FIRST POINT MINERALS CORP.

Condensed Consolidated Interim Financial Statements

September 30, 2014 & 2013

(Unaudited)

(Stated in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of First Point Minerals Corp. (the "Company") have been prepared by and are the responsibility of the Company's management.

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

FIRST POINT MINERALS CORP.

Condensed Consolidated Interim Statements of Financial Position

(Unaudited)

(Stated in Canadian Dollars)

	Sep. 30 2014	Dec. 31 2013
	$	$
ASSETS		
Current		
Cash and cash equivalents (note 3)	**2,459,103**	3,709,955
Amounts receivable (note 4)	**40,360**	12,071
Prepaid expenses (note 5)	**19,763**	66,359
Total Current	**2,519,226**	3,788,385
Equipment (note 6)	**17,737**	32,996
Reclamation deposit (note 7)	**23,036**	22,835
Marketable securities (note 8)	**119,475**	135,059
Exploration and evaluation assets (note 9)	**4,280,123**	3,713,882
	6,959,597	7,693,157
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 10)	**144,423**	64,745
EQUITY		
Share capital (note 11)	**28,606,814**	28,606,814
Other equity reserve (note 11)	**5,157,495**	5,014,331
Deficit	**(26,707,431)**	(25,766,613)
Accumulated other comprehensive loss	**(241,704)**	(226,120)
	6,815,174	7,628,412
	6,959,597	7,693,157

Nature and continuance of operations (note 1)

Commitments (note 15)

Approved and authorized by the Board of Directors:

/s/ James S. Gilbert
James S. Gilbert, Director

/s/ Robert A. Watts
Robert A. Watts, Director

See notes to the condensed consolidated interim financial statements

FIRST POINT MINERALS CORP.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Unaudited)

(Stated in Canadian dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2014	2013	**2014**	2013
	$	$	**$**	$
EXPENSES				
Accounting, legal and audit	**6,125**	25,143	**30,318**	69,548
Amortization	**5,086**	6,761	**15,259**	20,193
Communications	**1,166**	5,740	**43,196**	92,213
Foreign exchange loss	**120**	3,010	**747**	4,750
General exploration	**5,542**	27,020	**123,183**	369,920
Insurance	**1,682**	2,243	**5,081**	6,728
Management fees	**42,613**	40,963	**143,010**	186,240
Office and administration	**4,163**	6,610	**15,639**	52,069
Rent	**8,941**	10,461	**33,590**	38,592
Stock-based compensation	**125,377**	99,427	**143,164**	501,645
Travel and promotion	**8,399**	10,456	**31,931**	49,986
Trust and filing fees	**1,962**	11,611	**31,990**	38,533
Wages and benefits	**111,050**	152,874	**375,707**	509,836
Loss before other items	**(322,226)**	(402,319)	**(992,815)**	(1,940,253)
OTHER ITEMS				
Interest income	**10,203**	9,286	**35,916**	35,631
British Columbia mineral exploration tax credits	**-**	-	**16,081**	-
Properties/costs written off	**-**	(38,079)	**-**	(96,921)
	10,203	(28,793)	**51,997**	(61,290)
Net loss for the period	**(312,023)**	(431,112)	**(940,818)**	(2,001,543)
Other comprehensive loss				
Items that may be reclassified to income:				
Unrealized gain (loss) on marketable securities	**15,584**	(15,584)	**(15,584)**	(62,335)
Comprehensive loss for the period	**(296,439)**	(446,696)	**(956,402)**	(2,063,878)
Basic and diluted loss per share (note 11)	**(0.003)**	(0.004)	**(0.009)**	(0.021)
Weighted average number of common shares outstanding	**105,804,339**	95,837,933	**105,804,339**	95,836,834

See notes to the condensed consolidated interim financial statements

FIRST POINT MINERALS CORP.

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited)

(Stated in Canadian Dollars)

	Share Capital		Other		Accumulated Other	
	Number of Shares	Amount	Equity Reserve	Deficit	Comprehensive Income (Loss)	Total
	#	$	$	$	$	$
Balance, December 31, 2012	**95,687,933**	**27,055,849**	**4,489,783**	**(23,438,567)**	**(205,342)**	**7,901,723**
Options exercised	150,000	35,445	(12,945)	-	-	22,500
Stock-based compensation	-	-	501,645	-	-	501,645
Loss for the period	-	-	-	(2,001,543)	-	(2,001,543)
Other comprehensive loss	-	-	-	-	(62,335)	(62,335)
Balance, September 30, 2013	**95,837,933**	**27,091,294**	**4,978,483**	**(25,440,110)**	**(267,677)**	**6,361,990**
Private placements	9,316,406	1,583,789	-	-	-	1,583,789
Share issue costs	-	(155,174)	29,925	-	-	(125,249)
Options exercised	650,000	86,905	(21,905)	-	-	65,000
Stock-based compensation	-	-	27,828	-	-	27,828
Loss for the period	-	-	-	(326,503)	-	(326,503)
Other comprehensive loss	-	-	-	-	41,557	41,557
Balance, December 31, 2013	**105,804,339**	**28,606,814**	**5,014,331**	**(25,766,613)**	**(226,120)**	**7,628,412**
Stock-based compensation	-	-	143,164	-	-	143,164
Loss for the period	-	-	-	(940,818)	-	(940,818)
Other comprehensive loss	-	-	-	-	(15,584)	(15,584)
Balance, September 30, 2014	**105,804,339**	**28,606,814**	**5,157,495**	**(26,707,431)**	**(241,704)**	**6,815,174**

See notes to the condensed consolidated interim financial statements

FIRST POINT MINERALS CORP.

Condensed Consolidated Interim Statements of Changes in Cash Position

(Unaudited)

(Stated in Canadian dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2014	2013	**2014**	2013
	$	$	**$**	$
Cash provided by (used for):				
Operating activities				
Net loss for the period	**(312,024)**	(431,112)	**(940,818)**	(2,001,543)
Add items not involving cash:				
Amortization	**5,086**	6,761	**15,259**	20,193
Stock-based compensation	**125,377**	99,427	**143,164**	501,645
Properties/costs written off	**-**	38,078	**-**	96,921
	(181,561)	(286,846)	**(782,395)**	(1,382,784)
Changes in non-cash working capital components:				
Amounts receivable	**(18,702)**	19,769	**(28,289)**	210,611
Prepaid expenses	**2,542**	11,066	**46,596**	13,087
Accounts payable and accrued liabilities	**(22,695)**	(30,170)	**(36,299)**	(96,706)
	(220,416)	(286,181)	**(800,387)**	(1,255,792)
Financing activities *				
Cash proceeds from shares issued	**-**	-	**-**	22,500
	-	-	**-**	22,500
Investing activities *				
Reclamation deposit	**-**	40	**-**	525
Mineral property costs	**(350,201)**	(272,604)	**(562,038)**	(658,008)
Recovery of property costs incurred	**-**	-	**111,573**	12,398
Management fees earned	**-**	-	**-**	-
Equipment rental fee earned	**-**	-	**-**	-
Acquisition of capital assets	**-**	-	**-**	(1,745)
	(350,201)	(272,564)	**(450,465)**	(646,830)
Net cash provided (used) during period	**(570,617)**	(558,745)	**(1,250,852)**	(1,880,122)
Cash – beginning of period	**3,029,720**	3,216,575	**3,709,955**	4,537,952
Cash - end of period	**2,459,103**	2,657,830	**2,459,103**	2,657,830

* ***Supplemental disclosure of non-cash financing and investing activities***

Interest received	**3,763**	9,286	**16,805**	35,631
Accounts payable related to mineral properties	**115,977**	142,748	**115,977**	142,748

See notes to the condensed consolidated interim financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

First Point Minerals Corp. (the "Company") is incorporated under the *Business Corporations Act* (Alberta) and is involved in the acquisition and exploration of mineral property interests that are considered potential sites of economic mineralization. At the date of these condensed consolidated interim financial statements, the Company has not identified a known body of commercial grade ore on any of its properties and the ability of the Company to recover the costs it has incurred to date on these properties is dependent upon the Company being able to identify a commercial ore body, to finance its exploration and development costs and to resolve any environmental, regulatory, or other constraints which may hinder the successful development of the property.

The Company has not generated revenue from operations. The Company incurred a net loss of $940,818 during the nine months ended September 30, 2014 and as of that date the Company's deficit was $26,707,431. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties.

While the Company's working capital position at September 30, 2014 was $2,374,803, the Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

These condensed consolidated interim financial statements include the financial statements of the Company and its subsidiaries. They are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

The head office and principal address of the Company is Suite 200 – 1155 West Pender Street, Vancouver, British Columbia V6E 2P4. The Company's registered and records office is 4500 Bankers Hall East, 855 Second Street SW, Calgary, Alberta T2P 4K7.

2. BASIS OF PREPARATION

(a) Statement of compliance

The condensed consolidated interim financial statements for the three and nine months ended September 30, 2014 were prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB") on a basis consistent with those followed in the most recent annual consolidated financial statements.

These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and were approved and authorized for issue by the Board of Directors on November 13, 2014.

(b) Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical costs basis except for financial instruments classified as financial instruments at fair value through profit or loss or available-for-sale, which are stated at their fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting.

(Stated in Canadian Dollars)

2. BASIS OF PREPARATION *(continued)*

(b) ***Basis of measurement*** *(continued)*

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and the reported expenses during the period. Although management uses historical experience and its best knowledge of the amounts, events or actions to form the basis for judgments and estimates, actual results could differ from these estimates.

3. CASH AND CASH EQUIVALENTS

	September 30, 2014	December 31, 2013
Cash on deposit	$ 80,649	$ 146,977
Liquid short term investments	2,378,454	3,562,978
Cash and cash equivalents	$ 2,459,103	$ 3,709,955

4. AMOUNTS RECEIVABLE

The Company's receivables arise mainly from GST receivable due from Canadian government taxation authorities.

5. PREPAID EXPENSES

The Company's prepaid expenses consist of the following:

	September 30, 2014	December 31, 2013
Prepaid rent	$ -	$ 20
Insurance	5,678	6,880
Vendor prepayments	14,085	59,459
Total	$ 19,763	$ 66,359

(Stated in Canadian Dollars)

6. EQUIPMENT

	Computer hardware and software	Office furniture and equipment	Field equipment	Total
Cost at December 31, 2012	$ 80,161	$ 79,438	$ 92,050	$ 251,649
Additions	1,124	620	-	1,744
Cost at December 31, 2013	81,285	80,058	92,050	253,393
Accumulated depreciation at December 31, 2012	65,914	73,933	53,598	193,445
Depreciation/depletion	8,656	1,147	17,149	26,952
Accumulated depreciation at December 31, 2013	74,570	75,080	70,747	220,397
Net book value December 31, 2013	$ 6,715	$ 4,978	$ 21,303	$ 32,996

	Computer hardware and software	Office furniture and equipment	Field equipment	Total
Cost at December 31, 2013	$ 81,285	$ 80,058	$ 92,050	$ 253,393
Additions	-	-	-	-
Cost at September 30, 2014	81,285	80,058	92,050	253,393
Accumulated depreciation at December 31, 2013	74,570	75,080	70,747	220,397
Depreciation/depletion	3,504	747	11,008	15,259
Accumulated depreciation at September 30, 2014	78,074	75,827	81,755	235,656
Net book value September 30, 2014	$ 3,211	$ 4,231	$ 10,295	$ 17,737

7. RECLAMATION DEPOSIT

The Company has provided deposits as security against potential future reclamation work relating to three of its mineral properties. As at September 30, 2014, a total of $23,036 (December 31, 2013 - $22,835) has been provided in the form of Guaranteed Investment Certificates posted with the Minister of Finance for the Province of British Columbia for the benefit of the provincial Ministry of Energy and Mines.

8. MARKETABLE SECURITIES

Marketable securities consist of equity securities over which the Company does not have control or significant influence. Marketable securities are designated as available for sale. Unrealized gains and losses due to period end revaluations to fair value are included in other comprehensive income or loss for the period. At September 30, 2014, the Company owned 1,038,916 (December 31, 2013 - 1,038,916) shares of Aquila Resources Inc., the shares of which are traded on the Toronto Stock Exchange.

	September 30, 2014	December 31, 2013
Marketable securities – fair value	$ 119,475	$ 135,059
Marketable securities – cost	361,165	361,165

9. EXPLORATION AND EVALUATION ASSETS

As at September 30, 2014, the Company holds interests in seven nickel properties, five of which are located in British Columbia, with one property in each of the Yukon Territory and Norway. These properties were acquired by staking and the Company has a 100% interest in each of the properties, other than the Decar property located in central British Columbia, which is under option to Cliffs Natural Resources Exploration Inc. ("Cliffs"), a wholly-owned subsidiary of Cliffs Natural Resources Inc., and Cliffs' wholly-owned Canadian exploration subsidiary. With the exception of the Decar property, the Company's nickel properties are all in the early stage of exploration. The Company also holds one concession in Honduras that is presently on "care and maintenance" but which has been explored for gold in the past.

Canada

Nickel Properties, British Columbia and Yukon Territory

Under the terms of an option agreement entered into in November 2009, Cliffs had the right to earn an initial 51% interest in the Decar property by spending US$4,500,000 on the property over four years. In mid-September, 2011, Cliffs committed to completing a National Instrument 43-101 compliant preliminary economic assessment ("PEA") on the Decar property. Pursuant to an amended agreement dated September 21, 2011, by agreeing to complete the scoping study within 18 months, Cliffs is deemed to have earned an initial 51% interest in the Decar property and the Company is deemed to have earned a 1% net smelter return ("NSR") royalty in the Decar property.

On delivery of the PEA in April 2013, Cliffs earned an additional 9% interest in the Decar property, bringing its aggregate interest to 60%. In September 2013, the Company announced that Cliffs has elected to proceed to the pre-feasibility study ("PFS") phase. By sole funding completion of a NI 43-101 compliant PFS, Cliffs has the option to earn an additional 5% interest in the Decar project. By making the election to proceed to the PFS phase, Cliffs also maintains the right to earn a further 10% interest in the Decar project by sole funding a feasibility study.

Cliffs may elect at any time to form a joint venture, with Cliffs acting as operator. The Company will retain a 1% NSR royalty in the Decar property when the joint venture is formed. After the joint venture is formed, the parties' funding obligations to approved budgets will be in proportion to their respective participating interests. A party that does not fully fund its share of approved budgets will have its participating interest diluted and the other party's participating interest will be correspondingly increased. Should either party's participating interest in the joint venture be reduced to less than 10%, its interest will automatically be converted to a 1% NSR royalty interest. If the Company is the converting party, it will have, in the aggregate, a 2% NSR royalty interest.

Deferred acquisition and exploration costs incurred on two of the Company's British Columbia nickel properties (Ogden and Wolv) totaling $58,842 were written off during the year ended December 31, 2013, when it was determined that the resource potential of the properties was unlikely to warrant further expenditures.

The Company holds a 100% interest in all of its other nickel properties located in British Columbia and the Yukon Territory.

Australia

Light Concession, New South Wales

In 2013, the Company became the beneficial holder of an Exploration Licence issued by the New South Wales government for the Light Concession. During the year ended December 31, 2013, the Company dropped that license and wrote off deferred acquisition and exploration costs totaling $38,078.

9. EXPLORATION AND EVALUATION ASSETS *(continued)*

Norway

Fera & Leka Exploration Concessions

In 2012, the Company acquired mining licenses comprising the Fera and Leka exploration concessions, covering approximately 160 square kilometres ("sq km"). When it was subsequently determined that the resource potential of certain concessions was unlikely to warrant further expenditures, the Company dropped the Leka property and reduced its holdings at Fera and now controls a 100% interest in seven licenses covering 70 sq km.

Honduras

Camporo Property

The Company acquired a 60% interest in the Camporo property in southern Honduras, subject to a 0.6% NSR royalty interest, from Minera Battle Mountain Gold Company ("BMG") by incurring exploration expenditures of US$1,000,000 (incurred) and issuing 700,000 common shares (issued). The Company has an option to earn the remaining 40% interest in this property from a Honduran subsidiary of Breakwater Resources Ltd. The consideration to be paid to acquire Breakwater's interest in the property will consist of: (i) 500,000 First Point common shares ("Common Shares") if the value of a Common Share is $0.20 or higher to a maximum of $1.00 per Common Share provided that the number of Common Shares to be issued will have a maximum fair market value of not more than $500,000, or (ii) if the fair market value of a Common Share is less than $0.20, a combination of 500,000 Common Shares and a cash payment in an amount equal to $100,000 less the value of the 500,000 Common Shares, which value shall be determined using the weighted average price per Common Share calculated over the five trading days preceding the relevant date.

Breakwater will retain a sliding scale royalty of 0.4% of the gross gold sale proceeds starting at US$325 per ounce and rising to a maximum of 1.2% of the gross gold sale proceeds at US$400 per ounce and of 0.4% of the gross silver sale proceeds starting at US$5.25 per ounce and rising to a maximum of 1.2% of the gross silver sale proceeds at US$7.00 per ounce. The property is carried at a nominal value of $1.00.

Cedros Property

During 2008 the Company re-acquired an option to obtain a 100% interest in three mineral concessions and exploration permits in the Cedros region. To complete its acquisition and obtain title to the property the Company would have been required to issue 225,000 shares at any time and would have been obligated to pay a 2% NSR royalty on production, which royalty could have been purchased by the Company at any time for US$1,000,000. During the year ended December 31, 2013, the Company dropped its option on the Cedros Property and wrote off the property's $1 nominal carrying value.

(Stated in Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS *(continued)*

Consolidated Schedule of Costs – Exploration and Evaluation Assets

	Balance Dec. 31, 2012 $	Acquisition Costs $	Exploration Costs $	Recoveries $	Costs Written Off $	Balance Dec. 31, 2013 $
CANADA						
Decar	336,881	-	363,046	(13,705)	-	686,222
Wale	1,491,325	-	240,499	(13,729)	-	1,718,095
Orca	51,075	-	68,045	-	-	119,120
Klow	717,241	-	6,556	(20,719)	-	703,078
Mich	125,198	-	159,728	-	-	284,926
Letain	46,624	-	1,834	(6,234)	-	42,224
Ogden	29,098	-	-	-	(29,098)	-
Wolv	29,286	-	458	-	(29,744)	-
Subtotal, Canada	2,826,728	-	840,166	(54,387)	(58,842)	3,553,665
AUSTRALIA						
Light	-	3,638	34,440	-	(38,078)	-
Subtotal, Australia	-	3,638	34,440	-	(38,078)	-
NORWAY						
Fera	127,090	12,593	20,533	-	-	160,216
Subtotal, Norway	127,090	12,593	20,533	-	-	160,216
HONDURAS						
Camporo	1	-	-	-	-	1
Cedros	1	-	-	-	(1)	-
Subtotal, Honduras	2	-	-	-	(1)	1
Total Costs – Exploration & Evaluation Assets	**2,953,820**	**16,231**	**895,139**	**(54,387)**	**(96,921)**	**3,713,882**

(Stated in Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS *(continued)*

Consolidated Schedule of Costs – Exploration and Evaluation Assets

	Balance Dec. 31, 2013	Acquisition Costs	Exploration Costs	Recoveries	Costs Written Off	Balance Sep. 30, 2014
	$	$	$	$	$	$
CANADA						
Decar	686,222	-	215,541	(155)	-	901,608
Wale	1,718,095	-	8,119	(39,688)	-	1,686,526
Orca	119,120	-	3,320	(1,960)	-	120,480
Klow	703,078	-	221	(68,886)	-	634,413
Mich	284,926	-	435,059	-	-	719,985
Letain	42,224	-	-	(1,039)	-	41,185
Subtotal, Canada	3,553,665	-	662,260	(111,728)	-	4,104,197
NORWAY						
Fera	160,216	12,306	3,403	-	-	175,925
Subtotal, Norway	160,216	12,306	3,403	-	-	175,925
HONDURAS						
Camporo	1	-	-	-	-	1
Subtotal, Honduras	1	-	-	-	-	1
Total Costs – Exploration & Evaluation Assets	**3,713,882**	**12,306**	**665,663**	**(111,728)**	**-**	**4,280,123**

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are broken down as follows:

	September 30, 2014	December 31, 2013
Trade payables	$ 137,506	$ 26,947
Accrued liabilities	6,917	37,798
Total	$ 144,423	$ 64,745

(Stated in Canadian Dollars)

11. SHARE CAPITAL

(a) Authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of first and second preferred shares. None of the preferred shares have been issued.

(b) Issued and outstanding

During the nine months ended September 30, 2014, the Company issued no common shares.

On November 18 and November 26, 2013, the Company closed the first and second tranches, respectively, of a private placement of 9,316,406 units at a price of $0.17 per unit, for gross proceeds of $1,583,790. Each unit consists of one common share of the Company and one-half of a common share purchase warrant, where each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.25 per share for a period of 36 months from the closing of the offering. Finders' fees of $89,465 in cash and 420,384 finders' warrants were paid on a portion of the proceeds. The terms of the finders' warrants are identical to the terms of the warrants.

During the year ended December 31, 2013, the Company issued 800,000 shares as the result of a like number of options being exercised. The amount recorded as share capital was $122,350 which amount consisted of cash of $87,500 and an additional sum of $34,850, the latter being the fair value originally attributable to the options upon vesting, which amount was removed from other equity reserve.

(c) Stock options

The Company has an incentive stock option plan that conforms to the requirements of the Toronto Stock Exchange. Options to purchase common shares have been granted to directors, employees and consultants of the Company at exercise prices determined by their market value on the date of the grant. The options vest immediately on the date of the grant or as otherwise determined at the discretion of the Board. Stock option transactions during the periods ended December 31, 2013 and September 30, 2014 and the number of stock options outstanding and exercisable at September 30, 2014 are summarized as follows:

	Number of Options	**Weighted-Average Exercise Price**	**Weighted-Average Contractual Remaining Life (Years)**
Balance, December 31, 2012	**8,681,000**	**0.61**	**2.92**
Granted	1,135,000	0.43	
Cancelled	(113,000)	0.77	
Exercised	(800,000)	0.11	
Balance, December 31, 2013	**8,903,000**	**0.63**	**2.39**
Granted	1,375,000	0.15	
Cancelled	(86,000)	0.65	
Balance, September 30, 2014	**10,192,000**	**0.57**	**2.07**
Exercisable at September 30, 2014	**10,192,000**		

The weighted average share price for stock options exercised during the nine months ended September 30, 2014 is nil (2013 – $0.58).

(Stated in Canadian Dollars)

11. SHARE CAPITAL *(continued)*

(c) Stock options *(continued)*

Summary of stock options outstanding at September 30, 2014:

Number Outstanding	Exercise Price ($)	Expiry Date
1,600,000	0.35	December 23, 2014
50,000	0.63	May 3, 2015
1,575,000	0.68	May 27, 2015
75,000	0.85	January 5, 2016
1,800,000	0.80	April 14, 2016
150,000	0.95	June 30, 2016
2,267,000	0.75	February 14, 2017
200,000	0.50	September 1, 2017
850,000	0.50	February 8, 2018
250,000	0.20	August 19, 2018
1,375,000	0.15	September 5, 2019
10,192,000		

(d) Stock-based compensation:

On February 8, 2013, the Company granted officers, employees and consultants an aggregate of 885,000 options to purchase shares at an exercise price of $0.50 per share, all of which options vested immediately. The options will expire on February 8, 2018. The fair value of the options granted was $343,793, or $0.3885 per option.

On August 19, 2013, the Company granted a consultant 250,000 options to purchase shares at an exercise price of $0.20 per share, all of which options vested immediately. The options will expire on August 19, 2018. The fair value of the options granted was $31,341, or $0.1254 per option.

On September 5, 2014, the Company granted directors, officers, and employees an aggregate of 1,375,000 options to purchase shares at an exercise price of $0.15 per share, all of which options vested immediately. The options will expire on September 5, 2019. The fair value of the options granted was $123,289, or $0.0897 per option.

The weighted average fair value of stock options granted during the nine months ended September 30, 2014 and the year ended December 31, 2013 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	Nine months ended September 30, 2014	Year ended December 31, 2013
Expected dividend yield	0%	0%
Risk-free interest rate	1.58%	1.55%
Expected stock price volatility	106%	128%
Expected life of options	5 years	5 years
Weighted average fair value per stock option	$0.0897	$0.3305

Stock-based compensation expense of $143,164 was recorded during the nine months ended September 30, 2014 (2013 - $501,645). The offsetting credit was to other equity reserve.

(Stated in Canadian Dollars)

11. SHARE CAPITAL *(continued)*

(d) Stock-based compensation (*continued*)

Option pricing models require the input of highly subjective assumptions, particularly as to the expected price volatility of the stock. Changes in these assumptions can materially affect the fair value estimate and therefore it is management's view that the existing models do not necessarily provide a single reliable measure of the fair value of the Company's stock option grants.

(e) Warrants

On November 18 and November 26, 2013, the Company closed a private placement of units at $0.17 per unit. At closing, a total of 4,658,201 warrants and 420,384 finders' warrants were issued in connection with the private placement. The warrants and the finders' warrants are exercisable at a price of $0.25 per share for a period of 36 months from the closing of the offering. The fair value of the finders' warrants reported as share issuance costs ($29,925) was estimated using the Black-Scholes Option Pricing Model and the following weighted average assumptions:

Expected dividend yield (percent)	0.0
Risk free interest rate (percent)	1.200
Expected stock price volatility (percent)	92.5
Expected life of warrants (years)	3

During the year ended December 31, 2013, 3,962,500 common share purchase warrants with an exercise price of $0.80 per share expired unexercised. Warrant transactions during the year ended December 31, 2013 and the nine months ended September 30, 2014 and the number of warrants outstanding at September 30, 2014 are summarized as follows:

	Number of Warrants	**Weighted-Average Exercise Price**	**Weighted-Average Contractual Remaining Life (Years)**
Balance, December 31, 2012	**4,152,025**	**0.80**	**0.37**
Expired	(3,962,500)	0.80	
Issued	5,078,585	0.25	
Balance, December 31, 2013	**5,268,110**	**0.27**	**2.81**
Expired	(189,525)	0.72	
Balance, September 30, 2014	**5,078,585**	**0.25**	**2.15**

Warrants outstanding at September 30, 2014:

Number Outstanding	**Exercise Price $**	**Expiry Date**
210,190[1]	0.25	Nov. 18, 2016
2,633,940	0.25	Nov. 18, 2016
210,194[1]	0.25	Nov. 26, 2016
2,024,261	0.25	Nov. 26, 2016
5,078,585		

Notes (1) Finders' warrants with a fair value of $0.0712 per warrant

(Stated in Canadian Dollars)

11. SHARE CAPITAL *(continued)*

(f) Other equity reserve

The following is a summary of the components of other equity reserve at the dates indicated:

	September 30, 2014	December 31, 2013
Share options	$ 4,799,848	$ 4,656,684
Finders' warrants	357,647	357,647
Total other equity reserve	$ 5,157,495	$ 5,014,331

12. LOSS PER SHARE

Loss per share has been calculated using the weighted-average number of common shares outstanding during the period. Diluted loss per share has not been calculated as it is anti-dilutive.

13. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	2014	2013
Cash paid during the period for income taxes	$ -	$ -
Cash paid during the period for interest	$ -	$ -

14. RELATED PARTY TRANSACTIONS

At September 30, 2014, accounts payable and accrued liabilities included $25,886 (December 31, 2013 – $20,821) due to related parties. Amounts due to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

During the nine months ended September 30, 2014, the Company entered into the following related party transactions:

- paid or accrued $243,750 (2013 - $243,750) in salary to James S. Gilbert, who was appointed the Company's President and Chief Executive Officer effective February 13, 2012 for management and administrative services.

- paid or accrued $22,500 (2013 - $45,000) in salary to Peter M.D. Bradshaw, who served as the Company's President and Chief Executive Officer until February 12, 2012 and as Non-executive Chairman thereafter, for management and administrative services.

- paid or accrued $142,500 (2013 - $142,500) in salary to Ronald M. Britten, the Company's Vice President - Exploration, for management and administrative services.

- paid or accrued $44,025 (2013 - $86,250) in salary to Rob Robertson, the Company's Vice President – Corporate Development, for management and administrative services.

(Stated in Canadian Dollars)

14. RELATED PARTY TRANSACTIONS *(continued)*

- paid or accrued $50,250 (2013 - $76,560) in fees to Adera Company Management Inc., a private company controlled by J. Christopher Mitchell, the Company's Corporate Secretary, for management and administrative services.

- Paid or accrued $92,760 (2013 - $109,680) in fees to Martin Turenne Consulting Ltd., a private company controlled by Martin Turenne, the Company's Chief Financial Officer, for management and administrative services.

The amounts charged to the Company for the services provided have been determined by negotiations between the parties and are covered by a signed agreement. These services were in the normal course of operations and management believes that they were incurred on a basis consistent with comparable transactions between other non-related parties.

The Company considers its Officers to be key management personnel. Amounts paid to the key management personnel during the nine months ended September 30, 2014 and 2013 are shown in the following table:

		2014		2013
Salaries or fees	$	595,785	$	490,278
Share-based payments		77,480		296,925
Total key management personnel	$	673,265	$	787,203

15. COMMITMENTS

The Company's current lease on its existing premises will expire on May 31, 2016. At September 30, 2014, the remaining lease obligation is $166,529.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments are classified into one of the following five categories: fair value through profit and loss, held to maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. The Company classifies its cash and cash equivalents as fair value through profit and loss, marketable securities as available-for-sale and reclamation bond as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

Fair value

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(Stated in Canadian Dollars)

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

Financial instruments measured at fair value on the consolidated statement of financial position are summarized in levels of fair value hierarchy as follows:

	September 30, 2014	December 31, 2013
	Level 1	Level 1
Cash and cash equivalents	$ 2,459,103	$ 3,709,955
Marketable securities	119,475	135,059

The carrying value of receivables, reclamation bonds and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Risk Management

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by management under the direction and guidance of the Board of Directors. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meets its contractual obligations. The Company's credit risk is limited to the carrying amount on the statement of changes in financial position and arises from the Company's cash, marketable securities, receivables and reclamation bonds.

The Company's cash and marketable securities are held in accounts with Canadian chartered banks and a brokerage firm. Cash in excess of the amounts needed to fund the Company's day-to-day operating expenses is invested in securities guaranteed by the federal or British Columbia government. The reclamation deposits are in the form of Guaranteed Investment Certificates pledged to the Minister of Finance for the Province of British Columbia to cover the estimated cost of reclaiming the Company's exploration projects. The Company's receivables primarily consist of goods and services tax rebates due from the federal government and a receivable due from Cliffs.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2014, the Company had cash balances of $2,459,103 to settle current liabilities of $144,423. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

Since inception, the Company has financed its cash requirements primarily by issuing securities.

The timing of cash outflows relating to financial liabilities is outlined in the table below:

	< 1 year	1 – 3 years	4 -5 years	Total
Accounts payable and accrued liabilities	$ 144,423	$ -	$ -	$ 144,423

At September 30, 2014, the Company had met all the obligations associated with its financial liabilities.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates. At September 30, 2014, the Company was not exposed to significant market risk due to the short-term nature of the receivable balance.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of the financial institutions it deals with and the securities in which its funds are invested.

(b) Foreign currency rate risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in the United States and other foreign countries by converting funds from its Canadian dollar bank accounts and wiring US funds to the foreign counterparty. Management believes the foreign exchange risk derived from currency conversions is insignificant and therefore does not hedge its foreign exchange risk.

Sensitivity Analysis

The Company works toward its capital management objectives to the extent possible while facing the challenges of market conditions and the public's assessment of the Company's risk profile. Its capital management objectives have not changed over the period presented.

The carrying value of cash, marketable securities, receivables, reclamation bond, accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturities of these financial instruments.

Based on management's knowledge of and experience in the financial markets, management does not believe that the Company's current financial instruments will be materially affected by credit risk, liquidity risk or market risk.

The Company has no debt and accordingly is not subject to any financial covenants. The Company monitors its financing requirements through cash forecasting, consideration of current economic conditions and reviews of economic and political commentaries in respect of future developments. Financing decisions are based on the timing and extent of expected operating and capital cash outlays. Factors considered when determining whether to issue equity include the amount of cash sought, the availability of these sources and their terms.

(Stated in Canadian Dollars)

17. CAPITAL MANAGEMENT

At September 30, 2014, the Company had working capital of $2,374,803. The Company manages its cash, cash equivalents and common shares as capital. The Company's objectives in managing its capital are to:

- Maintain sufficient cash and cash equivalents to last a minimum of one year;
- Have the flexibility to achieve its on-going business objectives, including but not limited to funding work programs on its exploration and evaluation assets and pursuing new business opportunities as they arise, and
- Minimize dilution to existing shareholders.

The Directors have not specified a quantitative return on capital criteria for management, but rather rely on the expertise of management to sustain future development of the business.

The Company's exploration and evaluation assets are in the development stage and the Company does not generate a positive cash flow. As a consequence, the Company relies on accessing the capital markets to obtain the funds needed to carry on its business. It is the Company's intention to utilize its existing working capital and to raise additional funds as needed. The additional funds will be raised primarily through the issuance of its securities in private placements.

18. SEGMENTED INFORMATION

The Company operates in one reportable operating segment being the exploration of mineral properties. A geographic summary of minerals properties and net loss by country, as at and for the nine months ended September 30, 2014, is as follows:

	Canada	Honduras	Australia	Norway	Consolidated
Net loss for the period	$ 940,818	$ -	$ -	$ -	$ 940,818
Mineral properties	4,104,197	1	-	175,925	4,280,123