Precipitate Gold Corp.

(An Exploration Stage Company)

Condensed Interim Financial Statements

Three months ended February 28, 2014 and 2013

Unaudited – Expressed in Canadian Dollars

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Precipitate Gold Corp.
(An Exploration Stage Company)
Consolidated Statements of Financial Position
Unaudited – Prepared by Management
In Canadian Dollars

ASSETS		**February 28, 2014 (Unaudited)**		**November 30, 2013 (Audited)**
Current				
Cash and cash equivalents	$	572,288	$	789,524
Amounts receivable		13,476		17,815
Tax credit receivable (Note 4)		28,014		28,014
Prepaid expenses		47,093		15,731
		660,871		851,084
Mineral Property Interests (Note 4)		2,625,114		2,625,114
	$	3,285,985	$	3,476,198
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 7)	$	54,170	$	51,985
SHAREHOLDERS' EQUITY				
Share Capital (Note 5)		6,418,533		6,418,533
Reserves (Note 5)		974,367		967,702
Deficit		(4,161,085)		(3,962,022)
		3,231,815		3,424,213
	$	3,285,985	$	3,476,198

Nature of Operations and Going Concern *(Note 1)*

Subsequent Event *(Note 10)*

Approved by the Board of Directors:

"Jeffrey Wilson"
Jeffrey Wilson, Director

"Darryl Cardey"
Darryl Cardey, Director

Precipitate Gold Corp.
(An Exploration Stage Company)
Consolidated Interim Statements of Loss and Comprehensive Loss
For the Three Months Ended February 28, 2014 and 2013
Unaudited – Prepared by Management
In Canadian Dollars

	2014	2013
Expenses		
Audit and accounting (Note 7)	$ 7,800	$ 7,500
Directors' fees (Note 7)	12,000	12,000
Exploration and evaluation (Note 4(g) and Note 7)	71,033	198,017
Foreign exchange loss	397	562
Insurance	3,037	4,218
Investor relations	978	51,028
Legal	760	8,836
Marketing, conferences and shareholder relations	11,052	46,140
Office and administrative (Note 7)	11,775	28,321
Property investigation costs (Note 7)	23,711	-
Rent	3,000	9,129
Salaries and wages (Note 7)	39,936	39,358
Share based compensation (Note 5(d))	6,665	110,366
Transfer agent and filing fees	9,017	9,261
Total Expenses	201,161	524,736
Other Income:		
Interest income	(2,098)	(3,772)
Net loss and comprehensive loss for the period	$ 199,063	$ 520,964
Loss per share, basic and diluted	$ 0.01	$ 0.02
Weighted average shares outstanding	28,862,825	25,471,493

– See Accompanying Notes –

Precipitate Gold Corp.
(An Exploration Stage Company)
Consolidated Interim Statements of Cash Flows
For the Three Months Ended February 28, 2014 and 2013
Unaudited – Prepared by Management
In Canadian Dollars

Cash Provided By (Used In):	**2014**	**2013**
Operating activities:		
Loss for the period	$ (199,063)	$ (520,964)
Items not affecting cash:		
Share based compensation	6,665	110,366
Change in non-cash working capital:		
Accounts receivable	4,339	(4,833)
Prepaid expenses	(31,362)	16,901
Accounts payable and accrued liabilities	2,185	84,261
	(217,236)	(314,269)
Investing activities:		
Mineral property acquisition costs (Note 4(f))	-	(136)
Net decrease in cash and cash equivalents	(217,236)	(314,405)
Cash and cash equivalents - beginning of period	789,524	1,349,460
Cash and cash equivalents - end of period	$ 572,288	$ 1,035,055

- See Accompanying Notes -

Precipitate Gold Corp.

(An Exploration Stage Company)

Consolidated Interim Statements of Changes in Equity

For the Three Months Ended February 28, 2014 and 2013

Unaudited – Prepared by Management

In Canadian Dollars

	Share Capital		Reserves			
	Shares	Amount $	Warrants $	Options $	Deficit $	Total $
Balance, November 30, 2012 *(Audited)*	25,471,493	6,096,455	-	578,670	(2,455,442)	4,219,683
Comprehensive loss	-	-	-	-	(520,964)	(520,964)
Share based compensation (Note 5(d))	-	-	-	110,366	-	110,366
Balance, February 28, 2013 *(Unaudited)*	25,471,493	6,096,455	-	689,036	(2,976,406)	3,809,085
Comprehensive loss	-	-	-	-	(985,616)	(985,616)
Private placement	3,333,332	500,000	-	-	-	500,000
Fair value of warrants		(182,000)	182,000	-	-	-
Share issue costs	-	(1,722)	-	-	-	(1,722)
Common shares issued for mineral property	58,000	5,800	-	-	-	5,800
Share-based compensation (Note 5(d))	-	-	-	96,666	-	96,666
Balance, November 30, 2013	28,862,825	6,418,533	182,000	785,702	(3,962,022)	3,424,213
Comprehensive loss	-	-	-	-	(199,063)	(199,063)
Share based compensation (Note 5(d))	-	-	-	6,665	-	6,665
Balance, February 28, 2014 *(Unaudited)*	28,862,825	6,418,533	182,000	792,367	(4,161,085)	3,231,815

– See Accompanying Notes –

1. Nature of Operations and Going Concern

Precipitate Gold Corp. (the "Company") was incorporated on January 31, 2011, under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada and the Dominican Republic. The head office, principal address, and records office of the Company are located at 789 West Pender Street, Suite 800, Vancouver, British Columbia, V6C 1H2, Canada.

The recoverability of amounts shown as mineral properties is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties and the ultimate realization of profits through future production or sale of the properties. Realized values may be substantially different than carrying values as recorded in these financial statements.

These consolidated condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At February 28, 2014, the Company had not achieved profitable operations, had an accumulated deficit of $4,161,085 since inception and expects to incur further losses in the development of its business. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. These consolidated condensed interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

Although the Company has been successful in the past in obtaining financing, there can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations, exploration and development activities.

2. Basis of Presentation

a) Statement of compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

b) Approval of the Financial Statements

These consolidated condensed interim financial statements were approved and authorized for issue by the Board of Directors on April 28, 2014.

2. Basis of Presentation - *Continued*

c) Basis of Consolidation

These consolidated financial statements include the financial statements of the Company and its two wholly-owned subsidiaries: 1) 0945044 BC Ltd., incorporated in British Columbia, Canada, which owns 100% of Corporacion Minera San Juan, S.R.L. located in the Dominican Republic and 2) Minera Pendiente S.A. de C.V., incorporated and located in Mexico.

d) Functional and Presentation Currency

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements.

These consolidated financial statements are presented in Canadian dollars, which is the Company's presentation and functional currency. Subsidiaries whose functional currency differ from that of the parent company ("foreign operations") are translated into Canadian dollars as follows: assets and liabilities – at the closing rate as at the date of the statement of financial position, and income and expenses – at the average rate for the period. All resulting changes are recognized in other comprehensive loss as cumulative translation differences. The functional currencies of the Company's subsidiaries do not differ from that of the parent company.

Transactions in foreign currencies are translated into the functional currency at exchange rates as at the date of the transaction. Foreign currency differences arising on translation are recognized in profit or loss. Foreign currency monetary assets and liabilities are translated at the functional currency exchange rate at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date of acquisition. All gains and losses on translation of these foreign currency transactions are included in the statement of loss.

e) Significant Accounting Policies

These unaudited condensed interim financial statements do not include all of the significant accounting policies required by IFRS for complete financial statements for year-end reporting purposes. These financial statements should be read together with the audited financial statements for the year ended November 30, 2013 which in Note 3 detail all significant accounting policies adopted by the Company.

The Company's accounting policies have been applied consistently to all periods presented in these unaudited condensed interim financial statements.

2. Basis of Presentation – *Continued*

f) Critical Accounting Judgments and Estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported years. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used include, among others, the amounts recorded for the recoverability and impairment of mineral properties and valuation of share-based payments.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Information about critical judgments in applying accounting policies that have the most significant effect of amounts recognized in the consolidated financial statements is included in the following notes:

Note 1 – going concern assessment
Note 4 – impairment of exploration and evaluation assets

3. Recent Accounting Pronouncements

The following standards have been adopted in the Company's financial statements for the period beginning December 1, 2013, however the adoption of these standards does not have any significant impacts on the Company's' financial statements:

IFRS 10 *Consolidated Financial Statements* ("IFRS 10") provides a single model to be applied in the control analysis for all investees, including entities that currently are special purpose entities in the scope of SIC 12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 *Consolidated and Separate Financial Statements.*

3. Recent Accounting Pronouncements – *Continued*

IFRS 12 *Disclosure of Interests in Other Entities* ("IFRS 12") sets out the disclosure requirements for entities reporting under IFRS 10 and IFRS 1 and, replaces the disclosure requirements currently found in IAS 28 *Investments in Associates* ("IAS 28"). The objective of IFRS 12 is to require the disclosure of information that enables users of financial statements to evaluate: (a) the nature of, and risks associated with, its interests in other entities; and (b) the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13 *Fair Value Measurement* ("IFRS 13") converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price.

IAS 1 *Presentation of Financial Statements* ("IAS 1") was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

4. Mineral Properties

a) Reef Property

The Company's principal property, also referred to as the "Reef Property" (the "Principal Property"), is located in the Yukon Territory. The Reef Property is comprised of the following mineral quartz claims:

i) The Reef I-48 claims, which forms part of the Fireside Properties (Note 4a(i));
ii) All of the Jay East Property (Note 4a(ii)); and
iii) The Bloom I-262 claims (staked by the Company).

4. Mineral Properties – *Continued*

a) Reef Property – *Continued*

(i) Fireside Properties

On April 23, 2013, the Company revised the April 14, 2011 Fireside Agreement with Strategic Metals Ltd ("Strategic"). In the revised agreement, the Company and Strategic agreed to the following terms:

- The Company has fully exercised its option and completed the acquisition of a 100% interest in the Reef, Papua, and Borneo properties in southeast Yukon, subject to a 2% net smelter return ("NSR") to Strategic;
- The Company has terminated the option on 14 remaining Fireside properties, with Strategic retaining its 100% interest in those claims; and
- No further payments or expenditures are required by the Company.

Staking costs of $71,960 relating to the 14 Fireside properties whose options were terminated were written off during the year ended November 30, 2013.

(ii) Jay East Property

On August 10, 2013, the Company completed a purchase agreement with Bearing Resources Ltd. ("Bearing") whereby the Company agreed to acquire from Bearing a 100% interest in the Jay East mining claims in the Yukon Territory. In exchange for the 100% interest in the property, Precipitate granted Bearing a 2.0% NSR on the claims, of which one-half of the NSR can be purchased at any time for $1.0 million. The purchase agreement replaces the July 29, 2011 Jay East Option Agreement whereby the Company had the right to acquire up to 70% of the property.

b) Other Properties in Yukon Territory

The Company acquired the Bright and Lombok properties, located in Yukon Territory, through staking. During the year ended November 30, 2013, the claims making up the Lombok property had expired and therefore the staking costs of $27,300 relating to the Lombok property were written off.

c) Other Properties in British Columbia

The Company acquired the Ba, Gemini, and Horneline properties, located in the British Columbia, through staking. During the year ended November 30, 2013, the claims making up the Ba property had expired and therefore the staking costs of $738 relating to the Ba property were written off.

4. Mineral Properties – *Continued*

d) Properties in the Dominican Republic

On November 9, 2012, the Company acquired 100% ownership of the shares of 0945044 BC Ltd., a private BC registered company ("BC Corp.") which owns a 100% interest in the application for the Juan de Hererra, Higos Blancos and Hato Nuevo gold exploration concessions ("Dominican Republic properties") in the Dominican Republic through Corporacion Minera San Juan, S.R.L. ("CMSJ"), its wholly-owned subsidiary. The agreement was amended on October 9, 2013 whereby all the cash payments and share payment obligations will be deferred by 12 months. The Company paid $60,000 to acquire the shares of BC Corp. from certain shareholders of the Company.

In order for the Company to maintain its right, title and interest in BC Corp., the Company must complete the following cash payments, exploration expenditures and share issuances:

- Cash payments totalling $390,000 as follows:
  - $90,000 on or before January 12, 2015
  - $150,000 on or before January 7, 2016; and
  - $150,000 on or before January 7, 2017;
- Incur exploration expenditures totalling $1,000,000 as follows:
  - $250,000 on or before January 7, 2015;
  - $300,000 on or before January 7, 2016; and
  - $450,000 on or before January 7, 2017;
- Issue a total of 3,000,000 common shares of the Company as follows:
  - 1,000,000 common shares on or before January 12, 2015;
  - 1,000,000 common shares on or before January 7, 2016; and
  - 1,000,000 common shares on or before January 7, 2017;

The properties are subject to a 3% NSR from any base and precious metal commercial production. The Company may acquire 50% of the NSR by paying $2,000,000 to certain stakeholders of BC Corp.

On January 7, 2014, the Company's application for the exploration concessions over the Juan de Herrera Property was accepted by the Dominican Republic Ministry.

During the year ended November 30, 2013, the Company abandoned the Higos Blancos concession.

In Canadian Dollars

4. Mineral Properties – *Continued*

e) Properties in Mexico

On February 19, 2013, the Company signed an option agreement with Gunpoint Exploration Ltd. ("Gunpoint") whereby the Company has the right to acquire a 100% interest in the Cecilia gold-silver project in Sonora state, Mexico.

Under the terms of the agreement, which was amended on June 24, 2013, the Company can elect to complete the acquisition by making the following cash payments and issuing the following common shares to Gunpoint:

- 58,000 common shares of the Company at the completion of due diligence on October 24, 2013 (issued at a value of $5,800);
- $125,000 and 233,000 common shares on or before October 24, 2014; and
- $275,000 and 234,000 common shares on or before October 24, 2015.

A portion of the property is subject to a 1% NSR payable to the Mexican Government.

f) Acquisition Costs Summary

Details of acquisition costs incurred for the three months ended February 28, 2014 and the year ended November 30, 2013 as follows:

	Yukon Properties	British Columbia Properties	Dominican Republic Properties	Mexico Properties	Total
Balance – November 30, 2012	$ 2,012,070	$ 599,825	$ 107,281	$ -	$ 2,719,176
Acquisition and staking - cash	-	-	136	-	136
Acquisition and staking- shares	-	-	-	5,800	5,800
Write-off of mineral property	(95,274)	(4,724)	-	-	(99,998)
Balance – November 30, 2013 and February 28, 2014	$ 1,916,796	$ 595,101	$ 107,417	$ 5,800	$ 2,625,114

In Canadian Dollars

4. Mineral Properties – *Continued*

g) Exploration and Evaluation Costs Summary

Details of exploration and evaluation costs incurred for the three months ended February 28, 2014 and the year ended November 30, 2013 are as follows:

	Three months ended February 28, 2014					Year ended November 30, 2013
	Yukon Properties	**British Columbia Properties**	**Dominican Republic Properties**	**Mexico Properties**	**Total**	**Total**
Exploration and evaluation						
Assays	$ -	$ -	$ -	$ -	$ -	$ 34,665
Camp and general	-	-	96	13,808	13,904	2,620
Consulting	-	-	-	-	-	19,989
Field equipment and supplies	-	-	1,455	-	1,455	1,617
Foreign sales tax credit	-	-	3,165	-	3,165	14,651
Fuel	-	-	294	-	294	898
Geological	-	-	22,500	-	22,500	174,965
Geophysics	-	-	-	-	-	640
Helicopter	-	-	-	-	-	8,755
Legal	-	-	-	2,056	2,056	10,890
Maps, orthophotos, reports	-	-	281	1,395	1,676	23,251
Office	-	-	21,590	1,535	23,125	53,112
Salaries and benefit	-	-	60	-	60	15,219
Transportation	-	-	1,597	-	1,597	8,107
Travel, meals, accommodation	-	-	1,201	-	1,201	33,339
Total exploration and	-	-	52,239	18,794	71,033	402,718
BC METC	-	-	-	-	-	625
Net exploration and evaluation costs	-	-	52,239	18,794	71,033	403,343
Balance – beginning of period	865,243	271,775	339,071	92,814	1,568,903	1,165,560
Balance – end of period	$ 865,243	$ 271,775	$ 391,310	$ 111,608	$ 1,639,936	1,568,903

In Canadian Dollars

5. Shareholders' Equity

a) Authorized

Unlimited number of common shares without par value

b) Issued Share Capital

(i) On May 16, 2013, the Company completed a non-brokered private placement of 3,333,332 units at a price of $0.15 per unit for gross proceeds of $500,000. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.25 per share for a period of 24 months from May 16, 2013. The Company has the right to accelerate the expiry date of the warrants if the daily volume weighted average trading price of the common shares of the Company is equal to or exceeds $0.50 for a period of 10 consecutive trading days, commencing four months after the date the warrants are issued.

Gross proceeds from this financing were allocated $318,000 to share capital and $182,000 to warrant reserves based on their relative fair values. The Company paid $1,722 of share issue costs related to the private placement which was offset against share capital.

(ii) On October 24, 2013, the Company issued 58,000 common shares in connection with the option agreement with Gunpoint (Note 4 (e)) at a value of $0.10 per common share for total of $5,800.

c) Warrants

Details of non flow-through warrant activity for the three months ended February 28, 2014 are as follows:

November 30, 2013	Issued	Exercised	February 28, 2014	Exercise Price	Expiry Date
3,333,332	-	-	3,333,332	$0.25	May 16, 2015

d) Share Options

On December 5, 2011, the Company adopted a rolling share option plan, which authorizes the Board of Directors to grant options to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option may not be less than market price of the Company's shares calculated on the date of the grant less the applicable discount. The options can be granted for a maximum term of 10 years. The Company's share option plan contains no vesting requirements, but permits the Board of Directors to specify a vesting schedule at its discretion.

In Canadian Dollars

5. Shareholders' Equity – *Continued*

d) Share Options – *Continued*

Details of activity in share purchase options for three months ended February 28, 2014 are as follows:

November 31, 2013	Issued	Cancelled	Forfeited	November 30, 2013 and February 28, 2014	Exercise Price	Expiry Date
440,000	-	-	-	440,000	$0.40	May 29, 2014
100,000	-	-	(100,000)	-	$0.40	February 11, 2015
1,642,500	-	-	(112,500)	1,530,000	$0.40	May 29, 2017*
150,000	-	-	-	150,000	$0.46	August 21, 2017
150,000	-	-	-	150,000	$0.40	September 5, 2017
150,000	-	-	-	150,000	$0.25	December 3, 2017
150,000	-	-	-	150,000	$0.25	January 7, 2018
2,782,500	-	-	(212,500)	2,570,000	$0.39	

(i) On May 29, 2012, the Company granted 440,000 options to its agent, equal to 8% of the number of common shares issued in the Initial Public Offering, with an exercise price of $0.40 per share, expiring on May 29, 2014, 24 months after listing on the TSX-V. All options vested on the date of grant. On the date of grant, these options were valued at $93,514 using the Black-Scholes option-pricing model with the following assumptions:

Stock price volatility	101.22%
Risk-free interest rate	1.16%
Expected life of options	2 years
Expected dividend yield	0.00%

(ii) On May 29, 2012, the Company granted to its directors and officers 1,930,000 share options with an exercise price of $0.40 per share expiring on May 29, 2017. A fair value of $Nil (2013: $61,902) was recorded for the three months ended February 28, 2014 as share-based compensation in the statement of operations and included in reserves.

The following assumptions were used for the Black-Scholes valuation of stock options:

Stock price volatility	109.94%
Risk-free interest rate	1.38%
Expected life of options	5 years
Expected dividend yield	0.00%

In Canadian Dollars

5. Shareholders' Equity – *Continued*

d) Share Options – *Continued*

(iii) On August 21, 2012, the Company granted 150,000 stock options to its consultant. The options have an exercise price of $0.46 per share and expire on August 21, 2017. A fair value of $2,215 (2013: $13,179) was recorded for the three months ended February 28, 2014 as share-based compensation in the statement of operations and included in reserves.

The following assumptions were used for the Black-Scholes valuation of stock options:

Stock price volatility	113.98%-118.91%
Risk-free interest rate	1.40%
Expected life of options	5 years
Expected dividend yield	0.00%

(iv) On September 5, 2012, the Company granted 150,000 stock options to its consultants. The options have an exercise price of $0.40 per share and expire on September 5, 2017. A fair value of $1,657 (2013: $9,900) was recorded for the three months ended February 28, 2014 as share-based compensation in the statement of operations and included in reserves.

The following assumptions were used for the Black-Scholes valuation of stock options:

Stock price volatility	112.33%-119.48%
Risk-free interest rate	1.26%
Expected life of options	5 years
Expected dividend yield	0.00%

(v) On December 3, 2012, the Company granted 150,000 stock options to an officer and director. The options have an exercise price of $0.25 per share and expire on December 3, 2017. The fair value of $898 (2013: $10,878) was recorded for the three months ended February 28, 2014 as share-based compensation in the statement of operations and included in reserves.

The following assumptions were used for the Black-Scholes valuation of stock options:

Stock price volatility	114.56%-120.36%
Risk-free interest rate	1.23%
Expected life of options	5 years
Expected dividend yield	0.00%

In Canadian Dollars

5. Shareholders' Equity – *Continued*

d) Share Options – *Continued*

(vi) On January 17, 2013, the Company granted 150,000 stock options to an officer and director. The options have an exercise price of $0.25 per share and expire on January 17, 2018. The fair value of $1,895 (2013: $10,527) was recorded for the three months ended February 28, 2014 as share-based compensation in the statement of operations and included in reserves.

The following assumptions were used for the Black-Scholes valuation of stock options:

Stock price volatility	116.26%-120.76%
Risk-free interest rate	1.42%
Expected life of options	5 years
Expected dividend yield	0.00%

(vii) On February 11, 2013, the Company granted 100,000 stock options to an investor relations consultant. The options have an exercise price of $0.40 per share and expire on February 11, 2015. The fair value of $Nil (2013: $3,980) was recorded for the year ended November 30, 2013 as share-based compensation in the statement of operations and included in reserves.

The following assumptions were used for the Black-Scholes valuation of stock options:

Stock price volatility	105.18%-105.75%
Risk-free interest rate	0.99%
Expected life of options	2 years
Expected dividend yield	0.00%

e) Escrow Shares

Pursuant to an escrow agreement dated February 1, 2012, 2,665,000 common shares were placed in escrow. 10% of the escrowed shares (266,500 shares) were released from escrow upon completion of the IPO on May 24, 2012, and 15% of the shares are released from escrow every 6 months thereafter. As of February 28, 2014, there were 1,199,250 common shares remaining in escrow.

Pursuant to an escrow agreement dated May 24, 2012, 3,846,367 Strategic Shares were placed in escrow ("Strategic Escrowed Shares"). 10% of the Strategic Escrowed Shares (384,637 shares) were released from escrow upon completion of the IPO, and 15% of the shares are released from escrow every 6 months thereafter. As of February 28, 2014, there were 1,730,865 Strategic Shares remaining in escrow.

In Canadian Dollars

6. Segmented Information

a) Operating Segment

The Company's operations are primarily directed towards the acquisition of mineral properties and exploration for metals in Canada, the Dominican Republic and Mexico.

b) Geographic Segments

The Company's geographic information as at February 28, 2014 and November 30, 2013 are as follows:

As at February 28, 2014	Canada	Dominican Republic	Mexico	Total
Assets				
Mineral properties	$ 2,511,897	$ 107,417	5,800	$ 2,625,114
Other assets	650,977	6,233	3,661	660,871
Total	$ 3,162,874	$ 113,650	9,461	$ 3,285,985

As at November 30, 2013	Canada	Dominican Republic	Mexico	Total
Assets				
Mineral properties	$ 2,511,897	$ 107,417	5,800	$ 2,625,114
Other assets	831,123	6,037	13,924	851,084
Total	$ 3,343,020	$ 113,454	19,724	$ 3,476,198

7. Related Party Transactions

Related party transactions and balances not disclosed elsewhere in these financial statements are as follows:

(a) During the three months ended February 28, 2014, the Company paid for $34,750 (2013 - $33,750) of salaries and wages to the President and CEO of the Company.

(b) During the three months ended February 28, 2014, the Company paid/accrued for $18,000 (2013 - $33,750) of geological consulting fees and $15,760 (2013 - $Nil) of property investigation costs to the Vice President of Exploration of the Company, of which $11,840 was included in accounts payable and accrued liabilities as at February 28, 2014 (November 30, 2013 - $13,779).

7. Related Party Transactions – *Continued*

(c) During the three months ended February 28, 2014, the Company paid/accrued $7,500 (2013 - $7,500) in accounting fees and $4,500 (2013 - $7,500) in office and administration expense to a company partially controlled by a director of the Company, of which $2,627 was included in accounts payable and accrued liabilities as at February 28, 2014 (November 30, 2013 - $Nil).

(d) During the three months ended February 28, 2014, the Company paid $Nil (2013 - $6,000) of salaries and wages to the Company's former CFO.

(e) During the three months ended February 28, 2014, the Company paid/accrued a total of $12,000 (2013- $12,000) to the four directors of the Company, of which $3,050 was included in accounts payable and accrued liabilities as at February 28, 2014 (November 30, 2013 - $4,139).

(f) Total fair value of the share-based payments to directors and officers, being key management personnel, is $2,793 (2013 - $43,649) for the three months ended February 28, 2014.

8. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements as at February 28, 2014.

9. Financial Instruments

a) Fair Values

The fair value of cash and cash equivalents, amounts receivable, and accounts payables and accrued liabilities approximates their carrying value due to their short-term maturity.

9. Financial Instruments – *Continued*

b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company's financial obligations are limited to accounts payable and accrued liabilities, all of which have contractual maturities of less than a year.

c) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents and amounts receivable. Cash and cash equivalents are held with a major Canadian financial institution and the receivables are from Government entities. Management is of the view that all amounts are fully collectible.

d) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing debt. The Company's sensitivity to interest rates is minimal.

e) Political Risk

The Company has subsidiaries in both the Dominican Republic and Mexico. These operations are potentially subject to a number of political, economic and other risks that may affect the Company's future operations and financial position.

f) Foreign Currency Fluctuation Risk

The Company has vendors in Canada, the Dominican Republic and Mexico; therefore, the Company's operations are affected by the currency fluctuations in these jurisdictions. The Company's exposure to foreign currency fluctuations is minimal.

10. Subsequent Event

On April 14, 2014, the Company issued 510,000 stock options to various directors and officers and a consultant of the Company, exercisable at $0.20 per share until April 14, 2019. The options will vest as follows: 25% on the date of grant and 25% every six months thereafter.