ALTO VENTURES LTD.

(An Exploration Stage Company)

FINANCIAL STATEMENTS

For the years ended June 30, 2014 and 2013

Canadian Funds

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Alto Ventures Ltd.

We have audited the accompanying financial statements of Alto Ventures Ltd., which comprise the statements of financial position as at June 30, 2014 and 2013 and the statements of operations, loss and comprehensive loss, cash flows, and shareholders' equity for the years then ended, 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Alto Ventures Ltd. as at June 30, 2014 and 2013 and its financial performance and its cash flows for the years then ended 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 describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Alto Ventures Ltd. to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada Chartered Accountants

October 27, 2014

Statement 1

Alto Ventures Ltd.

(An Exploration Stage Company)

Statements of Financial Position

As at,

Canadian Funds

ASSETS		June 30, 2014		June 30, 2013
Current				
Cash	**$**	**52,201**	$	18,051
Short-term investment		**-**		100,000
Receivables *(Note 6)*		**514,967**		758,866
Marketable securities *(Note 8)*		**821,539**		415,177
Quebec exploration tax credit *(Note 6)*		**11,904**		284,078
Prepaids and Deposits		**3,478**		6,891
		1,404,089		1,583,063
Exploration and evaluation assets *(Note 9)*		**2,252,076**		2,502,028
	$	**3,656,165**	$	4,085,091
LIABILITIES				
Current				
Accounts payable and accrued liabilities *(Note 7)*	**$**	**53,694**	$	33,672
Due to related parties *(Note 11a)*		**7,529**		101,446
		61,223		135,118
SHAREHOLDERS' EQUITY				
Share capital – *Statement 5 - (Note 10)*		**19,950,716**		19,699,466
Contributed surplus – options – *Statement 5 (Note 10)*		**1,422,232**		1,367,375
Contributed surplus – warrants – *Statement 5 (Note 10)*		**1,016,625**		1,016,625
Accumulated other comprehensive loss – *Statement 5*		**(1,591,600)**		(1,292,158)
Deficit – *Statement 5*		**(17,203,031)**		(16,841,335)
		3,594,942		3,949,973
	$	**3,656,165**	$	4,085,091

Going Concern and Nature of Operations *(Note 1)*
Subsequent Event (*Note 15)*

Approved and authorized by the Board of Directors on October 27, 2014:

"Richard Mazur", Director *"Gary Zak"*, Director

The accompanying notes are an integral part of these financial statements

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Alto Ventures Ltd.

Statement 2

(An Exploration Stage Company)

Statements of Operations

For the year ended June 30,

Canadian Funds

		2014		2013
Bad debts *(Note 6)*	$	**28,043**	$	-
Consulting fees		**3,000**		-
Exploration and evaluation expenditures *(Note 9)*		**275,796**		163,354
Gain on sale of exploration and evaluation asset *(Note 8)*		**(684,804)**		-
Gain on sale of marketable securities *(Note 8)*		**-**		(22,246)
Interest income		**(146)**		(1,139)
Investor and shareholder relations		**9,709**		49,048
Legal, accounting and audit fees		**76,561**		187,803
Office administration		**70,495**		148,049
Other income		**-**		(36,201)
Salaries and wages		**(25,471)**		61,392
Share-based compensation *(Note 10)*		**54,857**		77,061
Transfer agent and filing fees		**16,730**		17,221
Travel and promotion		**8,971**		13,647
Write-off of long term receivable *(Note 6)*		**254,972**		-
Write-down of exploration and evaluation assets *(Note 9)*		**272,983**		-
Loss for the year	$	**361,696**	$	657,989

Loss per share				
- Basic and diluted	$	**0.02**	$	0.03
Weighted Average Number of Common Shares Outstanding		**23,813,155**		22,424,547

The accompanying notes are an integral part of these financial statements

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Alto Ventures Ltd.

Statement 3

(An Exploration Stage Company)

Statements of Loss and Comprehensive Loss

For the year ended June 30,

Canadian Funds

		2014		2013
Loss for the year	$	**361,696**	$	657,989
Unrealized loss on available for sale securities		**299,442**		303,825
Comprehensive loss for the year	$	**661,138**	$	961,814

The accompanying notes are an integral part of these financial statements

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Alto Ventures Ltd.

Statement 4

(An Exploration Stage Company)

Statements of Cash Flows

For the year ended June 30, 2014

Canadian Funds

Cash Resources Provided By (Used In)		**2014**		2013
Operating activities				
Loss for the year	**$**	**(361,696)**	$	**(657,989)**
Items not affecting cash:				
Bad debts		**28,043**		-
Gain on sale of marketable securities		**-**		(22,246)
Gain on sale of exploration and evaluation asset		**(684,804)**		-
Share-based compensation		**54,857**		77,061
Shares issued in exchange for exploration and evaluation asset		**-**		(9,000)
Write-off of long term receivable		**254,972**		-
Write-off of amounts due to related parties		**(96,775)**		-
Write-down of exploration and evaluation assets		**272,983**		
Changes in non-cash working capital:				
Decrease in accounts receivable		**(11,073)**		217,936
Decrease in prepaid expense		**3,413**		19,298
Decrease (increase) in joint venture contributions (receipts)		**-**		2,970
Increase in due to related parties		**2,858**		88,591
Increase in Quebec exploration tax credit		**244,131**		-
Decrease in accounts payable		**20,022**		(6,569)
Net cash used in operating activities		**(273,069)**		(289,948)
Investing activities				
Acquisition of exploration and evaluation asset		**(42,781)**		-
Sale of marketable securities		**-**		53,914
Short-term investments		**100,000**		-
Net cash provided by investing activities		**57,219**		53,914
Financing activities				
Proceeds from private placements		**250,000**		-
Net cash provided by investing activities		**250,000**		-
Net increase (decrease) in cash		**34,150**		(236,034)
Cash - beginning of year		**18,051**		254,085
Cash - end of year	**$**	**52,201**	**$**	18,051

Supplementary disclosure of cash flow information (*Note 13)*

The accompanying notes are an integral part of these financial statements

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Alto Ventures Ltd.

Statement 5

(An Exploration Stage Company)

Statement of Shareholders' Equity

For the year ended June 30, 2014

Canadian Funds

	Share Capital (Number of Shares)	Share Capital (Amount) $	Contributed Surplus - Warrants $	Contributed Surplus – Options $	Accumulated Other Comprehensive Income (loss) $	Deficit $	Total $
June 30, 2012	22,424,547	19,699,466	1,016,625	1,290,314	(988,333)	(16,183,346)	4,834,726
Share-based compensation	-	-	-	77,061	-	-	77,061
Other comprehensive loss	-	-	-	-	(303,825)	-	(303,825)
Loss for the year	-	-	-	-	-	(657,989)	(657,989)
June 30, 2013	22,424,547	19,699,466	1,016,625	1,367,375	(1,292,158)	(16,841,335)	3,949,973
Shares issued for cash pursuant to private placement	1,666,667	250,000	-	-	-	-	250,000
Shares issued for exploration and evaluation asset	25,000	1,250	-	-	-	-	1,250
Share-based compensation	-	-	-	54,857	-	-	54,857
Other comprehensive loss	-	-	-	-	(299,442)	-	(299,442)
Loss for the year	-	-	-	-	-	(361,696)	(361,696)
June 30, 2014	**24,116,214**	**19,950,716**	**1,016,625**	**1,422,232**	**(1,591,600)**	**(17,203,031)**	**3,594,942**

The accompanying notes are an integral part of these financial statements

1. Going concern and nature of operations

Alto Ventures Ltd. ("the Company") is engaged in the acquisition, exploration and evaluation of Canadian gold projects. The head office is located at Suite 1158 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2 and the registered and records office of the Company is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7.

The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether its properties contain economically recoverable ore reserves. The Company has not generated any revenues from its operations to date and consequently is considered to be in the exploration stage. The amounts shown as exploration and evaluation assets represent expenditures incurred to date, less amounts written off, and do not necessarily represent present or future values. The recoverability of the carrying amounts for exploration and evaluation assets is dependent upon raising financing, the sale or joint venturing of the exploration and evaluation assets, and/or the attainment of profitable operations.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company continues to incur operating losses, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its exploration and evaluation projects. The Company's ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to complete the exploration of its mineral interests by the issuance of share capital or through joint ventures, and to realize future profitable production or proceeds from the disposition of its mineral interests. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. At June 30, 2014, the Company has working capital of $1,342,866, incurred a loss for the year ended June 30, 2014 of $361,696 and has an accumulated deficit of $17,203,031.

Management plans to continue to secure the necessary financing through a combination of the issue of new equity instruments and entering into joint venture arrangements. However, there is no assurance that the Company will be successful in these actions. These financial statements do not give effect to adjustments to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Basis of preparation

Statement of Compliance

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). They have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The significant accounting policies, as disclosed, have been applied consistently to all periods presented in these financial statements.

2. Basis of preparation and adoption of IFRS – *continued*

Critical Accounting Estimates and Judgments

The preparation of these 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 financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) The recoverability of receivables that are included in the statements of financial position based on historical collection of receivables.

ii) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position based on the planned exploration budgets and drill results of exploration programs.

iii) The inputs used in accounting for share-based compensation expense included in profit or loss calculated using the Black-Scholes option pricing model.

iv) The valuations of shares issued in non-cash transactions using the quoted share price as the fair value based measurement on the date the shares are issued for the transaction.

v) The recognition of deferred tax assets based on the change in unrecognized deductible temporary tax differences.

3. Significant accounting policies

a) Exploration and evaluation assets

All costs related to the acquisition of mineral resource interests are capitalized by project. These costs will be amortized against revenue from future production or written off if the interest is deemed impaired, abandoned or sold. All costs related to the exploration of mineral resource interests are expensed as incurred.

The amounts shown for exploration and evaluation assets represent acquisition costs incurred to date, less recoveries, and do not necessarily reflect present or future values. The recoverability of amounts shown for mineral interests is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing to complete development of the projects as well as future profitable production or proceeds from the disposition thereof.

At the end of each reporting period, the Company's exploration and evaluation assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the year. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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, but to an amount that 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. A reversal of an impairment loss is recognized immediately in profit or loss.

Ownership in exploration and evaluation assets involves certain inherent risks due to the difficulties of determining and obtaining clear title to the claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets.

3. Significant accounting policies - *continued*

b) Impairment

The Company's assets are reviewed for indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit, exceeds is recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell and its value in use.

A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups or assets. Impairment losses are recognized on the statement of operations.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

c) Share-based compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal, securities or tax purposes, or provides services similar to those performed by an employee. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. A corresponding increase in contributed surplus is recorded when stock options are expensed. When stock options are exercised, share capital is credited by the sum of the consideration paid and the related portion of share-based compensation previously recorded in contributed surplus. Consideration paid for the shares on the exercise of stock options is credited to share capital.

Share-based compensation arrangements with non-employees in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity settled share based payment transactions and measured at the fair value of goods or services received. If the fair value of the goods or services received cannot be estimated reliably, the share based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

d) Income taxes

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

3. Significant accounting policies - *continued*

d) Income taxes – *continued*

The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

e) Quebec exploration tax credit receivable

The Company is entitled to refundable mining tax credits on certain mining exploration expenditures incurred in Quebec. The Company recognizes amounts as a receivable and reduces the carrying value of exploration and evaluation assets when the amount to be received can be reasonably estimated and collection is reasonable assured.

f) Flow-through shares

Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures by the Company. Proceeds from the issuance of flow-through shares need to be allocated between the offering of the flow-through share and the premium paid for the implied tax benefit received by the investors as a result of acquiring the flow-through shares. The calculated tax benefit is recognized as a liability until the Company renounces the expenditures, at which point the liability is reversed and recorded as other income on the statement of operations. The Company records a deferred tax liability when the Company makes the expenditures. At the time of recognition of the deferred tax liability, an offsetting entry is made to tax expense.

g) Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and property and equipment when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as exploration and evaluation assets.

3. Significant accounting policies - *continued*

g) Provision for environmental rehabilitation - *continued*

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes would be recorded directly to exploration and evaluation assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, would be charged to profit or loss for the year.

h) Short-term investments

The Company classifies all its investments with maturities from three months to one year as short-term investments. All short-term investments have been classified as fair value through profit and loss.

i) Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. In calculating the diluted loss per share, the weighted average number of common shares outstanding assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. For the periods presented, there are no potentially dilutive share options or warrants outstanding.

j) Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

3. Significant accounting policies - *continued*

j) Financial instruments – *continued*

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for- sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of operations.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

Other financial liabilities: This category includes amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

The Company has classified its cash and short-term investments as fair value through profit and loss. The Company's receivables, and Quebec exploration tax credit are classified as loans and receivables. The Company's marketable securities are classified as available for sale. The Company's accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

Fair value measurement disclosure includes classification of financial instrument fair values in a hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

3. Significant accounting policies - *continued*

j) Financial instruments – *continued*

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The fair values of the Company's cash, short term investments and marketable securities constitutes a level 1 fair value measurement. The fair value of the Company's receivables, Quebec exploration tax credit, due to related parties and accounts payable and accrued liabilities approximate the carrying value due to their short-term nature.

k) Pronouncements Affecting Financial Statement Presentation and Disclosure

The adoption of the following new and amended IFRS pronouncements will result in enhanced financial statement disclosures in the Company's interim or annual consolidated financial statements or a change in financial statement presentation. These pronouncements did not affect financial results.

IFRS 12 – Disclosures of Interest in Other Entities

The Company adopted IFRS 12, Disclosures of Interests in Other Entities ("IFRS 12") on January 1, 2013. IFRS 12 outlines the disclosure requirements for interests in subsidiaries and other entities to enable users to evaluate the risks associated with interest in other entities and the effects of those interests on an entity's financial position, financial performance and cash flows.

The requirements of IFRS 12 relate to disclosures only and are applicable for the first annual period after adoption. IFRS 12 does not require the disclosures to be included for any period presented that precedes the first annual period for which IFRS 12 is applied. The adoption of IFRS 12 did not have an effect on the Company's financial statements for the current year ended June 30, 2014.

IFRS 13 - Fair Value Measurement

The Company adopted IFRS 13, Fair Value Measurement ("IFRS 13") with prospective application from January 1, 2013. IFRS 13 defines fair value, sets out a single IFRS framework for measuring fair value and outlines disclosure requirements for fair value measurements. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement, so assumptions that market participants would use should be applied in measuring fair value. The adoption of IFRS 13 did not have an effect on the Company's financial statements for the current year ended June 30, 2014.

Pronouncements Affecting Accounting Policies Only

The adoption of the following new IFRS pronouncements did not affect the Company's financial results or disclosures as the Company's analysis of these new IFRS pronouncements determined that no changes were required to the Company's existing accounting treatments.

3. Significant accounting policies - *continued*

k) Pronouncements Affecting Financial Statement Presentation and Disclosure - *continued*

IFRS 10 - Consolidated Financial Statements

The Company adopted IFRS 10, Consolidated Financial Statements ("IFRS 10") on January 1, 2013 with retrospective application. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This IFRS defines the principle of control and establishes control as the basis for determining which entities are consolidated in an entity's financial statements. IFRS 10 sets out three elements of control: power over the investee; exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of investors' return; and the requirements on how to apply the control principle. IFRS 10 supersedes IAS 27, Consolidated and Separate Financial Statements and Standing Interpretations Committee ("SIC") 12, Consolidation – Special Purpose Entities.

Based on the Company's analysis, IFRS 10 did not have an effect on the Company's financial statements for the year ended June 30, 2014 as the Company currently does not have any subsidiaries or special purpose entities.

IFRS 11 – Joint Arrangements

The Company adopted IFRS 11, Joint Arrangements ("IFRS 11") on January 1, 2013. If an arrangement results in joint control, IFRS 11 classifies joint arrangements as either joint operations or joint ventures, depending on the rights and obligations of the parties involved. The Company also adopted IAS 28(R), Investments in Associates and Joint Ventures ("IAS 28") which included amendments to address accounting for joint ventures.

A joint operation is an arrangement where the jointly controlling parties have rights to the assets and obligations in respect of the liabilities of the arrangement. An entity accounts for a joint operation by recognizing its portion of the assets, liabilities, revenues and expenses. A joint venture is an arrangement where the jointly controlling parties only have rights to the net assets of the arrangement. A joint venture is accounted for using the equity method.

Based on the Company's analysis, IFRS 11 did not have an effect on the Company's financial statements for the year ended June 30, 2014 presented as the Company currently does not have any joint arrangements.

4. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares.

In the management of capital, the Company includes the components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and investments. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

5. Management of financial risk

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Interest rate risk

The Company has no material exposure at June 30, 2014 to interest rate risk through its financial instruments.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period. Cash and short-term investments include deposits, which are at variable interest rates. Sensitivity to a plus or minus 1% change in rates would affect net loss by $522 annually. The Company does not hold any balances in foreign currencies to give rise to exposure to foreign exchange risk.

Currency risk

As at June 30, 2014, all of the Company's cash was held in Canadian dollars, the Company's reporting currency. The Company has no operations in foreign jurisdictions at this time and as such has no currency risk associated with its operations.

Credit risk

The Company has some cash balances and no interest-bearing debt. The Company has no significant concentrations of credit risk arising from operations. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by Canadian financial institutions with which it keeps its bank accounts and management believes the risk of loss to be remote.

5. Management of financial risk - *continued*

Receivables consist of long-term accounts receivable, goods and services tax ("GST") due from the Federal Government of Canada, Quebec exploration tax credits consist of amounts due from the provincial Government of Quebec, and amounts due from joint venture and option partners are for funds advanced for exploration. With regards to the long-term accounts receivable, the Company has signed an amended agreement subsequent to the June 30, 2014 year end subsequently received $50,000 as part of the terms under the amended agreement. The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations. Management believes the risk to be minimal.

Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at June 30, 2014, the Company had a cash and short-term investment balance of $52,201 (June 30, 2013 - $118,051) to settle current liabilities of $61,223 (June 30, 2013 - $135,118).

6. Receivables

Current accounts receivable balance includes $14,915 (June 30, 2013 - $3,394) in GST due from the Federal Government and $52 (June 30, 2013 - $500) in accrued term deposit interest.

The long-term receivable balance consists of $500,000 (June 30, 2013 - $754,972) due from Canoe Mining Ventures Corp. (formerly Foundation Resources Inc.) ("Canoe") from the sale of the Coldstream exploration and evaluation asset (*See Note 9c*). The Canoe receivable is secured by a collateral debenture whereby the Company's original interest in the property will revert back to the Company in the event of non-payment.

During the year ended June 30, 2014, the Company wrote down the long-term accounts receivable balance by $254,972 based on revised, on-going negotiations to re-structure the terms of the agreement in light of the current difficult financial markets. Subsequent to the June 30, 2014 year-end, the Company entered into settlement agreement Canoe to settle the terms and conditions of their debenture agreement held against the Coldstream mineral property. (See Note 15).

During the year ended June 30, 2014, the Company recorded $28,043 as a bad debt write off from amounts due from the Quebec government relating to its exploration tax credit receivable due to re-assessment of amounts claimed by the Company.

7. Accounts payable and accrued liabilities

The Company's accounts payable and accrued liabilities consist of $23,694 (June 30, 2013 - $8,343) in accounts payable and $30,000 (June 30, 2013 - $126,775) in accrued liabilities.

(Canadian Funds)

8. Marketable securities

Company	Shares	**Cost $**	**June 30, 2014 Market Value $**
Lateral Gold Corp. (LTG – TSXV)	300,000	41,000	**6,000**
Canoe Mining Ventures Corp. (CLV - TSXV)	440,000	1,455,000	**96,800**
Wescan Goldfields Inc. (WGF – TSXV)	305,000	262,000	**7,625**
Pacific North West Capital Corp. (PFN – TSX- T)	50,000	33,875	**3,000**
Razore Rock Resources Inc. (RZR:CNX)	200,000	21,000	**6,000**
Virigina Mines Inc. (VGQ)*	57,692	684,804	**702,114**
	1,352,692	2,497,679	**821,539**

Company	Shares	Cost $	June 30, 2013 Market Value $
Lateral Gold Corp. (LTG – TSXV)	300,000	41,000	13,500
Canoe Mining Ventures Corp. (CLV - TSXV)	440,000	1,455,000	385,000
Wescan Goldfields Inc. (WGF – TSXV)	305,000	262,000	10,677
Pacific North West Capital Corp. (PFN – TSX- T)	50,000	33,875	6,000
	1,095,000	1,791,875	415,177

** Subsequent to the June 30, 2014 year end, the Company sold 28,846 shares of Virginia for net proceeds of $370,990.*

During the year ended June 30, 2014, Canoe Mining Ventures Corp. ("Canoe") (formerly Foundation Resources Inc.) consolidated their shares on a 2.5 for 1 one share held and Pacific Northwest Capital consolidated their shares on a 3 for 1 share held.

During the year ended June 30, 2014, the Company received 57,692 shares from Virginia Mines Inc. ("Virginia") relating to the sale of its underlying 0.5% NSR Royalty on the Eagle Hill Exploration Windfall Lake Gold project. The shares were valued at $11.87 per share for a total fair value recognized of $684,804. The Company recognized a gain on sale of $684,804 as there were no amounts capitalized to the exploration and evaluation assets for the royalty.

During the year ended June 30, 2014, the Company received 200,000 shares in Razore Rock Resources Inc. ("Razore"), valued at $21,000, in exchange for entering into an exploration and option agreement on the Oxford Lake exploration and evaluation asset. (*See Note 9k*) The Vice-President of Corporate Development of Razore is also a director of the Company.

During the year-ended June 30, 2013, the Company sold 55,557 shares of Prodigy for net proceeds of $53,914 and recognized an overall gain on the sale of marketable securities of $22,246. During the year-ended June 30, 2013, the Company also received 100,000 shares in Lateral Gold Corp. in exchange for termination of the Chilko exploration and evaluation asset agreement. (*See Note 9b*)

The shares owned by the Company represent minor ownership in each of the companies in the above schedule.

(Canadian Funds)

9. Exploration and evaluation assets

The Company has investigated ownership of its mineral interests as at June 30, 2014 and, to the best of its knowledge, ownership of its interests is in good standing.

The following table show the acquisition activity by property from June 30, 2013 to June 30, 2014:

	Balance – June 30, 2012 and 2013	Acquisition	Option recovery/ Sale of Property	**Balance – June 30, 2014**
Alcudia, Quebec	$ 5,000	**$ -**	**$ -**	**$ 5,000**
Cote-Archie, Ontario	55,000	**(25,385)**	**-**	**29,615**
Destiny, Quebec	1,045,088	**(235,988)**	**-**	**809,100**
Dolsan, Quebec	3,444	**(3,444)**	**-**	**-**
Fisher, Saskatchewan	-	**5,000**	**-**	**5,000**
GEFA, Saskatchewan	-	**4,250**	**-**	**4,250**
Greenoaks, Ontario	450,000	**-**	**-**	**450,000**
Miner Lake, Ontario	1,041	**-**	**-**	**1,041**
Mud Lake, Ontario	40,163	**-**	**-**	**40,163**
La Ronge, Saskatchewan	-	**44,781**	**-**	**44,781**
Obalski, Quebec	4,108	**(4,108)**	**-**	**-**
Oxford Lake, Ontario	855,000	**-**	**(31,000)**	**824,000**
Three Towers, Ontario	36,900	**-**	**-**	**36,900**
Vassal, Quebec	6,284	**(4,058)**	**-**	**2,226**
Totals	$ 2,502,028	**$ (218,952)**	**$ (31,000)**	**$ 2,252,076**

The following table shows the activity by category of expenditures from July 1, 2013 to June 30, 2014:

Exploration and Evaluation Expenditures:	
Acquisition/claim staking	$ 54,031
Less: Acquisition costs written-off	(272,983)
	(218,952)
Data comp, reproduction and digitizing	2,604
Deficiency deposits	123,361
Drilling	18,660
Geological mapping	37,667
Geophysics	23,714
Government assistance	(8,032)
License/permits	7,712
Linecutting	6,310
Management and planning	18,150
Prospecting	33,790
Report writing and filing	8,280
	3,580
Exploration and evaluation expenditures for the year	**275,796**
Less: Option payments received	(31,000)
Total acquisition and exploration and evaluation expenditures for the year	**25,844**
Exploration and evaluation expenditures incurred to June 30, 2013	6,564,984
Cumulative exploration and evaluation expenditures – June 30, 2014	**$ 6,590,828**

(Canadian Funds)

9. Exploration and evaluation assets – *continued*

The following tables show the activity by property from June 30, 2012 to June 30, 2013 and to June 30, 2014:

	June 30, 2013 Total $	Acquisition Cost $	Exploration and evaluation expenditures $	Tax Credits, Option Payments, JV Recovery $	Write-Downs $	**June 30, 2014 Total $**
Alcudia	196,322	-	-	-	-	**196,322**
Cote-Archie Lake	169,757	-	4,949	-	(25,385)	**149,321**
Destiny	2,390,709	-	21,209	-	(235,988)	**2,175,930**
Dolsan	52,589	-	-	-	(3,444)	**49,145**
Expansion Lake	171,855	-	-	-	-	**171,855**
Fisher	-	5,000	28,724	-	-	**33,724**
GEFA	-	4,250	134,857	-	-	**139,107**
Greenoaks	319,197	-	1,226	-	-	**320,423**
LaRonge	-	44,781	13,580	-	-	**58,361**
Miner Lake	973,180	-	11,572	-	-	**984,752**
Mud Lake	405,324	-	5,325	-	-	**410,649**
Other exploration	226,454	-	44,615	-	(4,108)	**266,961**
Oxford Lake	1,056,057	-	8,808	(31,000)	-	**1,033,865**
Three Towers	406,370	-	-	-	-	**406,370**
Vassal	197,170	-	931	-	(4,058)	**194,043**
Total resource properties	6,564,984	54,031	275,796	(31,000)	(272,983)	**6,590,828**

	June 30, 2012 Total $	Acquisition Cost $	Exploration and evaluation expenditures $	Tax Credits, Option Payments, JV Recovery $	Recovered Excess/ Write-Downs $	June 30, 2013 Total $
Alcudia	193,252	-	3,070	-	-	196,322
Chilko	120,556	-	-	-	(120,556)	-
Cote-Archie Lake	169,757	-	-	-	-	169,757
Destiny	2,374,132	-	16,577	-	-	2,390,709
Dolsan	50,506	-	2,083	-	-	52,589
Expansion Lake	171,855	-	-	-	-	171,855
Greenoaks	318,334	-	863	-	-	319,197
Miner Lake	938,189	-	34,991	-	-	973,180
Mud Lake	404,818	-	506	-	-	405,324
Other exploration	175,845	-	50,609	-	-	226,454
Oxford Lake	1,004,143	-	51,914	-	-	1,056,057
Three Towers	403,629	-	2,741	-	-	406,370
Vassal	197,170	-	-	-	-	197,170
Total resource properties	6,522,186	-	163,354	-	(120,556)	6,564,984

9. Exploration and evaluation assets – *continued*

a) Alcudia Property, Quebec

The Alcudia property is 100% owned by the Company and subject to certain underlying royalties. The Company owns a 0.5% Net Smelter Royalty ("NSR") on any production from the adjoining Windfall property. During the year ended June 30, 2014, the Company sold the 0.5% NSR. *(Note 8)*

b) Chilko, British Columbia

On February 21, 2013, Lateral Gold Corp ("Lateral") has terminated the Assignment Agreement entered into with the Company in 2012. In turn the Company has terminated its Option Agreement with the original vendors of the property and now owns no interest in the Chilko project and has no further commitments under the Option Agreement.

During fiscal 2012, the Company entered into an Assignment Agreement with Lateral whereby the Company had agreed to assign to Lateral all of its rights under an existing option agreement to acquire a 100% interest in the Chilko property within the Chilcotin Plateau area of British Columbia. Under the terms of the Assignment Agreement, Lateral was to pay the Company $5,000 on execution (received) and a further $25,000 (received) on closing, subject to certain adjustments.

Lateral was also required to issue the Company 200,000 shares (received) on closing and a further 100,000 shares (received) on exercise of the option under the Option Agreement or upon Lateral electing not to proceed to exercise the Option.

c) Coldstream Property, Ontario

The Coldstream property is located in the Shebandowan greenstone belt west of Thunder Bay, Ontario.

On January 18, 2011, Canoe had earned 60% interest in the Coldstream property and future exploration work would be completed and funded 40% by the Company and 60% by Canoe.

On February 16, 2012, the Company completed the sale of its 40% interest in the Coldstream property to Canoe. This consolidation in ownership gives Canoe a 100% interest in the property. In consideration for the acquisition of the Company's 40% interest, Canoe paid $350,000 in cash and issued 10,000,000 common shares of Canoe at a fair value of $1,300,000. Within six months, Canoe was to pay to the Company a further $950,000 in cash, subject to a potential three month extension period, for a total consideration of $2,600,000 in cash and shares.

As part of the agreement the Company will vote in support of Canoe management for a period of three years and will not tender its shares to any take-over bid not recommended by Canoe's Board of Directors.

9. Exploration and evaluation assets – *continued*

c) Coldstream Property, Ontario - *continued*

On June 27, 2012, the Company entered into an amending agreement with Canoe concerning the consolidation of its ownership in the Coldstream property. Pursuant to the amending agreement, the remaining $950,000 (the "Balance") will be paid by Canoe through the payment of a minimum of 20% of the aggregate net proceeds of any non-flow through equity financing completed by Canoe, provided however that the Balance must be paid in full not later than November 21, 2013 (the "Due Date"). Canoe will pay to the Company, in addition to the Balance, a fee of 5% of the Balance amount outstanding as at November 21, 2012 (the "First Extension Fee"), of which a deposit of $21,000 (received) will be paid towards the First Extension Fee and the balance of such First Extension Fee will be due and payable by Canoe within five Business Days of November 21, 2012. During the year-ended June 30, 2013, Canoe paid the Company $126,581 and an additional $57,258 representing 20% of the net proceeds of their equity financings and the Company received $20,171 representing the balance of the remaining first extension fee.

Canoe retains the right to extend the Due Date to May 21, 2014 (the "Extension Right"). As consideration for the second Extension Right, if exercised, Canoe shall pay to Alto 5% of the remaining Balance amount outstanding as at November 21, 2013.

Subsequent to the June 30, 2014, the Company entered into settlement agreement Canoe to settle the terms and conditions of their debenture agreement held against the Coldstream mineral property. *(See Note 15)*

d) Cote-Archie Lake Property, Ontario

The Cote-Archie Lake property is 100% owned by the Company and subject to certain underlying royalties on some of the claims. During the year ended June 30, 2014, the Company allowed certain claims to expire as no further work is planned which resulted in a write-down of acquisition costs capitalized of $25,385.

e) Destiny (formerly Despinassy) Property, Quebec

The Destiny Project is located in Despinassy Township, northeast of Val d'Or, Quebec. The property is 100% owned by the Company and subject to certain underlying production royalties on some of the claims. During the year ended June 30, 2014, the Company allowed certain claims to expire as no further work is planned which resulted in a write-down of acquisition costs capitalized of $235,988.

f) Dolsan, Quebec

The Company owns 100% interest in this property subject to certain underlying royalties on some of the claims. During the year ended June 30, 2014, the Company allowed certain claims to expire as no further work is planned which resulted in a write-down of acquisition costs capitalized of $3,444.

g) Greenoaks Property, Ontario

The Company owns 100% interest in this property subject to certain underlying royalties.

9. Exploration and evaluation assets – *continued*

h) Miner Lake, Ontario

The Company owns a 100% interest in the Miner Lake property subject to certain underlying royalties on some of the claims.

i) Mud Lake Property, Ontario

The Company owns a 100% interest in the Mud Lake property subject to certain underlying royalties on some of the claims.

j) Obalski, Quebec

The Company owns 100% interest in this property located northwest of Val d'Or, Quebec. During the year ended June 30, 2014, the Company allowed certain claims to expire as no further work is planned which resulted in a write-down of acquisition costs capitalized of $4,108.

k) Oxford Lake, Manitoba

The Company owns a 100% interest in the Oxford Lake Property subject to certain underlying royalties on some of the claims.

During the year ended June 30, 2014, the Company entered into an exploration and option agreement with Razore Rock Resources Inc. ("Razore") under which Razore can earn up to 60% working interest in the Oxford Lake Gold Property ("Property"). Razore issued 100,000 common shares and paid $10,000 to the Company on the closing of the transaction.

Razore can earn a 51% working interest in the Property by issuing a further 500,000 common shares, paying a further $50,000 in cash option payments and incurring $2,100,000 in expenditures on the Property by December 30, 2016.

On April 15, 2014 Razore Rock Resources Inc. received an extension from the Company to fulfill certain commitments under the Oxford Exploration and Option Agreement. In consideration for the extension, Razore Rock issued 100,000 of its shares to the Company. On May 15, 2014 Razore Rock served notice that it has terminated the Oxford Lake Exploration and Option Agreement.

l) Three Towers, Ontario

The Company owns 100% interest in this property subject to certain underlying royalties.

m) Vassal, Quebec

The Company owns a 100% interest in this property located north of Val d'Or, Quebec. During the year ended June 30, 2014, the Company allowed certain claims to expire as no further work is planned which resulted in a write-down of acquisition costs capitalized of $4,058.

n) La Ronge, Saskatchewan

During the year ended June 30, 2014, the Company staked several mineral claims in Northern Saskatchewan.

9. Exploration and evaluation assets – *continued*

o) GEFA Option, Saskatchewan

The Company has entered into an Option Agreement to acquire a 60% interest in four mining claims (the "GEFA Option") in northern Saskatchewan.

The four GEFA claims are located east of the Town of La Ronge, Saskatchewan. Under the terms of the GEFA Option Agreement, the Company can earn a 60% interest in the four claims by making staged cash payments to the vendors of $5,000 on signing (paid), $20,000 after year one and $35,000 after year two totaling $60,000 and completing $250,000 in exploration within one year and a further $500,000 within the following 18 months totaling $750,000 in exploration expenditures on the property over 30 months. The property is subject to an underlying 2% NSR on all minerals and metals with the exception of diamonds, with a buy-out of 1% of the NSR for $1 million.

p) Fisher, Saskatchewan

During the year ended June 30, 2014, the Company entered into an agreement to acquire six mining claims in Saskatchewan.

Terms for the acquisition of 100% interest in the six claims include total cash payments of $18,000 (paid $3,000) staged over two years and the issuance of 25,000 shares valued at$1,250 (issued) of the Company to the Vendor. When the Company becomes 100% owner of the claims it will grant to the Vendor a 2% NSR. The Company also retains the right to buy back 1% of the NSR for $1,000,000.

10. Share capital and contributed surplus

Authorized share capital: Unlimited Common shares without par value

Shares issued:

a) During the year ended June 30, 2014, the Company issued 25,000 shares at a price of $0.05 per share for acquisition of six diamond claims. (*See Note 9p)*

b) During the year ended June 30, 2014, the Company announced that it has completed the sale of its underlying 0.5% NSR Royalty on Eagle Hill Exploration's Windfall Lake Gold project to Virginia in consideration for 57,692 common shares valued at $684,804 (*see Note 8*) and Virginia also purchased 1,666,667 shares of the Company at a price of $0.15 per share for a total proceeds received of $250,000.

(Canadian Funds)

10. Share capital and contributed surplus - *continued*

Warrants:

Warrants have been issued and are exercisable to purchase common shares of the Company as follows:

	Number of warrants		Weighted Average Exercise Price
Balance – June 30, 2012 and 2013	207,550	$	0.15
Expired	(207,550)		0.15
Balance – June 30, 2014	**-**	**$**	**-**

Stock options

a) During the year-ended June 30, 2013, the Company granted to directors, officers, and consultants, incentive stock options to purchase up to an aggregate of 1,085,000 common shares exercisable on or before September 19, 2017 at a price of $0.10 per share. The Company recorded $57,538 as share based compensation expense based upon the relative fair values and vesting conditions of the options granted.

b) During the year-ended June 30, 2013, the Company granted to directors, officers, employees and consultants, incentive stock options to purchase up to an aggregate of 386,000 common shares exercisable on or before October 30, 2017 at a price of $0.10 per share. The Company recorded $19,523 as share based compensation expense based upon the relative fair values and vesting conditions of the options granted.

c) During the year-ended June 30, 2014, the Company granted to directors, officers, employees and consultants, incentive stock options to purchase up to an aggregate of 1,050,000 common shares exercisable on or before June 19, 2019 at a price of $0.06 per share. The Company recorded $54,857 as share based compensation expense based upon the relative fair values and vesting conditions of the options granted.

The Company has established a share purchase option plan whereby the Board of Directors, may from time to time, grant options to directors, officers, employees or consultants to a maximum of 10% of the issued and outstanding share capital amount. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the Company's Board of Directors. The exercise price of an option is not less than the closing price on the Exchange on the last trading day preceding the grant date. The options vest immediately except for investor relations employees which
vest quarterly over a one year period.

(Canadian Funds)

10. Share capital and contributed surplus - *continued*

Stock option transactions were as follows:

	Number of options		Weighted Average Exercise Price
Balance – June 30, 2012	569,500	$	1.18
Granted	1,471,000		0.10
Forfeited	(7,500)		0.10
Cancelled	(495,000)		1.20
Balance June 30, 2013	1,538,000	$	0.15
Cancelled	(225,000)		0. 40
Granted	1,050,000		0.06
Balance – June 30, 2014	**2,363,000**	**$**	**0.08**

The following is a summary of the Company's options outstanding as at June 30, 2014:

Options issued	Price per share	Expiry date	Options exercisable
1,000	$1.00	December 18, 2014	1,000
1,000	$1.00	January 17, 2016	1,000
935,000	$0.10	September 19, 2017	935,000
376,000	$0.10	October 30, 2017	376,000
1,050,000	$0.06	June 19, 2019	1,000,000
2,363,000			**2,313,000**

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options. The estimated fair value of the stock options granted during the year was determined using a Black-Scholes option pricing model with the following assumptions:

	2014	**2013**
Expected dividend yield	**0%**	**0%**
Expected stock price volatility	**149%**	**146%-150%**
Risk free rate	**1.47%**	**1.25%-1.34%**
Expected life of options	**5 years**	**5 years**
Expected forfeiture rate	**0%**	**0%**
Weighted average fair value per option	**$0.0545**	**$0.0527**

(Canadian Funds)

11. Related party transactions

a) At June 30, 2013, the Company owed $7,529 (June 30, 2013: $101,446) to companies with directors and officers in common. There are no repayment terms or interest associated with this balance.

b) All of the costs recorded are based on fair value. The Company paid or accrued the following related party transactions:

	June 30, 2014 $	June 30, 2013 $
White Label Corporate Services Inc. – CFO and Corporate Secretary – administrative salary services [1]	**36,875**	72,000
White Label Corporate Services Inc. – CFO and Corporate Secretary – cost recoveries [1]	**64,425**	126,250
Mike Koziol –salary services (Officer and Company with Director in Common)	**67,500**	156,000
Mirador Management – management fees (Company with an officer in common)	**7,000**	42,000
McMillan LLP – legal fees (formerly Lang Michener) (Legal firm with a partner and Company director in Common)	**12,719**	4,510
Gary Zak – consulting services (Director & Former Officer in Common)	**3,000**	18,750
Total	**191,519**	419,510

[1] CFO and Corporate Secretarial salary services paid for the year and the balance is overhead expenses reimbursed to White Label Corporate Services Ltd. at cost.

Compensation of key management personnel

		June 30, 2014		June 30, 2013
Management fees, directors and audit committee fees	**$**	**114,375**	$	288,750
Share-based compensation		**49,108**		67,955
	$	**163,483**	$	356,705

12. Segmented information

(a) Operating Segment

The Company's operations are primarily directed towards the acquisition and exploration of resource properties in Canada and consequently there is only one operating segment.

(b) Geographic information

All interest income is earned in Canada and all assets are held in Canada.

(Canadian Funds)

13. Supplementary disclosure of cash flow information

Supplemental Disclosure of Non-Cash Financing and Investing Activities include:		June 30, 2014		June 30, 2013
Fair value adjustment on marketable securities	$	**299,442**	$	-
Fair value shares received under option agreement	$	**21,000**	$	-
Shares issued in exchange for exploration and evaluation asset	$	**1,250**	$	-
Shares received for sale of Windfall exploration and evaluation asset royalty	$	**684,804**		-

14. Income taxes

The income taxes shown in the statement of operations and loss and comprehensive loss and deficit differ from the amounts obtained by applying statutory rates to the loss before income taxes due to the following:

	June 30, 2014	June 30, 2013
Loss for the year	**$ (361,696)**	$ (657,989)
Statutory tax rate	**26%**	25.3%
Expected tax recovery	**(94,000)**	(166,000)
Change in statutory, foreign tax and foreign exchange rates	**(5,000)**	(105,000)
Non-deductible expenditures	**(164,000)**	18,000
Other	**-**	(34,000)
Change in unrecognized deductible temporary differences	**263,000**	287,000
Total tax recovery	**$ -**	$ -

The significant components of the Company's unrecorded deferred tax assets and liabilities are as follows:

	June 30, 2014	June 30, 2013
Deferred tax assets (liabilities)		
Exploration and evaluation assets	**$ 414,000**	$ 450,000
Property, plant and equipment	**6,000**	6,000
Share issuance costs	**17,000**	38,000
Allowable capital losses	**197,000**	196,000
Non-capital losses available for future period	**1,627,000**	1,347,000
Marketable securities	**232,000**	193,000
Unrecognized deferred tax assets	**$ 2,493,000**	$ 2,230,000

(Canadian Funds)

14. Income taxes - *continued*

The significant components of the Company's temporary differences and unused tax losses are as follows:

	June 30, 2014	June 30, 2013	Expiry Date Range
Exploration and evaluation assets	**$ 1,591,000**	$ 1,733,000	N/A
Property, plant and equipment	**24,000**	24,000	N/A
Share issuance costs	**67,000**	146,000	2034-2037
Allowable capital losses	**756,000**	754,000	N/A
Non-capital losses available for future periods	**6,259,000**	5,180,000	2014-2034
Marketable securities	**1,783,000**	1,484,000	N/A
	$ 10,480,000	$ 9,321,000	

Tax attributes are subject to review, and potential adjustment, by tax authorities.

15. Subsequent event

Subsequent to June 30, 2014:

The Company entered into settlement agreement Canoe Mining Ventures Corp. to settle the terms and conditions of their debenture agreement held against the Coldstream mineral property. Terms of the revised agreement are as follows:

a) Issue 1,250,000 common shares (received subsequently) in the capital of Canoe having a value of $250,000 based on a deemed price per share of $0.20.

b) Payment of the sum of $50,000 (received subsequently) on the Settlement Date;

c) Payment of a further $50,000 on or before December 31, 2014; payment of a further $75,000 on or before March 31, 2015;

d) Payment of a further $75,000 on or before June 30, 2015; and

e) The granting of a net smelter returns royalty ranging from 0.5% to 1.5% on certain portions of the Coldstream property.

In addition to the terms above, Canoe has agreed to purchase 400,000 shares of their own stock held by the Company with the share consideration equal to the deemed price at which the settlement shares were issued.