>	<b>52,788,831</b>	<b>\$ 4,427,956</b>	<b>\$ 22,500</b>	<b>\$ 498,938</b>	<b>\$ 1,314,373</b>	<b>\$ (5,843,385)</b>	<b>\$ 420,382</b>
Shares issued for cash	62,730,329	3,912,360	-	-	-	-	3,912,360
Shares issued for property option payments	2,500,000	92,500	(22,500)	-	-	-	70,000
Share issuance costs – cash	-	(195,860)	-	-	-	-	(195,860)
Share issuance costs – legal fees	-	(11,677)	-	-	-	-	(11,677)
Share issuance costs – broker warrants	-	(105,012)	-	-	105,012	-	-
Reserve on issuance of warrants	-	(2,195,634)	-	-	2,195,634	-	-
Premium liability on flow-through shares	-	(129,000)	-	-	-	-	(129,000)
Net loss and comprehensive loss for the year	-	-	-	-	-	(1,227,140)	(1,227,140)
<b>Balance at September 30, 2014</b>	<b>118,019,160</b>	<b>\$ 5,795,633</b>	<b>\$ -</b>	<b>\$ 498,938</b>	<b>\$ 3,615,019</b>	<b>\$ (7,070,525)</b>	<b>\$ 2,839,065</b>

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



**Statements of Cash Flows**  
(Expressed in Canadian Dollars)  
(Unaudited)

<i>Years ended September 30,</i>	<b>2014</b>	<b>2013</b>
<b>Operating activities</b>	<b>\$</b>	<b>\$</b>
Net loss for the year	<b>(1,227,140)</b>	(767,919)
Items not involving cash:		
Share-based payments	-	188,955
Amortization	<b>1,116</b>	1,635
Accrued interest	-	25,589
Flow-through share premium recovery	<b>(91,000)</b>	-
	<b>(1,317,024)</b>	(551,740)
Change in non-cash working capital:		
Receivables and other assets	<b>(90,053)</b>	29,205
Trade and other payables	<b>(220,291)</b>	(34,872)
	<b>(1,627,368)</b>	(557,407)
<b>Investing activities</b>		
Write down of deferred acquisition costs	-	62,151
Additions to deferred acquisition costs	<b>(507,874)</b>	(1,500,000)
	<b>(507,874)</b>	(1,437,849)
<b>Financing activities</b>		
Proceeds received for the issuance of common shares	<b>3,982,360</b>	500,975
(Repayment of) proceeds from loans from related parties	<b>(707,189)</b>	606,000
Cost of share issuance	<b>(207,537)</b>	(139,114)
	<b>3,067,634</b>	967,861
<b>(Decrease) increase in cash</b>	<b>932,392</b>	(1,027,395)
Cash at beginning of year	<b>55,491</b>	1,082,886
<b>Cash at end of year</b>	<b>\$ 987,883</b>	<b>\$ 55,491</b>

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

Interest paid	24,802	-
Warrants issued for share issuance costs (Note 14)	105,012	46,220
Common shares issued for property (Note 13)	92,500	52,500

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

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## **1. NATURE OF OPERATIONS AND GOING CONCERN**

Claim Post Resources Inc. (the "Company" or "Claim Post") was incorporated on September 21, 2005 under the laws of the Province of Ontario.

The Company's head office is located at 141 Adelaide St. W., Suite 903, Toronto, ON, M5H 3L5. The Company is an exploration stage company whose current focus is a recently acquired silica sand quarry near Winnipeg, Manitoba; the Company also currently has interests in exploration properties in Timmins, Ontario, Canada. Substantially all of the Company's efforts are devoted to financing and developing these properties. There has been no determination whether the Company's interests in mineral properties contain mineral reserves which are economically recoverable.

On March 31, 2010, the Company received approval of its application to list its common shares on the TSX Venture Exchange ("TSX-V"). Effective April 5, 2010, the Company's common shares began trading on the TSX-V under the trading symbol "CPS".

As at September 30, 2014, the Company had working capital of \$652,306 (September 30, 2013 – working capital deficiency of \$1,269,619), had not yet achieved profitable operations, has accumulated losses of \$7,060,525 (2013 - \$5,843,385) and expects to incur future losses in the development of its business. These financial statements have been prepared on the basis that the Company will continue as a going concern and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of interest in mineral properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs to the carrying values. The Company stakes claims strategically and drops claims that are deemed to be of low value claims from time to time.

The Company has historically relied on equity financing to raise capital and expects to be able to continue to do so, but its ability to do so may be impacted by the current global situation and economic uncertainties. Management has considered how these conditions have impacted the Company's viability given its current capital structure and considers that until the outcome of future activities is known there is substantial doubt about the Company's ability to continue as a going concern.

The Company will require substantial additional funds to further explore and, if warranted, develop its exploration properties. The Company has limited financial resources and no current source of recurring revenue, and there is no assurance that additional funding will be available to the Company to carry out the completion of its planned exploration activities. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and property development. The terms of any additional financing obtained by the Company could result in substantial dilution to the shareholders of the Company.

Management plans to secure the necessary financing through the issuance of new equity or debt instruments and the entering into joint venture arrangements. Nevertheless, there is no assurance that these initiatives will be successful.

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These financial statements were authorized for issuance by the Board of Directors of the Company on January 15, 2015.

### **2.2 Basis of presentation and functional and presentation currency**

These financial statements have been prepared on a going concern basis, under the historical cost convention, except fair value through profit and loss assets which are carried at fair value, and have been prepared using the accrual basis of accounting except for cash flow information, as explained in the accounting policies set out in Note 3.

The financial statements are presented in Canadian Dollars, which is the functional currency of the Company.

### **2.3 Adoption of new and revised standards and interpretations**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2014. Many are not applicable or do not have a significant impact on the Company and have been excluded from the table below.

- IAS 32 ‘*Financial instruments, Presentation*’ – In December 2011, effective for annual periods beginning on or after January 1, 2014, IAS 32 was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future date.

Management has adopted the above standards in the Company’s financial statements for the period beginning October 1, 2013, and has determined that there is no impact of the adoption of these standards or amendments on the financial statements of the Company.

### **2.4 Future Changes in Accounting Policies**

At the date of authorization of these Financial Statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted these standards, amendments and interpretations. However the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

- IFRS 9 ‘*Financial Instruments: Classification and Measurement*’ – effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 Deferred acquisition costs**

Costs of acquiring claims are capitalized as deferred acquisition costs on an area of interest basis pending determination of the technical feasibility and the commercial viability of the project.

Amounts received from other parties to earn an interest in the Company's mining properties are applied as a reduction of the deferred acquisition costs.

All exploration and evaluation costs, net of incidental revenues, are charged to operations on the Statement of Loss and Comprehensive Loss under the heading "Exploration and evaluation expenditures" in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop the property are first tested for impairment and then capitalized into property, plant and equipment ("PPE"). On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

Deferred acquisition costs are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount (Note 3.11).

Ownership in mineral properties involves certain risks due to the difficulties in determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many mining interests. The Company has investigated the ownership of its mineral properties and, to the best of its knowledge, ownership of its interests are in good standing.

#### **3.2 Provisions and asset retirement obligations ("ARO")**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties and PPE, when those obligations can be estimated reliably and result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

As at September 30, 2014 and 2013 no provisions have been recorded and no asset retirement obligations have been incurred to date.

#### **3.3 Share-based payments**

##### ***Share-based payment transactions***

Employees (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 Company) of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby employees receive equity instruments as consideration for services rendered ("equity-settled transactions").

##### ***Equity settled transactions***

The costs of equity-settled transactions with employees are measured by reference to the fair value of the equity instruments at the date on which they are granted.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**3.3 Share-based payments** (continued)

***Equity settled transactions*** (continued)

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share-based payment reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, an additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

**3.5 Taxation**

***Deferred income tax***

Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **3.5 Taxation (continued)**

##### ***Deferred income tax*** (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the 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 which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

#### **3.6 Valuation of equity instruments in private placements**

The Company has adopted a residual method with respect to the measurement of common shares and warrants issued as private placement units. Warrants attached to units are valued based on the fair value of the warrants using the Black-Scholes option pricing model and the market price of the shares at the time of financing, and the difference between the proceeds raised and the value assigned to the warrants is the residual value of the shares.

The proceeds from the issue of units are allocated between share capital and reserve for warrants. If and when the warrants are exercised, the applicable amounts of reserve for warrants are transferred to capital stock. Any consideration paid on the exercise of the warrants is credited to capital stock.

#### **3.7 Loss per share**

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share amounts are calculated by dividing net profit attributable to common shareholders by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential ordinary shares into common shares, which comprise warrants and stock options granted. During the years ended September 30, 2014 and 2013, shares issuable on exercise of all the outstanding stock options and warrants were not included in the computation of diluted loss per share as the effect would have been anti-dilutive.

#### **3.8 Financial assets**

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through the statement of comprehensive loss. The Company's cash is classified as FVTPL.

Financial assets classified as loans-and-receivables are measured at amortized cost. The Company's receivables and other assets are classified as loans-and-receivables.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **3.9 Financial liabilities**

All financial liabilities are initially recorded at fair value and designated upon inception as either FVTPL or other-financial-liabilities.

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's trade and other payables and due to related parties are classified as other-financial-liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive loss. At September 30, 2014 and September 30, 2013 the Company has not classified any financial liabilities as FVTPL.

#### **3.10 Impairment of financial assets**

The Company assesses, at each date of the statement of financial position, whether a financial asset is impaired.

##### ***Assets carried at amortized cost***

A financial asset not carried at fair value through profit or loss is assessed if there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to receivables and other assets, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

#### **3.11 Impairment of non-financial assets**

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

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 of disposal using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **3.11 Impairment of non-financial assets (continued)**

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

#### **3.12 Cash**

Cash in the statement of financial position is comprised of cash held at a Canadian chartered bank.

#### **3.13 Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

#### **3.14 Significant accounting judgments and estimates**

The preparation of these financial statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The most significant estimates relate to, but are not limited to, the following:

- determination of the flow-through share premium requires the use of estimates when calculating the premium associated with the issuance of flow-through shares compared with common shares;
- the calculation of the fair value of share-based payments requires the use of estimates of inputs in the Black-Scholes option pricing valuation model;
- the Company assess the carrying value of deferred acquisition costs at each reporting date to determine whether any indication of impairment exists. When an impairment exists, the calculation of recoverable amount requires the use of estimates and assumptions such as long-term commodity prices, discount rates, recoverable metals, and operating performance; and
- assessment of the going concern presumption as detailed in Note 1 to the financial statements.

#### **3.15 Flow-through shares**

The obligation to renounce tax deductions at the time of issuance of flow-through shares is recorded as a liability in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" measured using a residual or a relative fair value method. This obligation is released into the statement of comprehensive loss as a gain on renunciation to the tax authorities and when required spending is complete if the Company has sufficient unrealized tax losses and deductions.

**Years Ended September 30, 2014 and 2013**
**4. DEFERRED ACQUISITION COSTS**

	September 30, 2013	Acquisition Costs	September 30, 2014
<b>Mineral properties:</b>			
<b>The Seymourville Frac Sand Project:</b>			
Seymourville Property	\$ 1,500,000	27,644	\$ 1,527,644
Manigotagan Property	30,000	464,510	494,510
<b>Timmins Area Project Claims (formerly the Kamiskotia Property)</b>	156,025	15,720	171,745
<b>Balance, end of year</b>	<b>\$ 1,686,025</b>	<b>507,874</b>	<b>\$ 2,193,899</b>

	September 30, 2012	Acquisition Costs	Write Down	September 30, 2013
<b>Mineral properties:</b>				
<b>The Seymourville Frac Sand Project:</b>				
Seymourville Property	\$ -	1,500,000	-	\$ 1,500,000
Manigotagan Property	-	30,000	-	30,000
<b>Timmins Area Project Claims (formerly the Kamiskotia Property)</b>	195,676	22,500	(62,151)	156,025
<b>Balance, end of year</b>	<b>\$ 195,676</b>	<b>1,552,500</b>	<b>(62,151)</b>	<b>\$ 1,686,025</b>

**The Seymourville Frac Sand Project**
**Seymourville Property**

On April 16, 2013, the Company announced that it successfully completed the 100% acquisition of nine contiguous silica sand quarry leases (the "Seymourville Property"), pursuant to a Letter of Intent ("LOI") announced on August 27, 2012 with Char-Crete Ltd. ("Char Crete"), a private company. The property encompasses approximately 428 hectares (1,050 acres), which is subject to certain production royalties. The property is located 6km from a paved highway near Seymourville, 200km north-east of Winnipeg, Manitoba, Canada.

Under the agreement, Claim Post acquired a 100% interest in the Seymourville Property by incurring a series of cash payments as per the following schedule:

1. October 3, 2012 - \$800,000 cash payment (paid);
2. January 24, 2013 - \$400,000 cash payment (paid)
3. March 27, 2013 - \$300,000 cash payment (paid)

In addition to the cash payments, the vendor is entitled to receive royalty payments in the event that the project reaches the production stage, and these are payable within 90 days after each three (3) month period ending March 31<sup>st</sup>, June 30<sup>th</sup>, September 30<sup>th</sup> and December 31<sup>st</sup> of each calendar year as follows:

On frac sand sold:

- \$1.00 per tonne on frac sand from the Seymourville Property
- \$1.00 per tonne on frac sands from any newly staked properties within a 10km radius of the Seymourville Property (excluding lands of Native Groups)
- Royalty payments will only be made on tonnes of frac sand that is sold, delivered and paid for, not on frac sand that is stockpiled or in transit

**4. DEFERRED ACQUISITION COSTS** (continued)

**The Seymourville Frac Sand Project** (continued)

**Seymourville Property** (continued)

1. On pit sand, gravel, rock, kaolinite or clay:
  - \$0.50 per tonne on such products from the Seymourville Property
  - \$0.50 per tonne on such products from any newly staked properties within a 10km radius of the Seymourville Property (excluding lands of Native Groups)
  - Royalty payments will only be made on tonnes sold, delivered and paid for, not stockpiled or in transit
  
2. On foundry sands, smelter flux, glass and similar products:
  - \$0.50 per tonne on such products from the Seymourville Property
  - \$0.50 per tonne on such products from any newly staked properties within a 10km radius of the Seymourville Property (excluding lands of Native Groups)
  - Royalty payments will only be made on tonnes sold, delivered and paid for; not stockpiled or in transit

On July 5th, 2013 Claim Post received notice from legal counsel for Simmons Construction Limited (“Simmons Group”) requesting information on the purchase of leases from Char Crete in connection with the Seymourville Property. The notice indicated that Simmons Group, acting on its own behalf and as agent for others, holds a debenture from Char Crete that creates a security interest in the undertaking and all the assets of Char Crete. The Simmons Group claim purports to include the nine quarry leases purchased by Claim Post. The total principal amount of the debenture on all Char Crete assets is \$1,243,458.

Simmons Group registered its security interest under the Manitoba Personal Property Security Act on January 15, 2013, after Claim Post had purchased these leases from Char Crete. The Simmons Group debenture was executed on November 29, 2012. Accordingly, Claim Post takes the position that the Simmons Group security interest did not attach to the Char Crete quarry leases as they were not owned by Char Crete as at the date of the debenture registration. During the year ended September 30, 2014, the Company initiated legal proceedings to enforce the Char Crete Agreement and has brought an application for a determination and a declaration as to the ownership of said leases.

**Manigotagan Property**

On June 18, 2013, the Company entered into an agreement to purchase the Manigotagan Frac Sand Project (“Manigotagan Property”) from Gossan Resources Limited GSS-V (“Gossan”). The property encompasses nine quarry leases (306 hectares) and is contiguous to Claim Post’s wholly-owned Seymourville Property (428 hectares).

The total payable to Gossan for the purchase of the Manigotagan Property will be as follows:

- 1) 1,000,000 common shares of Claim Post or \$50,000, at Claim Post’s sole discretion on signing the Agreement (shares issued);
- 2) 2,000,000 common shares of Claim Post or \$200,000, at Claim Post’s sole discretion on or before December 18, 2013, which is 6 months after the signing of the Agreement (shares issued);
- 3) \$350,000 payable June 18, 2014, which is 12 months after the signing of the Agreement; (paid)
- 4) \$350,000 payable December 18, 2014, which is 18 months after the signing of the Agreement; (paid on December 8, 2014)
- 5) \$430,000 payable June 18, 2015, which is 24 months after the signing of the Agreement.

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**4. DEFERRED ACQUISITION COSTS (continued)**

**The Seymourville Frac Sand Project (continued)**

***Manigotagan Property (continued)***

By purchasing the Manigotagan Property, Claim Post is obligated to pay a Royalty Interest (the "Royalty") to Gossan in the amount of \$1.00 dollar per tonne of frac sand plus \$0.50 per tonne for other silica sand or clay products sold from the Manigotagan Property in the event that the project reaches the production stage. Claim Post can acquire 50% of the Royalty for \$1,500,000 any time after the Company completes the property payments.

**Timmins Area Project Claims (formerly the Kamiskotia Property)**

The Timmins Area Project staked claims are 261 claim units (2013 -272 claim units) located in the Godfrey, Turnbull, Jamieson, Robb and Mountjoy Townships. Of these claim units purchased in 2005, 162 are subject to a 3% Net Smelter Metals Royalty ("NSMR"), of which up to 2% can be acquired for \$1 Million per 1% within one (1) year of the Company making a production decision relating to said claims. The claims previously subject to a 1% royalty were dropped along with 4 low priority 3% NSR claims; the royalty holders allocated assessment credits to maintain the main claim group. Claim Post maintains 110 claim units in the Mountjoy Township. During the year ended September 30, 2014, Claim Post allowed some claims to lapse as they were no longer in line with the Company's strategic objectives. Claim Post has re-staked the claims that Management has deemed to add value to the Company's land holdings. The Company recorded a write-down of acquisition costs during the prior year ended September 30, 2013 on the Timmins Area project claims on the Statement of Loss and Comprehensive Loss in the amount of \$62,151.

***Dayton Porcupine Claims Project***

On May 10, 2010, the Company completed the acquisition of a 100% interest in 49 patented claims in Deloro and Ogden Townships, nine miles south of Timmins. The acquisition includes 40 patented claims covering the historical Dayton Porcupine claims and 8 patented claims formerly owned by McLaren Porcupine Mines Inc. The final single patented claim is adjacent to the historical Faymar Mine. The purchase price was \$5,000 cash, plus one million (1,000,000) common shares of the Company at a price of \$0.25 per share for 100% ownership of both the patented surface rights and patented mining rights, subject to an aggregate total 3% Net Smelter Royalty ("NSR"). On acquisition of the claims, the Company had also assumed the liability of approximately \$210,000 in property taxes that are in arrears to the Township, which has been included in accounts payable and accrued liabilities, and exploration and evaluation expenditures.

On August 20, 2013, the Company received notice from the City of Timmins that failure to pay the property taxes in arrears would result in loss of the surface rights of the property. As these properties are not currently being explored or developed, the Company has determined that the cost to maintain the related surface rights outweighs the benefits, and that payment of this tax liability would drain the Company of financial resources that would be better spent on properties that the Company is focused on advancing, such as the Seymourville Property or the recent agreement entered into on the Manigotagan Property. As of September 30, 2014 the status of the surface rights of the property remains unchanged.

***Racetrack Property Option***

On September 13, 2010 the Company entered into an option agreement to earn up to a 100% interest in 103 claim units and 12 patented claims (Racetrack Property Option) from Electra Gold Ltd. The claims are in Ogden Township and will add a 7 km western extension (12 km total length) to Claim Post's 100% owned Dayton Porcupine Claims, Kamiskotia Property, located 10 km south of Timmins, Ontario.

Under the option agreement, Claim Post is the operator of the Racetrack Property and has earned a 50% interest in the 115 units or claims by incurring a series of cash payments and/or share issuances plus exploration expenditures, as per the following schedule:

1. On signing: \$20,000 cash (paid) plus 200,000 Claim Post shares (issued) and \$120,000 of exploration work within 9 months (completed);

**4. DEFERRED ACQUISITION COSTS (continued)**
**Timmins Area Project Claims (formerly the Kamiskotia Property) (continued)**
**Racetrack Property Option (continued)**

2. September 13, 2012: \$50,000 cash payment or 200,000 Claim Post shares, at Claim Post's option (200,000 Claim Post shares were issued).
3. September 13, 2013: \$200,000 cash payment or issuance of 500,000 Claim Post shares, at Claim Post's option (500,000 Claim Post shares were issued); and

In order to earn the remaining 50% interest in the Racetrack Property Option, Claim Post would have been required to make either a cash payment of \$750,000 or issue 1,500,000 Claim Post shares, at Claim Post's option by September 13, 2014. Claim Post's Management has decided to maintain its interest in the Property at 50% and will not proceed with either the cash payment or issuance of shares to earn a 100% interest in the Property.

The Racetrack claims are subject to underlying NSR royalties with royalty buyout clauses. The 103 staked units have a 2% NSR royalty, with \$1 million dollar buyout for 1% NSR and the 12 patented claims have a 3% NSR royalty with a \$1 million dollar buyout of 2% NSR.

**5. EXPLORATION AND EVALUATION EXPENDITURES**

Exploration and evaluation expenditures	September 30, 2014	September 30, 2013
Lidar survey	\$ 59,018	\$ -
Independent resource report	195,436	-
Metallurgical work	84,203	-
Consulting	54,865	4,778
Field Offices	47,672	-
Preliminary Economic Assessment	20,000	-
Other exploration and evaluation expenditures	63,635	37,993
	<b>\$ 524,829</b>	<b>\$ 42,771</b>

The exploration and evaluation expenditures of the Company are broken down as follows:

	Year Ended		Cumulative to date
	September 30, 2014	September 30, 2013	
<b>Seymourville Frac Sand Project</b>	<b>\$ 495,349</b>	<b>\$ 13,241</b>	<b>\$ 508,590</b>
<b>Timmins Area Project Claims (formerly the Kamiskotia Property)</b>	<b>29,480</b>	<b>29,530</b>	<b>3,826,786</b>
<b>Exploration and evaluation costs</b>	<b>\$ 524,829</b>	<b>\$ 42,771</b>	<b>\$ 4,335,376</b>

## **6. CAPITAL MANAGEMENT**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties and to ensure it continues as a going concern. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

All of the properties in which the Company currently has an interest are in the exploration stage with no operating revenues; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if management feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Despite recent market turbulence worldwide due to the credit crisis and potential of a global recession, the Company has been successful in raising funds through equity financing and utilizing debt facilities. During the year ended September 30, 2014, the Company raised \$3,912,360 through the issuance of a combination of flow-through and non-flow-through shares (Note 13). Details of the Company's debt facilities, which were used to fund the Seymourville Property acquisition, can be found in Notes 12 and 13.

Recent market conditions have and are expected to continue to have an adverse impact on the ability of junior mining exploration companies to secure equity funding. The Company has historically relied on equity financing to raise capital and will continue its attempts to do so. Although Claim Post was successful in securing debt and equity financing in the current and recent periods, there is no guarantee that future fund-raising attempts will be equally successful.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the periods ended September 30, 2014 and 2013. As at September 30, 2014, the Company is not subject to externally imposed capital requirements.

## **7. MANAGEMENT OF FINANCIAL AND OTHER RISK**

The Company's financial instruments are exposed to financial and other risks as summarized below:

### **Fair value**

As at September 30, 2014, the carrying and fair value amounts of the Company's cash, receivables and other assets, trade and other payables and due to related parties are approximately equivalent due to the relatively short periods to maturity. Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price if one exists.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

**7. MANAGEMENT OF FINANCIAL AND OTHER RISK (continued)**

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

**i) Credit risk**

The Company's credit risk is primarily attributable to cash and receivables and other assets included in current assets. The Company has no material concentration of credit risk arising from operations. Cash consists of bank deposits, which are held by a Canadian chartered bank, and management believes the risk of loss is remote. The Company's receivables and other assets are normally collected within a 60-90 day period. The Company has not experienced any significant collection issues to September 30, 2014.

The Company's maximum exposure to credit risk as at September 30, 2014 is the carrying value of cash.

**ii) Liquidity risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due and ensuring an adequate supply of funds to enable the Company to carry out its intended programs. As at September 30, 2014, the Company had a cash balance of \$987,883 (2013 - \$55,491) to settle current liabilities of \$445,765 (2013 - \$1,345,245). All of the Company's financial trade liabilities have contractual maturities of less than one year and are subject to normal trade terms.

As at September 30, 2014, the Company had working capital of \$642,306 (2013 –working capital deficiency of \$1,269,619). Interest payable on the outstanding loan will further impact the Company's liquidity risk and working capital in the short-term. In order to meet its longer-term working capital needs and property exploration expenditures, the Company intends on securing additional financing to ensure that those obligations are properly discharged. As such, management believes that the Company will then have sufficient working capital to discharge its current and anticipated obligations for a minimum of one year. There can be no assurance that Claim Post will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of Claim Post may change and shareholders may experience additional dilution. If adequate financing is not available, or cannot be obtained on a timely basis, the Company may be required to delay, reduce the scope of, or eliminate one or more of its exploration activities or relinquish some or all of its rights to certain of its interests.

**iii) Interest rate risk**

The Company's current policy is to invest excess cash in investment-grade, short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Management considers interest rate risk to be minimal given that, as at September 30, 2014, \$1,005,001 (2013 – Nil) were held in short-term deposit certificates.

The Company is no longer exposed to interest rate risk on the related party loans given that it has repaid all of the loans during the period ended September 30, 2014.

**8. CASH**

The cash balance at September 30, 2014, consists of \$987,883 (2013 - \$55,491) on deposit with a major Canadian bank.

During the year ending September 30, 2014, the Company raised \$857,000 (2013 – NIL) in flow-through common share financing which, under the terms of the flow-through financings, these funds must be used to pay for qualifying exploration expenditures, as defined under the Canadian Income Tax Act. As at September 30, 2014, \$342,299 (2013 – NIL) of Claim Post's cash balance is required for this purpose.

**Years Ended September 30, 2014 and 2013**
**9. RECEIVABLES AND OTHER ASSETS**

The Company's receivables and other assets arise from two main sources: 1) prepaid expenses; and 2) harmonized sales tax ("HST") receivable from government taxation authorities. These are broken down as follows:

<b>As at</b>	<b>September 30, 2014</b>	September 30, 2013
Prepays	\$ 58,183	\$ 9,884
HST receivable	52,005	10,251
<b>Total receivables and other assets</b>	<b>\$ 110,188</b>	<b>\$ 20,135</b>

**10. TRADE AND OTHER PAYABLES**

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and amounts payable for operating and financing activities. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is an aged analysis of the trade and other payables:

<b>As at</b>	<b>September 30, 2014</b>	September 30, 2013
Less than 1 month	\$ 87,722	\$ 82,720
Over 3 months*	330,043	555,336
<b>Total trade and other payables</b>	<b>\$ 417,765</b>	<b>\$ 638,056</b>

\*Included in this balance is \$276,903 (2013 - \$276,903) in property taxes relating to the acquisition of the Dayton Porcupine Claims (Note 4).

**11. KEY MANAGEMENT COMPENSATION**

The financial statements include balances and transactions with directors and/or officers of the Company.

These expenditures are summarized as follows:

<b>Years Ended September 30,</b>	<b>2014</b>	2013
Legal fees paid to an officer's firm	\$ 184,613	\$ 64,287
Management and consulting fees	\$ 120,912	\$ 65,400
Share-based payments	\$ -	\$ 129,955

In accordance with IAS 24, Related Party Disclosures, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

**Years Ended September 30, 2014 and 2013**
**12. DUE TO RELATED PARTIES**

As at September 30, 2014, the trade and other payables balance includes related party amounts of \$31,116 (2013 - \$68,389). The related parties are directors and officers of the Company, and entities over which executive management and directors have control or significant influence.

On May 1, 2012, and revised on June 30, 2012, September 4, 2012, March 27, 2013 and June 27, 2013 the Company executed a Promissory Note in the amount of \$181,600 to DPM Mining Inc., an entity controlled by a director of the Company (hereinafter called the "Holder"). The Promissory Note was non-interest bearing with no fixed terms of repayment. On November 1, 2013 the Company paid this loan in full.

On January 16, 2013, and revised on March 27, 2013, the Company entered into a \$475,000 loan agreement with three individuals, bearing interest at a rate of prime plus 5% calculated and accrued monthly in arrears maturing on July 16, 2013. Two of the three individuals collectively hold \$375,000 of this loan and are related parties, one of whom is related to the President and CEO of the Company, and the other is a significant shareholder of Claim Post, holding approximately 20% of the outstanding shares of the Company who is also a Director. The proceeds from the loan were used to make payments on the Seymourville Property on January 24, 2013 and March 27, 2013 for \$400,000 and \$75,000, respectively, pursuant to the LOI described in Note 5. On October 22, 2013 and October 31, 2013 the Company made payments of \$200,000 and \$62,500, respectively, leaving a balance of \$212,500. On June 10, 2014 these loans were paid in full.

On March 27, 2013 the Company executed a Promissory Note in the amount of \$25,000 to a director of the Company (hereinafter called the "Holder"). Funds were used towards the acquisition of the Seymourville Property described in Note 5. The Promissory Note was non-interest bearing with no fixed terms of repayment. On October 22, 2013 this loan was paid in full.

**13. CAPITAL STOCK**
**(a) Authorized**

As at September 30, 2014 and September 30, 2013 the Company's authorized number of common shares was unlimited and without par value.

**(b) Issued**

	Number of Shares	Amount
<b>Balance at October 1, 2012</b>	<b>36,363,831</b>	<b>3,449,347</b>
Shares issued (i), (ii), (iv)	15,425,000	1,367,500
Shares issued for property option payment (iii)	1,000,000	30,000
Share issuance costs (i), (ii), (iv)	-	(139,114)
Fair value of warrants issued as finder's fees (i), (ii), (iv)	-	(46,220)
Reserve on issuance of warrants	-	(233,557)
<b>Balance at September 30, 2013</b>	<b>52,788,831</b>	<b>\$4,427,956</b>
Shares issued (v), (viii), (ix), (x)	62,730,329	3,912,360
Shares issued for property option payment (vi), (vii)	2,500,000	92,500
Share issuance costs – cash (v), (viii), (ix), (x)	-	(195,860)
Share issue costs – legal fees	-	(11,677)
Fair value of warrants issued as finder's fees (v), (viii), (ix), (x)	-	(105,012)
Reserve on issuance of warrants	-	(2,195,634)
Premium liability on flow-through shares	-	(129,000)
<b>Balance at September 30, 2014</b>	<b>118,019,160</b>	<b>\$5,795,633</b>

**Years Ended September 30, 2014 and 2013**

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**13. CAPITAL STOCK (continued)**

- (i) On October 1, 2012 the Company completed a non-brokered private placement of 9,425,000 Common Shares at a price of \$0.10 per common share for gross proceeds of \$942,500. All securities issued on closing were subject to a four month hold period from the date of closing. The shares were issued in connection with a Private Placement offering which closed on September 28, 2012. The Company issued the shares on October 1, 2012 once they had collected all of the proceeds raised through the issuance.

In connection with the Private Placement, the Company paid a cash finder's fee in the amount of \$65,975; it paid \$10,000 in share issuance related costs and issued 659,750 broker warrants entitling the holder to purchase 659,750 common shares of the Company for \$0.10 per common share in the first year and \$0.15 per share in the second year. The warrants were issued on October 1, 2012 in conjunction with the share issuance, and expire on September 24, 2014.

- (ii) On February 21, 2013 the Company completed a non-brokered private placement of 2,500,000 units at a price of \$0.10 per Unit for gross proceeds of \$250,000. Each Unit is comprised of one (1) common share and one (1) common share purchase warrant. Each Warrant is exercisable at an exercise price of \$0.15 per share for a period of three (3) years from February 21, 2013. All securities issued on closing are subject to a four month hold period from the date of closing of February 21, 2013.

In connection with the Private Placement, the Company paid a cash finder's fee in the amount of \$17,500 and issued 175,000 broker warrants entitling the holder to purchase 175,000 common shares of the Company for \$0.10 per common share in the first year and \$0.15 per share in the second year. The broker warrants were issued on February 21, 2013 in conjunction with the share issuance, and expire on February 21, 2015.

- (iii) On July 18, 2013 the Company issued 1,000,000 common shares to Gossan as the first payment of the purchase price pursuant to the Gossan Agreement. See Note 5.
- (iv) On September 25, 2013 the Company completed an initial closing of 3,500,000 Units for gross proceeds of \$175,000. Each Unit is comprised of one (1) common share and one (1) common share purchase warrant. Each Warrant is exercisable at an exercise price of \$0.10 per share for a period of three (3) years from September 25, 2013. All securities issued on closing are subject to a four month hold period from the date of closing of September 25, 2013.

In connection with the closing, the Company paid a cash finder's fee in the amount of \$12,250 and issued 192,500 broker warrants entitling the holder to purchase 192,500 common shares of the Company for \$0.10 per common share for a period of three (3) years from September 25, 2013. The broker warrants were issued on September 25, 2013 in conjunction with the share issuance, and expire on September 25, 2016.

- (v) On November 7, 2013 the Company completed a private placement announced in its new releases dated July 3, 2013 and amended July 29, 2013 and October 8, 2013 in four tranches. The Company issued a total of 31,720,000 Units and 9,083,333 Flow-Through Units for total proceeds of \$2,131,000 of which the Company completed an initial closing of 3,500,000 Units for gross proceeds of \$175,000 on September 25, 2013 as noted above. Each Unit is comprised of one (1) common share and one (1) common share purchase warrant. Each Warrant is exercisable at an exercise price of \$0.10 per share for a period of three (3) years from the date of closing. All securities issued on closing are subject to a four month hold period from the date of closing.

In connection with the closing, the Company paid total cash finder's fees of \$112,420 and issued a total of 2,069,900 finder warrants, of which a cash finder's fee of \$12,500 was paid and 192,500 broker warrants were issued on September 25, 2013 as noted above. Each finder warrant is exercisable at the price of \$0.10 per share and expire 36 months from the date of closing.

All Shares issued will be subject to a four (4) month hold period from the date of closing of November 7, 2013.

- (vi) On December 6, 2013 the Company issued 2,000,000 common shares to Gossan as the second payment of the purchase price pursuant to the Gossan Agreement with a fair value of \$0.035 per share. See Note 4.
- (vii) On December 23, 2013 the Company issued 500,000 common shares of the Company as per the Racetrack Property Agreement with a fair value of \$0.045 per share. See Note 4.

### **13. CAPITAL STOCK (continued)**

- (viii) On December 24, 2013 the Company completed an initial closing of a non-brokered private placement offering (the "Offering") announced on November 18, 2013 through the issuance of 1,500,000 Units and 1,000,000 FT Units for gross proceeds of \$135,000 at a price of \$0.06 per FT Unit and non-flow-through units ("Non-FT Unit") at a price of \$0.05 per Unit. Each FT Unit is composed of one flow-through common share in the capital of the Company and one common share purchase warrant. Each full warrant comprising the FT Units will entitle the holder to acquire one additional common share at an exercise price of \$0.10 per share until December 24, 2016. Each Non-FT Unit is composed of one common share in the capital of the Company and one common share purchase warrant. Each warrant comprising the Units will entitle the holder to acquire one additional common share at an exercise price of \$0.10 per share until December 24, 2016.

All securities issued on closing are subject to a four month hold period from the date of closing of December 24, 2013.

In connection with the closing, the Company paid a cash finder's fee in the amount of \$9,450 and issued 175,000 broker warrants entitling the holder to purchase 175,000 common shares of the Company for \$0.10 per common share until December 24, 2016.

- (ix) On January 31, 2014 the Company completed a second closing of the Offering announced on November 18, 2013 for 1,360,000 units (the "Units") for gross proceeds of \$68,000. Each Unit is comprised of one common share and one common share purchase warrant. Each Warrant is exercisable at an exercise price of \$0.10 per share until January 31, 2017. All securities issued on closing are subject to a four month hold period from the date of closing of January 31, 2014.

In connection with the closing, the Company paid a cash finder's fee in the amount of \$4,760 and issued 95,200 broker warrants, entitling the holder to purchase 95,200 common shares of the Company for \$0.10 per common share until January 31, 2017.

- (x) On June 16, 2014 the Company completed a private placement in two tranches through the issuance of a total of 18,766,996 Units and 2,800,000 Flow-Through Units for total proceeds of \$1,753,360. Each Unit consists of one common share and one-half of one warrant and each Flow-through Unit consists of one flow-through common share and one-half of one warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$0.12 per share for a period of 6 months from the date of issuance.

In connection with the closing, the Company paid total cash finder's fees of \$81,480 and issued a total of 994,875 finder warrants. Each finder warrant is exercisable at a price of \$0.12 per share and expires 6 months from the date of closing.

#### **(c) Stock Options**

##### **Stock Option Plan**

The Company maintains a stock option plan (the "Stock Option Plan") which was originally approved by the shareholders of the Company on April 2, 2009. The Stock Option Plan is a "rolling" plan under which up to 10% of the issued and outstanding Common Shares of the Company from time to time, subject to adjustment in certain circumstances, may be issued.

In the event that no specific determination is made by the Board with respect to any of the following matters, the period during which an option shall be exercisable shall be five years from the date of grant except those options issued to persons of consultants employed in Investor Relation activities shall vest in stages over 12 months with no more than one quarter of the options vesting in any three month period.

The purpose of the Stock Option Plan is to develop the interest of bona fide officers, directors, employees, management company employees, and consultants of the Company in the growth and development of the Company by providing them with the opportunity through stock options to acquire an increased proprietary interest in the Company.

**Years Ended September 30, 2014 and 2013**
**13. CAPITAL STOCK (continued)**
**(c) Stock Options (continued)**
**Stock Option Plan (continued)**

All outstanding options have been expensed as share-based payments in the period in which they vested. At September 30, 2014, 3,550,000 (2013– 4,050,000) options were outstanding and exercisable and have a weighted average exercise price of \$0.10 (2013– \$0.12) per option.

A summary of stock options issued and outstanding is as follows:

As at	September 30, 2014		September 30, 2013	
	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options
Outstanding at beginning of period	\$ 0.12	4,050,000	\$ 0.25	500,000
Transactions during the period:				
Granted	-	-	0.10	3,550,000
Expired	0.25	500,000	-	-
Outstanding at end of period	0.10	3,550,000	0.12	4,050,000
Exercisable at end of period	\$ 0.10	3,550,000	\$ 0.12	4,050,000

On January 23, 2013, the Board of Directors granted 800,000 stock options to consultants, which are exercisable at \$0.10 for a period of 5 years from the date of issuance.

On July 19, 2013 the Company granted a total of 2,750,000 options to directors, officers, employees, consultants and service providers of the Company pursuant to the Company's Stock Option Plan. The options are exercisable at a price of \$0.10 per share for a period of 5 years.

**Share-based payments**

The following table summarizes the assumptions used with the Black-Scholes valuation model for stock options issued and outstanding as at September 30, 2014:

Grant date	January 23, 2013	July 19, 2013	Total
No. of options	800,000	2,750,000	3,550,000
Exercise price	\$ 0.10	\$ 0.10	
Expected life in years	5	5	
Volatility	169.88%	165.70%	
Risk-free interest rate	1.25%	1.51%	
Dividend yield	-	-	
Vesting	100%	100%	
Grant date share price	\$0.05	\$0.06	
Remaining contractual life	3.32	3.80	
Fair value of options granted	\$ 36,880	\$ 152,075	\$ 188,955

Option pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Volatility is based on the historical volatility of the Company. Changes in the underlying assumptions can materially affect the fair value estimates.

Options issued to non-employees were valued using the fair value of the equity instrument granted in the absence of a reliable estimate of the fair value of the goods or services received.

**Years Ended September 30, 2014 and 2013**
**14. WARRANT RESERVE**

A summary of the changes in the Company's reserve for warrants is set out below:

As at	September 30, 2014		September 30, 2013	
		Number of Warrants		Number of Warrants
Outstanding at beginning of period	\$ 1,314,373	7,027,250	\$ 1,034,596	4,924,000
Transactions during the period:				
Fair value of finder's warrants issued	105,012	3,142,475	46,220	1,027,250
Fair value of warrants issued	2,195,634	51,946,831	233,557	6,000,000
Expired	-	-	-	(4,924,000)
Outstanding at end of period	\$ 3,615,019	62,116,556	\$ 1,314,373	7,027,250

The weighted average exercise price per warrant of the outstanding warrants as at September 30, 2014 was \$0.10 (2013-\$0.12).

The following table summarizes the assumptions used with the Black-Scholes valuation model for warrants issued and outstanding as at September 30, 2014:

Grant date	October 1, 2012	February 21, 2013	February 21, 2013	September 25, 2013	November 7, 2013	December 18, 2013	January 31, 2014	June 12, 2014	June 16, 2014	Total
No. of warrants	659,750	175,000	2,500,000	3,692,500	39,180,733	2,675,000	1,455,200	6,899,750	4,878,723	62,116,556
Exercise price	\$ 0.10	\$ 0.10	\$ 0.15	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.12	\$ 0.12	
Expected life in years	2	2	3	3	3	3	3	0.5	0.5	
Volatility	145.55%	159.77%	169.63%	152.31%	151.53%	151.89%	152.19%	183%	188%	
Risk-free interest rate	1.00%	1.02%	1.25%	1.07%	1.19%	1.20%	1.18%	1.07%	1.10%	
Grant date share price	0.075	0.06	0.06	0.05	0.05	0.04	0.06	0.10	0.15	
Dividend yield	-	-	-	-	-	-	-	-	-	
Fair value of warrants	\$ 29,427	\$ 7,072	\$ 118,000	\$ 137,363	\$ 1,453,605	\$ 76,774	\$ 66,794	\$ 300,437	\$ 403,036	2,774,653

Option pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Volatility is based on the historical volatility of the Company. Changes in the underlying assumptions can materially affect the fair value estimates.

Broker warrants issued to non-employees were valued using the fair value of the equity instrument granted in the absence of a reliable estimate of the fair value of the goods or services received.

Subsequent to the end of the year, on October 1, 2014, 659,750 warrants expired as indicated above. On December 16, 2014 a total of 3,125,000 warrants were exercised for one common share of the Company at \$0.12 per share for total proceeds of \$375,000.

**15. SHARE-BASED PAYMENTS RESERVE**

A summary of the changes in the Company's reserve for share-based payments is set out below:

As at	June 30, 2014	September 30, 2013
Balance at beginning of period/year	\$ 498,938	\$ 309,983
Value assigned to:		
Fair value of options granted (Note 13)	-	188,955
Balance at end of period/year	\$ 498,938	\$ 498,938

**16. INCOME TAXES**
**(a) Provision for Income Taxes**

The major factors that cause variations from the Company's combined federal and provincial statutory Canadian income tax rates of 26.50% (2013 – 26.50%) were the following:

For the year ended September 30,	2014	2013
Loss before income taxes	\$ (1,227,140)	\$ (767,919)
Expected tax recovery at statutory rates	(325,192)	(203,499)
Increase (decrease) from:		
Non-deductible expenses	75,080	(12,501)
Share-based payments	-	50,073
Share issue costs and other	(67,962)	85,182
Deferred taxes not recognized	318,074	28,307
Effect of change in tax rates	-	52,438
	\$ -	\$ -

**(b) Deferred Tax Balances**

The deferred income tax asset is comprised of the following temporary differences:

As at September 30,	2014	2013
Exploration expenditures	\$ 98,601	\$ 166,062
Capital assets	3,761	1,861
Non-capital loss carry forwards	1,039,042	669,311
Share issue costs	78,979	65,074
Deferred income taxes not recognized	(1,220,383)	(902,308)
	\$ -	\$ -

**(c) Tax Loss Carry-forwards**

The Company has accumulated non-capital losses of \$3,920,914, which may be deducted in the calculation of taxable income in future years. The losses expire as follows:

2025	\$ 12
2026	33,078
2027	147,360
2028	106,444
2029	180,196
2030	433,085
2031	678,735
2032	668,493
2033	729,689
2034	943,822
	\$ 3,920,914

**17. COMMITMENTS AND CONTINGENCIES**

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Pursuant to the issuance of 9,083,000 flow-through shares on November 7, 2013 and the issuance of 1,000,000 flow-through shares on December 24, 2013, the Company renounced \$545,000 and \$60,000, respectively, of qualified exploration expenditures with an effective date of December 31, 2013. The Company is required to spend these flow-through funds by December 31, 2014. A premium liability on flow-through shares in the amount of \$101,000 had been recognized on the statement of financial position, which represents the premium between the quoted market price and the price paid by investors for the flow-through shares. The related flow-through expenditures were renounced to investors during the period ended September 30, 2014 and \$91,000 of the premium liability was reversed and recognized in the consolidated statement of loss and comprehensive loss.

Pursuant to the issuance of 2,800,000 flow-through shares on June 16, 2014, the Company will renounce \$252,000 of qualified exploration expenditures with an effective date of December 31, 2014. The Company is required to spend these flow-through funds by December 31, 2015. A premium liability on flow-through shares in the amount of \$28,000 had been recognized on the statement of financial position, which represents the premium between the quoted market price and the price paid by investors for the flow-through shares.

As of September 30, 2014 the Company's remaining obligation for flow-through expenditures was \$342,299 (2013 - \$NIL).

The Company is committed to monthly payments under the terms of operating agreements for the office space. The aggregate annual payments are as follows:

2015	\$ 27,555
2016	\$ 27,555
2017	\$ 13,778

See Note 4 for additional commitments.

**18. SUBSEQUENT EVENTS**

At January 15, 2015, management has evaluated that there were no subsequent events occurring after September 30, 2014 that require disclosure in these financial statements.