

# **NIOCORP DEVELOPMENTS LTD.**

**Amended Condensed Consolidated Interim Financial Statements**

**For the three months ended September 30, 2014**

These amended condensed consolidated interim financial statements of NioCorp Developments Ltd. ("NioCorp" of the "Company") are the responsibility of the Company's management who prepared these amended condensed consolidated interim financial statements in accordance with International Financial Reporting Standards ("IFRS"), as outlined in Note 2 to these condensed consolidated interim financial statements. These amended condensed consolidated interim financial statements are unaudited.

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

**NIOCORP DEVELOPMENTS LTD.**  
**Condensed Consolidated Interim Statements of Financial Position**  
(in Canadian dollars)

**Amended**

	Note	September 30, 2014	June 30, 2014
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 271,410	\$ 2,997,287
Receivables	6	101,122	46,625
Marketable securities	7	24,000	24,000
Prepaid expenses		61,426	26,885
		457,958	3,094,797
<b>Non-current</b>			
Deferred financing fees		13,320	-
Deposits		42,975	67,120
Equipment	8	42,939	34,028
Exploration and evaluation assets	9	19,399,400	14,528,895
		\$ 19,956,592	\$ 17,724,840
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	10	\$ 3,617,634	\$ 1,179,519
Flow-through tax liability	12	778,750	778,750
		4,396,384	1,958,269
<b>SHAREHOLDERS' EQUITY</b>			
Capital stock	11	35,814,730	35,685,480
Share-based payment reserve	11	4,235,240	3,058,819
Deficit		(24,489,762)	(22,977,728)
		15,560,208	15,766,571
		\$ 19,956,592	\$ 17,724,840

Basis of preparation (note 2)  
Commitments (note 18)  
Subsequent events (note 19)

**On behalf of the Board:**

"Mark Smith"  
\_\_\_\_\_  
Director

"Peter Dickie"  
\_\_\_\_\_  
Director

**NIOCORP DEVELOPMENTS LTD.**  
**Condensed Consolidated Interim Statement of Comprehensive Loss**  
(in Canadian dollars)

**Amended**

	Note	Three months ended September 30, 2014	Three months ended September 30, 2013
<b>Administrative expenses</b>			
Consulting		\$ -	\$ 6,000
Depreciation	8	2,367	538
Foreign exchange		(9,235)	(557)
Investor communication		46,385	15,497
Management fees	13	126,645	45,000
Office and miscellaneous		108,797	38,351
Professional fees	13	18,439	15,868
Share-based compensation	11	1,176,421	-
Transfer agent and regulatory fees		8,394	5,148
Travel		36,460	6,558
<b>Loss for the period</b>		<b>(1,514,673)</b>	<b>(132,403)</b>
Interest income		2,639	-
<b>Loss and comprehensive loss for the period</b>		<b>\$ (1,512,034)</b>	<b>\$ (132,403)</b>
<b>Loss per common share, basic and diluted</b>		<b>\$ (0.01)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>		<b>123,387,266</b>	<b>89,339,616</b>

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

**NIOCORP DEVELOPMENTS LTD.**  
**Condensed Consolidated Interim Statements of Cash Flows**  
(in Canadian dollars)

**Amended**

	<b>Three months ended September 30, 2014</b>	<b>Three months ended September 30, 2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (1,512,034)	\$ (132,403)
Items not affecting cash:		
Depreciation	2,367	538
Share-based compensation	1,176,421	-
	(333,246)	(131,865)
Change in non-cash working capital items:		
Receivables	(54,497)	790
Prepaid expenses	(34,541)	(518)
Accounts payable and accrued liabilities	14,084	101,276
<b>Net cash provided by (used in) operating activities</b>	<b>(408,200)</b>	<b>(30,317)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of capital stock	129,250	4,263
Deferred financing fees	(13,320)	-
Advances from a related party	-	100,000
<b>Net cash provided by financing activities</b>	<b>115,930</b>	<b>104,263</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Deposits	24,145	-
Acquisition of equipment	(11,279)	-
Acquisition of mineral properties	-	(40,000)
Deferred exploration costs	(2,446,473)	(11,042)
<b>Net cash used in investing activities</b>	<b>(2,433,607)</b>	<b>(51,042)</b>
<b>Increase in cash during the period</b>	<b>(2,725,877)</b>	<b>22,904</b>
<b>Cash, beginning of period</b>	<b>2,997,287</b>	<b>35,460</b>
<b>Cash, end of period</b>	<b>\$ 271,410</b>	<b>\$ 58,364</b>

Supplemental cash flow information (note 5)

**NIOCORP DEVELOPMENTS LTD.**  
**Condensed Consolidated Interim Statements of Equity**  
(in Canadian dollars)

Amended

	<i>Note</i>	<i>Shares</i>	<i>Amount</i>	<i>Share-based payment reserves</i>	<i>Deficit</i>	<i>Total</i>
Balance, July 1, 2013		89,339,616	\$ 29,116,650	\$ 3,061,591	\$ (21,306,385)	\$ 10,871,856
Exercise of warrants		34,100	4,263	-	-	4,263
Loss for the period		-	-	-	(132,403)	(132,403)
Balance, September 30, 2013		89,373,716	\$ 29,120,913	\$ 3,061,591	\$ (21,438,788)	\$ 10,743,716
Balance, July 1, 2014		122,884,716	\$ 35,685,480	\$ 3,058,819	\$ (22,977,728)	\$ 15,766,571
Exercise of warrants		8,000	2,000	-	-	2,000
Exercise of options		820,000	127,250	-	-	127,250
Fair value of stock options exercised		-	56,348	(56,348)	-	-
Share-based payments		-	-	1,176,421	-	1,176,421
Loss for the period		-	-	-	(1,512,034)	(1,512,034)
Balance, September 30, 2014		123,712,716	\$ 35,871,078	\$ 4,178,892	\$ (24,489,762)	\$ 15,560,208

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

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## 1. CORPORATE INFORMATION

The Company was incorporated on February 27, 1987 under the laws of the Province of British Columbia. The head office, principal address and records office of the Company are located at Suite 525 - 999 West Hastings Street, Vancouver, British Columbia, Canada V6C 2W2. The Company's registered address is at the same address.

The Company is in the process of acquiring and exploring its exploration and evaluation assets and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The continued operations of the Company and the recoverability of the amounts shown for exploration and evaluation assets and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and upon future profitable production. The Company is quoted on the TSX Venture Exchange ("TSX-V") under the symbol "NB".

## 2. BASIS OF PREPARATION

These amended condensed consolidated interim financial information for the three months ended September 30, 2014 have been prepared in accordance with IAS 34 "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended June 30, 2014, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial statements as initially prepared have been amended to correct an error in the condensed consolidated interim statements of cash flows. Specifically the deferred exploration costs have been adjusted to reflect the actual cash expended and the resulting difference that affects the change in non-cash working capital items - accounts payable and accrued liabilities. There is no impact on the statement of financial position or the statement of comprehensive loss.

These financial statements were authorized for issue by the Board of Directors on December 31, 2014.

## 3. GOING CONCERN ISSUES

The Company incurred a loss of \$1,512,034 (2013 - \$132,403) for the three months ended September 30, 2014, and has an accumulated deficit of \$24,489,762 and working capital deficiency of \$3,938,426 at September 30, 2014. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

### Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

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## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS continued

### Exploration and Evaluation Expenditure and Impairment

The application of the Company's accounting policy for exploration and evaluation expenditure and impairment of the capitalized expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the year the new information becomes available.

### Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

### Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

### Key sources of estimation uncertainty:

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the consolidated financial statements.

### Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 11.



## 5. SUPPLEMENTAL CASH FLOW INFORMATION

	2014	2013
Cash paid for:		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
Non-cash activities		
Mineral property expenditures included in accounts payable	\$ 3,344,420	\$ 143,722

## 6. RECEIVABLES

	September 30, 2014	June 30, 2014
Refundable GST/HST tax	98,606	44,109
Other receivables	2,516	2,516
<b>Total</b>	<b>\$ 101,122</b>	<b>\$ 46,625</b>

## 7. MARKETABLE SECURITIES

	September 30, 2014	June 30, 2014
Shares of Amana Copper Ltd.	9,000	9,000
Shares of Victory Mines Limited	15,000	15,000
<b>Total</b>	<b>\$ 24,000</b>	<b>\$ 24,000</b>

## 8. EQUIPMENT

<b>Property and equipment</b>	Computer equipment	Furniture and equipment	Total
June 30, 2013	\$ 23,214	\$ 1,264	\$ 24,478
Additions	10,858	22,512	33,370
June 30, 2014	34,072	23,776	57,848
Additions	-	11,278	11,278
<b>September 30, 2014</b>	<b>\$ 34,072</b>	<b>\$ 35,054</b>	<b>\$ 69,126</b>
<b>Accumulated depreciation</b>			
June 30, 2013	\$ 16,423	\$ 681	\$ 17,104
Depreciation	3,666	3,050	6,716
June 30, 2014	20,089	3,731	23,820
Depreciation	1,049	1,318	2,367
<b>September 30, 2014</b>	<b>\$ 21,138</b>	<b>\$ 5,049</b>	<b>\$ 26,187</b>
<b>Net book value, June 30, 2014</b>	<b>\$ 13,983</b>	<b>\$ 20,045</b>	<b>\$ 34,028</b>
<b>Net book value, September 30, 2014</b>	<b>\$ 12,934</b>	<b>\$ 30,005</b>	<b>\$ 42,939</b>

## 9. EXPLORATION AND EVALUATION ASSETS

The Company's interest in exploration and evaluation assets consist of:

<b>For the three months ended September 30, 2014</b>		Elk Creek
Balance, beginning of period		\$ 14,528,895
Acquisition costs		-
Deferred exploration expenditures		
Core handling, sampling and assay		438,651
Drilling		1,357,589
Engineering		644,259
Environmental		193,837
Field management		56,152
Geologists and field staff		593,420
Metallurgical		1,586,597
		4,870,505
Balance, end of period		\$ 19,399,400
<b>Year ended June 30, 2014</b>		Elk Creek
Balance, beginning of year		\$ 12,330,691
Acquisition costs		69,519
		69,519
Deferred exploration expenditures		
Core handling, sampling and assay		167,591
Drilling		708,414
Engineering		451,615
Environmental		14,348
Field management		69,047
Geologists and field staff		311,862
Metallurgical		405,808
		2,128,685
Balance, end of year		\$ 14,528,895

## 9. EXPLORATION AND EVALUATION ASSETS continued

### (a) Archie Lake

In September 2009, the Company entered into an agreement to acquire the Archie Lake property located near Uranium City, Saskatchewan. In consideration, the Company paid acquisition costs of \$40,000 and issued 2,000,000 common shares at a value of \$840,000. The property is subject to a 2% Net Smelter Royalty ("NSR"), of which one half (1%) may be purchased back for \$1,000,000. Since no current exploration work has been planned by the Company, it has decided to write off its total cost of \$2,045,315 in the year ended June 30, 2013. Subsequent to September 30, 2014 the Company has an arrangement to joint venture the Archie Lake property. See note 19c.

### (b) Elk Creek

During the year ended June 30, 2011, the Company completed the acquisition of the Elk Creek property located in Southern Nebraska.

The property interests of Elk Creek consist of a number of pre-paid five year mineral exploration lease agreements which were negotiated prior to acquisition, and include a pre-determined buyout for permanent ownership of the mineral rights. Terms of the agreements require no further payments until the conclusion of the pre-paid lease, at which time the Company may elect to buyout the mineral rights. Certain agreements also contain provisions to purchase surface rights, and several contain provisions whereby the vendors would retain a 2% NSR.

### (c) Silver Mountain

During the year ended June 30, 2011, the Company completed the acquisition of Silver Mountain Mines Corp. ("Silver Mountain"). The property interests of Silver Mountain consist of the Red Lake and Thunder Bay claims located in Ontario and the Jungle Well and Laverton projects located in Western Australia.

#### Red Lake (Tait Lake) Property

The Company holds an option to acquire a 100% interest in certain claim units located in the Kenora Mining Division, Ontario. Terms of the option agreement include a payment dated July 31, 2009 of \$10,000 (paid) and \$129,000 payable as follows: \$24,000 on or before first anniversary (paid), \$30,000 on or before second anniversary (paid), \$35,000 on or before third anniversary and \$40,000 (paid in September 2013) on or before fourth anniversary of signing. In addition, a total of 150,000 shares are issuable, with 50,000 shares on signing (issued), 50,000 shares (issued at a value of \$28,000) on the first anniversary of the agreement, and 50,000 shares (issued at a value of \$13,500) on the second anniversary of the agreement. Pursuant to the payment of \$35,000 required on or before the third anniversary, the Company issued 400,000 shares at a value of \$50,000. The property is subject to a 2% net smelter return ("NSR").

On November 28, 2011 the Company entered into an option agreement (the "Option Agreement") among its wholly owned subsidiary, Silver Mountain, Perry English for Rubicon Minerals Corporation ("English") and Amana Copper Ltd. (formerly Titan Goldworx Resources Inc.)("Amana") dated October 21, 2011, as amended November 28, 2011, whereby the Company granted Amana an option to acquire up to a 70% interest in the Tait Lake Property.

The Company received a termination notice from Amana on May 29, 2013. The Company had received \$15,000 in cash and 150,000 common shares of Amana valued at \$22,500. During the year ended June 30, 2013, the Company decided to write off the Red Lake claims and related value of \$50,000 as no further exploration has been planned.

## 10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30,	
	2014	June 30, 2014
Accounts payable and accrued liabilities	\$ 3,477,388	\$ 1,039,273
Accounts payable and accrued liabilities to related parties	4,565	4,565
Taxes and penalties payable	135,681	135,681
<b>Total</b>	<b>\$ 3,617,634</b>	<b>\$ 1,179,519</b>

## 11. CAPITAL STOCK

### (a) Authorized

Unlimited common shares without par value

### (b) Issued and Outstanding

Year ended June 30, 2014

In March 2014 the Company completed private placements of 13,004,060 shares at \$0.20 per share for gross proceeds of \$2,600,812 and 5,856,608 shares at \$0.20 per share for gross proceeds of \$1,171,322. The Company incurred costs of \$174,727 towards these private placements.

In December 2013 the Company completed the second and final tranche of a private placement of 4,837,000 shares at US \$0.15 per share for gross proceeds of \$786,929 (USD \$725,550). In October 2013 the Company completed the first tranche of the private placement of 6,186,612 shares at US \$0.15 per share for gross proceeds of \$955,832 (USD \$927,992). The Company had incurred costs of \$54,482 towards this private placement of which \$36,960 was paid as at June 30, 2013.

### (c) Stock Options

The Company has a rolling stock option plan (the "Plan") whereby the Company may grant stock options to executive officers and directors, employees and consultants at an exercise price to be determined by the board of directors, provided the exercise price is not lower than the market value on the date of grant. The Plan provides for the issuance of up to 10% of the Company's issued common shares as at the date of grant with each stock option having a maximum term of five years. The board of directors has the exclusive power over the granting of options and their vesting provisions.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, June 30, 2013	6,625,000	\$ 0.20
Granted	2,835,000	0.24
Exercised	(1,640,000)	0.23
Cancelled/expired	(760,000)	0.35
Balance, June 30, 2014	7,060,000	\$ 0.19
Granted	2,800,000	0.67
Exercised	(820,000)	0.15
Cancelled/expired	(25,000)	0.30
Balance, September 30, 2014	9,015,000	\$ 0.34
Number of options currently exercisable	9,015,000	\$ 0.34

During the period ended September 30, 2014, the Company granted 2,300,000 stock options at \$0.65 each and 500,000 stock options at \$0.76 each all for a period of three years. Using a Black Scholes model the value of the options granted during fiscal 2014 was calculated to be \$1,176,421 which was charged to operations.

## 11. CAPITAL STOCK continued

The fair value of stock options granted and the assumptions used to calculate compensation expense are estimated using the Black-Scholes Option Pricing Model as follows:

	For the three months ended September 30, 2014
Fair value per option granted during the period	\$ 0.42
Risk-free interest rate	1.25%
Expected dividend yield	0%
Expected stock price volatility	107.4%
Expected option life in years	3.00

The following table summarizes information about stock options outstanding at September 30, 2014:

Exercise price	Number outstanding	Number exercisable	Expiry date
\$ 0.20	950,000	950,000	January 12, 2015
\$ 0.15	1,155,000	1,155,000	January 18, 2016
\$ 0.15	1,325,000	1,325,000	February 25, 2016
\$ 0.17	2,235,000	2,235,000	January 10, 2017
\$ 0.50	500,000	500,000	May 9, 2017
\$ 0.65	50,000	50,000	May 20, 2017
\$ 0.65	2,300,000	2,300,000	July 28, 2017
\$ 0.76	500,000	500,000	September 2, 2017
	9,015,000	9,015,000	

### (d) Warrants

(i) Warrant transactions are summarized as follows:

	Three months ended September 30, 2014	Weighted average exercise price	Year ended June 30, 2014	Weighted average exercise price
Balance, opening	1,064,140	\$ 0.36	19,093,871	\$ 0.36
Exercised	(8,000)	0.25	(2,020,820)	0.25
Expired	-	0.35	(16,008,911)	0.35
Balance, closing	* 1,056,140	\$ 0.24	1,064,140	\$ 0.36

\* Subsequent to September 30, 2014 all warrants were exercised.

At September 30, 2014 the Company has outstanding warrants, exercisable as follows:

Number	Exercise Price	Expiry Date
788,000	\$ 0.25	November 13, 2014
220,000	\$ 0.25	December 20, 2014
48,140	\$ 0.125	November 13, 2014
1,056,140		

## 12. FLOW THROUGH LIABILITIES

The Company issued 8,337,000 common shares on a flow-through basis for gross proceeds of \$2,501,100 in November 2010. The Company recorded a flow-through premium liability of \$416,850 based on the premium on the flow-through shares issued. The Company did not incur sufficient eligible expenditures to reduce the flow-through premium liability to \$nil leaving a flow through premium liability of \$244,890 as of June 30, 2013. The Company has since completed its required flow through tax filings with the Canada Revenue Agency and the liability has been reduced to \$nil.

Pursuant to the flow-through share issuance above, the Company was required to incur eligible flow-through expenditures up to November 2011. The Company was short by approximately \$1,470,000 in meeting this requirement. Under the subscription agreement the Company has an obligation to indemnify the subscriber for any taxes that may arise from the Company failing to meet the flow-through expenditure requirements. As a result the Company has estimated the indemnification liability to be \$778,750.

## 13. RELATED PARTY TRANSACTIONS

The following expenses were incurred with directors and officers of the Company

	Three months ended September 30, 2014	Three months ended September 30, 2013
<b>Key management personnel remuneration</b>		
Management fees	\$ 126,645	\$ 45,000
Professional fees	13,500	9,000
Share based compensation	644,900	-
Total key management personnel remuneration	785,045	54,000
Rent (to a company with a former common director)	-	10,061
Total	\$ 785,045	\$ 64,061

As at September 30, 2014 accounts payable included \$3,432 (June 30, 2014 - \$4,565) owing to officers and directors.

As at September 30, 2014 receivables include \$2,515 from a company with a former common director.

## 14. INCOME TAXES

The significant components of the Company's unrecognized temporary differences and tax losses as at June 30, 2014 are as follows:

	Expiry dates	2014	2013
Share issue costs	2034 to 2037	\$ 339,000	\$ 307,000
Non-capital losses	2015 to 2033	8,588,000	7,071,000
Equipment and other tax assets	Not applicable	103,000	59,000
Mineral properties	Not applicable	2,918,000	2,918,000

## 15. CAPITAL MANAGEMENT

The capital of the Company consists of the items included in shareholder's equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Company's objective for capital management is to plan for the capital required to support the Company's ongoing acquisition and exploration of its exploration and evaluation assets and to provide sufficient funds for its corporate activities.

The Company is in the exploration stage. As an exploration stage company, the Company is currently unable to self-finance its operations. The Company has historically relied on equity financings to finance its operations. In order to carry out the Company's planned exploration programs and to pay for administrative cost, the Company will spend its existing working capital and raise additional funds as required. To effectively manage the Company's capital requirements, the Company's management has in place a planning and budgeting process.

## 16. FINANCIAL INSTRUMENTS AND RISK

The Company's financial instruments consist of cash, receivables, marketable securities, accounts payable and accrued liabilities, and advances from a related party. The carrying value of receivables, accounts payable and accrued liabilities, and advances from a related party approximates their fair values due to their immediate or short-term maturity. Cash and marketable securities are carried at fair value using a level 1 fair value measurement.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

### i) Credit risk

Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company manages credit risk by investing its cash with a large Canadian chartered bank. The Company's receivables consist primarily of sales tax receivables due from the federal government. The maximum exposure to credit risk at the reporting date is the carrying value of the Company's receivables and cash.

### ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. The Company does not have any interest bearing financial instruments.

### iii) Currency risk

The Company conducts exploration and evaluation activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates for the Canadian and US dollars. As at September 30, 2014 the Company had a net monetary liability position of US\$2.4 million. Each 1% in the US dollar relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately \$24,000.

### iv) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise the funds required through future equity financings, asset sales or exploration option agreements, or a combination thereof. The Company has no regular cash flow from its operating activities. The Company manages its liquidity risk by forecasting cash flow requirements for its planned exploration and corporate activities and anticipating investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of annual budgets and significant expenditures and commitments. Failure to realize additional funding, as required, could result in the delay or indefinite postponement of further exploration and development of the Company's properties.

### v) Equity market risk

The Company is exposed to equity price risk arising from its dependence on equity financings for working capital.

### (vi) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

## 17. SEGMENTED INFORMATION

The Company has one reportable operating segment, being the acquisition and mineral exploration of exploration and evaluation assets. Geographical information is as follows:

	September 30, 2014	June 30, 2014
Non-current assets		
Canada	\$ 65,759	\$ 69,134
United States	19,403,235	14,560,909
	\$ 19,468,994	\$ 14,630,043

## 18. COMMITMENTS

The Company entered into a consulting agreement with a related party for an indefinite period commencing September 23, 2013 to pay consulting fees of \$270,000 USD per year, constituting the base fee. The Company paid a signing bonus in the amount of \$165,000 USD. The base fee does not include any bonus or incentive payments, the introduction of such payments, if any, and the amount thereof will be determined by the Board in its sole discretion. In an event of a change in control, or termination the consultant will receive a lump sum payment equal to 12 months base fees and bonus, if any, based on the preceding two year period.

The Company entered into a consulting agreement with a related party for an indefinite period commencing May 1, 2014 to pay consulting fees of \$210,000 per year, constituting the base fee. The base fee does not include any bonus or incentive payments, the introduction of such payments, if any, and the amount thereof will be determined by the Board in its sole discretion. In an event of a change in control, or termination the consultant will receive a lump sum payment equal to 12 months base fees and bonus, if any, based on the preceding two year period.

The Company entered into an agreement to lease office space starting June 1, 2014 ending on May 31, 2017, Annual rental payments are \$63,904.

## 19. SUBSEQUENT EVENTS

(a) On November 10, 2014 the Company announced it had closed a partially brokered and partially non brokered private placement of 19,245,813 special warrants (the "Special Warrants") at an issue price of \$.55 per Special Warrant to raise aggregate gross proceeds of \$10,585,197 (the "Offering"). Mackie Research Capital Corporation (the "Agent" or "MRCC") conducted the brokered portion of the Offering on a "best efforts" private placement basis. Each Special Warrant is exchangeable at any time after the closing date of the Offering for no additional consideration into one unit of the Company (a "Unit"). Each Unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share at a price of \$.65 per Warrant Share until November 10, 2016.

(b) The Company received \$258,018 from the exercise of 1,056,140 warrants.

(c) The Company entered into an option agreement with Alberta Star Development Corp. ("Alberta Star") whereby Alberta Star can earn up to a 60% interest in the Archie Lake property by incurring cumulative exploration expenditures of \$1,750,000 by October 20, 2017. The agreement is subject to regulatory approval.