Adex Mining Inc.
Condensed Consolidated Interim Financial Statements
September 30, 2014
(Unaudited)

Management's Responsibility for unaudited condensed consolidated interim financial statements

The accompanying unaudited condensed consolidated interim financial statements of Adex Mining Inc. (the "Company" or "Adex") are the responsibility of management and the Board of Directors.

The unaudited condensed consolidated interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed consolidated interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions, which were not complete at the balance sheet date. In the opinion of management, the unaudited condensed consolidated interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Management has established processes which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed consolidated interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed consolidated interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed consolidated interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

DATED this November 25, 2014.

ADEX MINING INC.

Per:	*(signed) "Yan Kim Po"*	Per:	*(signed) "Doug Bolton"*
	Name: Yan Kim Po		Name: Doug Bolton
	Title: Chief Executive Officer		Title: Chief Financial Officer

ADEX Mining Inc.

Interim Consolidated Statements of Financial Position

As at (In Canadian dollars) (Unaudited)	**September 30 2014 $**	**December 31 2013 $**
Assets		
Current		
Cash and cash equivalents	**297,833**	321,754
HST & other receivables	**128,691**	122,778
Prepaid expenses	**380,853**	155,318
	807,377	599,850
Non-current		
Funds held by Province of New Brunswick (note 4)	**1,008,386**	1,001,637
Exploration and evaluation (note 5)	**12,568,675**	12,227,818
Tailings impoundment facility (note 5)	**702,854**	675,744
Property, plant & equipment, net (note 6)	**44,334**	60,565
Total Assets	**15,131,626**	14,565,614
Liabilities		
Current		
Accounts payable & accruals (note 10)	**646,803**	752,120
Loan payable (note 9)	**1,793,280**	-
Income tax payable	**157,607**	157,607
Total Liabilities	**2,597,690**	909,727
Shareholders' equity (note 7)		
Share capital	**51,169,336**	51,169,336
Contributed surplus	**2,818,117**	2,770,582
Deficit	**(41,453,517)**	(40,284,031)
	12,533,936	13,655,887
Total liabilities and shareholders' equity	**15,131,626**	14,565,614

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

Nature of operations and going concern - note 1
Commitments and contingencies - note 10

ADEX Mining Inc.

Interim Consolidated Statements of Loss and Comprehensive Loss

(In Canadian dollars) (Unaudited)	for the three months ended September 30 **2014** **$**	 2013 $	for the nine months ended September 30 **2014** **$**	 2013 $
Expenses				
Administrative and general (notes 8 and 9)	**304,601**	325,353	**790,881**	853,834
Mineral property expenses	**64,759**	70,216	**229,661**	211,491
Stock-based compensation (note 7)	**15,845**	-	**47,535**	-
Depreciation (note 6)	**286**	689	**1,665**	2,068
Total expenses	**385,491**	396,258	**1,069,742**	1,067,393
Finance cost	**27,700**	-	**64,000**	-
Foreign exchange	**71,137**	-	**38,781**	-
Interest earned on funds on deposit	**(115)**	(3,189)	**(3,037)**	(38,064)
Total finance cost	**98,722**	(3,189)	**99,744**	(38,064)
Loss before income taxes	**484,213**	393,069	**1,169,486**	1,029,329
Income taxes	**-**	-	**-**	-
Net loss and comprehensive loss	**484,213**	393,069	**1,169,486**	1,029,329
Weighted average number of shares outstanding	**177,211,441**	177,211,441	**177,211,441**	177,211,441
Basic and diluted loss per share	**0.00**	0.00	**0.01**	0.01

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

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ADEX Mining Inc.
Consolidated Statements of Cash Flows

For the nine months ended	September 30	
(In Canadian dollars)	**2014**	2013
(Unaudited)	**$**	$
Operating activities		
Net loss for the period	**(1,169,486)**	(1,029,329)
Items not affecting cash:		
Stock-based compensation	**47,535**	-
Depreciation of property, plant and equipment	**16,231**	18,153
Amortization of bond premium	**-**	13,049
Foreign exchange	**38,781**	-
	(1,066,939)	(998,127)
Change in non-cash working capital		
HST & other receivables	**(5,913)**	98,033
Interest receivable	**-**	-
Prepaid expenses	**(225,535)**	(205,201)
Income taxes payable	**-**	27,500
Related parties payable	**-**	(17,034)
Accounts payable & accruals	**(105,317)**	124,003
Cash used in operating activities	**(1,403,704)**	(970,826)
Investing activities		
Redemption of reclamation bonds	**-**	955,000
Interest earned on reclamation Bonds	**-**	43,213
Additions to reclamation bonds	**-**	(38,398)
Increase in funds held by Province of New Brunswick	**(6,749)**	(1,002,666)
Additions to property, plant & equipment	**-**	(1,675)
Additions to mineral properties	**(367,967)**	(790,766)
Cash used in investing activities	**(374,716)**	(835,292)
Financing activities		
Loan payable	**1,754,499**	-
Cash used in financing activities	**1,754,499**	-
Change in cash and cash equivalents	**(23,921)**	(1,806,118)
Cash and cash equivalents, beginning of the period	**321,754**	2,716,664
Cash and cash equivalents, end of the period	**297,833**	910,546
Cash and cash equivalents comprises:		
Cash	**297,833**	32,447
Guaranteed investment certificate	**-**	878,099

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

ADEX Mining Inc.

Interim Consolidated Statements of Changes in Equity

(In Canadian dollars) (Unaudited)	Share capital $	Contributed Surplus $	Deficit $	Total $
Balance, January 1, 2013	51,169,336	2,770,582	(38,646,434)	15,293,484
Net loss and comprehensive loss	-	-	(1,029,329)	(1,029,329)
Stock option compensation expense	-	-	-	-
Balance, September 30, 2013	51,169,336	2,770,582	(39,675,763)	14,264,155
Net loss and comprehensive loss	-	-	(608,268)	(608,268)
Stock option compensation expense	-	-	-	-
Balance, December 31, 2013	51,169,336	2,770,582	(40,284,031)	13,655,887
Net loss and comprehensive loss	-	-	(1,169,486)	(1,169,486)
Stock option compensation expense	-	47,535	-	47,535
Balance, September 30, 2014	51,169,336	2,818,117	(41,453,517)	12,533,936

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Adex Mining Inc. (the “Company”) holds 100% of the subsurface mineral rights to approximately 1,600 hectares encompassing the Mount Pleasant mine area of New Brunswick, Canada (the “Property” or “Mount Pleasant”) where the Company is developing a potential polymetalic mine focusing on tin, indium, zinc, molybendum and tungsten. Within the mineral rights area the Company owns approximately 405 hectares of land, plus the buildings, machinery and equipment on site which comprise the dormant Mount Pleasant mine. The Company is incorporated and domiciled in Canada and is a reporting issuer with its common shares publicly traded on the TSX-Venture exchange under the stock symbol “ADE”. The principal head office of the Company is located at Suite 900, 67 Yonge Street, Toronto, Ontario, Canada M5E 1J8.

The Company has interests in resource properties which it is in the process of exploring and developing and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of expenditures on resource properties, including deferred exploration expenditures, is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of the resource properties, and upon future profitable production or proceeds from the disposition thereof.

These unaudited condensed consolidated interim financial statements of the Company have been prepared using accounting policies applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they fall due for the foreseeable future. For the nine month period ended September 30, 2014, cash used in operations by the Company was $1,403,704 and the Company carried an accumulated deficit of $41,453,517. Furthermore, the Company had not generated revenue from operations.

The Company’s current liabilities exceeded its current assets by $1,790,313 as at September 30, 2014. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. In view of these circumstances, the Company requires additional immediate financing to complete its planned exploration and evaluation program on the Mount Pleasant property, and will continue to explore financing alternatives to raise capital. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms or that the Company will achieve profitable operation.

These consolidated financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumption was deemed inappropriate. These adjustments could be material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“ IASB”) applicable to the preparation of interim financial statements, including International Accounting Standards (“IAS”) 34, Interim Financial Reporting. The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2013, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies and methods of computation remain the same as presented in the audited annual consolidated financial statements for the year ended December 31, 2013, except for the adoption of new standards and interpretations effective as of January 1, 2014 as noted below:

IFRIC 21 Levies - In May 2013, the IASB issued IFRIC 21 - Levies ("IFRIC 21"), an interpretation of IAS 37 - Provision, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligation event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity descripted in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The amendment had no impact on the Company's financial position.

3. ESTIMATES

In preparing these unaudited condensed consolidated interim financial statements the significant judgements made by the management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2013.

4. RECLAMATION BONDS AND ASSET RETIREMENT OBLIGATIONS

The land on which the Mount Pleasant property is located includes a dormant mine. The Company is obliged to comply with an environmental reclamation plan which is in effect for the property. This obligation is secured by a form of lien titled "collateral mortgage" to the Province of New Brunswick for $2 million on 22 hectares of land on which the mine site and primary buildings are located.

Reclamation bonds consist of Province of New Brunswick, 8.5% bonds which matured on June 28, 2013. The bonds were pledged as security under environmental regulations with the Province of New Brunswick to ensure adequate funding is available for perpetuity to treat the acid water run-off from the abandoned Mount Pleasant mine workings. The bonds were held for the benefit of the Company, and interest was paid bi-annually into a cash on deposit account, and was disbursed at the discretion of the Ministry of Finance of the Province of New Brunswick. Upon maturity of the bonds at June 28, 2013 the funds continue to be held on account with the N.B. government and will be redeployed as per the current requirement of the Department of Environment.
The Company's Mount Pleasant property is governed by an Approval to Operate, which was granted by the New Brunswick Ministry of Environment ("the Department") in November 2007 and was valid until September 2012. The approval to operate was renewed as of October 1, 2012, updated on July 16, 2014 and is valid until September 30, 2017. Under the terms of the Approval to Operate, the Company has been granted permission by the Ministry of Environment to operate the Property, Tailings Impoundment Facility and Mine Water Treatment Plant on a "Care and Maintenance" basis and the Company is also required to submit an environmental effects monitoring report to the Province of New Brunswick no later than March 31, 2018. However, the Company is required to monitor the water quality at its Tailings Impoundment Facility on a monthly basis, and the Company provides the Ministry of Environment with monthly water quality monitoring reports and the results of its monthly water sampling and testing. Under the Approval to Operate, the Company is permitted to carry out exploration activities and metallurgical test work on its Mount Pleasant property. Consequently, the current security posted with the Province of New Brunswick is sufficient for the Company to continue exploration activities and metallurgical test work at the Property. However, the Company may face a review of its posted security by the Ministry of Environment when the Company advances to feasibility studies on its mineral deposits or commences the dewatering of the past-producing underground tungsten mine located on the Mount Pleasant property. Dewatering activities may also trigger a provincial Environmental Impact Assessment ("EIA") and may require the Company to upgrade its current Mine Water Treatment Plant. The Company will, therefore, enter into direct consultations with the provincial Ministry of Environment prior to initiating feasibility or dewatering activities, in order to ascertain any changes that may be required with respect to the existing security, or any obligations that may arise under a EIA.

5. EXPLORATION AND EVALUATION

Mount Pleasant Property, New Brunswick	Exploration & development $	Tailings impoundment facility upgrade $	Total $
Balance, January 1, 2013	10,906,129	663,468	11,569,597
Additions	1,321,689	12,276	1,333,965
Balance, December 31, 2013	12,227,818	675,744	12,903,562
Additions	340,857	27,110	367,967
Balance, September 30, 2014	12,568,675	702,854	13,271,529

The Company holds a 100% interest in the subsurface mineral rights to approximately 1,600 hectares encompassing the Mount Pleasant mine area. Within the mineral rights area, the Company owns approximately 405 hectares of land. Current period expenditures to September 30, 2014 are related to the current prefeasibility study (PFS). Tailings Impoundment Facility expenditures to date relate to the rehabilitation of the Mount Pleasant Tailings Impoundment Facility in order to comply with government regulations, and in anticipation of future production requirements.

6. PROPERTY PLANT AND EQUIPMENT

Cost	Equipment & Facility refurbishments $	Computer equipment $	Automobiles $	Total $
Balance as at January 1, 2013	142,503	64,624	51,498	258,625
Additions	-	1,675	-	1,675
Balance as at December 31, 2013	142,503	66,299	51,498	260,300
Additions	-	-	-	-
Balance as at September 30, 2014	142,503	66,299	51,498	260,300

Accumulated depreciation	Equipment & Facility refurbishments $	Computer equipment $	Automobiles $	Total $
Balance as at January 1, 2013	84,702	60,201	30,558	175,461
Depreciation for the year	9,466	3,386	11,422	24,274
Balance as at December 31, 2013	94,168	63,587	41,980	199,735
Depreciation for the period	5,371	2,294	8,566	16,231
Balance as at September 30, 2014	99,539	65,881	50,546	215,966

Carrying amounts	Facility refurbishments $	Computer equipment $	Automobiles $	Total $
As at January 1, 2013	57,801	4,423	20,940	83,164
As at December 31, 2013	48,335	2,712	9,518	60,565
As at September 30, 2014	42,964	418	952	44,334

For the three month period ended September 30, 2014, the amount of amortization charged to mineral property expense is $4,568 ($5,431 for the three month period ended September 30, 2013).

For the nine month period ended September 30, 2014, the amount of amortization charged to mineral property expense is $14,566 ($16,085 for the nine month period ended September 30, 2013).

7. SHAREHOLDERS' EQUITY

Share Capital

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preference shares. As at September 30, 2014, the Company had 177,211,441 common shares, of no par value, issued and outstanding.

	Number of shares	Amount $
Balance, January 1, and December 31, 2013, and September 30, 2014	177,211,441	51,169,336

(a) On October 19, 2010 the Company completed a private placement (the “Private Placement”) transaction with Great Harvest Canadian Investment Company Limited (“Great Harvest”) of 40,000,000 units (the “Units”) at a price of $0.12 per unit, with each Unit consisting of one common share of Adex and one common share purchase warrant (a “Series A Warrant”), raising gross proceeds of $4.8 million. On May 17, 2011, 40,000,000 Series A warrants were exercised, providing gross proceeds of $7,200,000.

Other transactions contemplated in the Private Placement agreement with Great Harvest include requiring Great Harvest, subject to (i) the results of the definitive feasibility study (“DFS”) being satisfactory to Great Harvest and (ii) the then capital requirements of the Company as determined at the relevant time by the board of directors of the Company, to provide or arrange for the provision to the Company of loan facilities (the “Facilities”) in an aggregate amount of up to $50,000,000 to be used for the commercial development of the Property, on such terms and conditions as may be agreed upon between the Company and the relevant financier(s). If an aggregate minimum of $10 million of the Facilities are made available to be drawn down by the Company within 180 days of the delivery to Great Harvest of the report of the results of the Feasibility Study, Great Harvest will have the right (the “Share Purchase Right”) to purchase, within 40 days of the Facilities being available to be drawn down by the Company, 1.2 common shares for each dollar of the facilities made available to be drawn down by the Company within one year of the completion of the Feasibility Study. The exercise price per common share pursuant to the Share Purchase Right will be equal to the volume weighted average trading price of the common shares on the TSX Venture Exchange (the “TSXV”) for the five trading days ending the day immediately prior to the Facilities being available to be drawn down by the Company less the maximum discount there from permitted by the TSXV. The maximum number of common shares issuable pursuant to the Share Purchase Right is 60,000,000. The issuance of common shares pursuant to the exercise of the Share Purchase Right will be subject to further approval of the TSXV to be obtained following the Share Purchase Right becoming exercisable.

In connection with the above Private Placement, the agent to the transaction will be paid by the Company an additional cash finder’s fee equal to 1.5% of the principal amount of each loan made available by Great Harvest or a third party financier arranged for by Great Harvest to be drawn down by the Company, to a maximum of $750,000.

Contributed Surplus

	Amount $
Balance, January 1, 2013	2,770,582
Common share options expense	-
Balance, December 31, 2013	2,770,582
Common share options expense	47,535
Balance, September 30, 2014	2,818,117

Stock options

On April 26, 2007, the shareholders approved a rolling stock option plan (the “Stock Option Plan”) for the Company. The Stock Option Plan has been re-approved annually.

The Stock Option Plan allows the Company to issue options to a maximum of 10% of the issued and outstanding common shares of the Company. Options will be exercisable over periods of up to ten years as determined by the Board. Options are required to have an exercise price of no less than the closing market price of the common shares of the Company on the last trading day immediately preceding the date of the grant of the stock option less any discounts from the market price allowed by the TSVX.

(a) On December 31, 2013, the Company granted 4,700,000 common share options with an exercise price of $0.10 per common share to the directors of the Company. The options vest quarterly in equal amounts over a twelve month period from the date of the grant and expire on December 31, 2018.

(b) On April 24, 2014, 950,000 common share options with an exercise price of $0.12 per common share expired unexercised

The assigned Black-Scholes fair value of the options granted was $63,381.

The following summary sets out the activity in outstanding common share stock options for the period ended September 30, 2014:

	Options #	Weighted-average exercise price $
Outstanding, January 1, 2013	6,850,000	0.17
Options issued December 2013	4,700,000	0.10
Options expired unexercised	(1,200,000)	0.30
Options forfeited	(630,000)	0.17
Outstanding, December 31, 2013	9,720,000	0.097
Options expired unexercised	(950,000)	0.120
Outstanding, September 30, 2014	8,770,000	0.122
Options exercisable at September 30, 2014	7,595,000	0.125

The details of stock options outstanding at September 30, 2014 are as follows:

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
1,100,000	1,100,000	0.40 years	$0.150	February 3, 2015
200,000	200,000	0.72 years	$0.120	June 22, 2015
2,350,000	2,350,000	1.88 years	$0.150	August 15, 2016
250,000	250,000	1.97 years	$0.130	September 18, 2016
170,000	170,000	2.05 years	$0.145	October 17, 2016
4,700,000	3,525,000	4.25 years	$0.100	December 31, 2018
8,770,000	7,595,000			

Options that have been issued and remain outstanding vest over one year from the date of grant, in equal quarterly installments commencing three months following the date of grant.

The weighted average fair value of the options outstanding is $0.1219 per option. The fair value of the options granted in 2013 have been estimated at the date of grant using the Black-Scholes pricing model with the following assumptions: risk-free weighted-average interest rate of 1.63% and based on the full life of the option of 5 years, expected dividend yield of nil, expected forfeiture rate of nil, expected volatility of 99.96% and based on the annualized, weekly stock price calculated over the previous common share trading history, equal to the life of the option and expected life term of five years. Under this method of calculation, the Company has recorded $47,535 as stock-based compensation, being the fair value of the options vested during the nine month period ended September 30, 2014 (nil for the nine month period ended September 30, 2013).

8. ADMINISTRATIVE AND GENERAL EXPENSES

The following table illustrates spending activity related to administrative and general expenses for the period ended September 30, 2014:

	For the three month period ended September 30	
	2014	2013
	$	$
Wages, benefits and consulting (note 9)	**127,940**	113,383
Professional fees (legal & audit)	**80,822**	54,589
Directors fees (note 9)	**26,000**	51,299
Office rent	**20,826**	20,826
Travel	**15,382**	19,803
Shareholder communications & promotion	**12,843**	32,818
Office costs	**8,880**	10,487
Insurance	**6,707**	6,679
Business development	**4,600**	6,100
Regulatory and filing fees	**601**	9,369
	304,601	325,353

	For the nine month period ended September 30	
	2014	2013
	$	$
Wages, benefits and consulting (note 9)	**357,087**	338,953
Professional fees (legal & audit)	**142,026**	107,939
Directors fees (note 9)	**73,200**	146,700
Office rent	**59,658**	62,019
Travel	**47,865**	40,517
Shareholder communications & promotion	**42,267**	72,806
Office costs	**23,410**	30,196
Insurance	**20,121**	20,631
Business development	**12,100**	15,250
Regulatory and filing fees	**7,847**	18,823
Sponsorship	**5,300**	-
	790,881	853,834

9. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel remuneration

Key management personnel remuneration is comprised of the Company’s President & Chief Executive Officer and Chief Financial Officer.

For the three month period ended September 30, 2014 the Company incurred related party expenses of $75,319 ($59,495 during the three month period ended September 30, 2013). For the nine month period ended September 30, 2014 the Company incurred related party expenses of $203,364 ($184,055 during the nine month period ended September 30, 2013). These expenses related to the payment of management fees to the Company's senior officers.

During the year ended December 31, 2011, the Company created a retirement allowance accrual of $525,000 (nil for year ended December 31, 2012) to be paid out to retiring senior personnel, pending the resolution of the terms of the retirement agreements. During the year ended December 31, 2011, the Company paid out $450,000 to a former member of senior management and, at September 30, 2014, $75,000 remains on hand for future settlement, and final settlement negotiations are ongoing.

Included in stock-based compensation for the three and nine month periods, respectively, ended September 30, 2014 was $6,743 and $20,229 ($nil for the three and nine month periods, respectively, ended September 30, 2013) attributable to key management personnel.

Related party transactions

For the three and nine month periods, respectively, ended September 30, 2014, the Company incurred directors and committee fees of $26,000 and $73,200 (directors and committee fees of $51,299 and $146,700 during the three and nine month periods, respectively, ended September 30, 2013). These amounts were expensed in the period incurred as administrative and general expenses.

During the three and nine month periods ended September 30, 2014, the Company incurred and paid technical and consulting fees of $nil ($2,700 and $23,500 during the three and nine month periods, respectively, ended September 30, 2013) to independent directors. These amounts were expensed in the period incurred as administrative and general expenses.

Included in stock-based compensation for the three and nine month periods, respectively, ended September 30, 2014 was $9,102 and $27,306 ($nil for the three and nine month periods, respectively, ended September 30, 2013) attributable to related parties.

Great Harvest, the Company's largest shareholder with 45.14% of the Company's common shares, is controlled by two of the Company's directors, one of whom also acts as the President and Chief Executive Officer. During the three and nine month periods, respectively, ended September 30, 2014, the Company incurred expenses of $4,600 and $12,100 ($nil and $10,021 for the three and nine month periods, respectively, ended September 30, 2013) from Great Harvest for travel, administrative and project expenses.

All balances due to related parties, except for loans from Great Harvest, bear no interest and have no fixed terms of repayment.

All transactions with related parties are in the normal course of business and recorded at fair value.

On January 28, 2014, Great Harvest and the Company entered into a loan agreement whereby Great Harvest extended a loan to the Company in the amount of US$1,000,000. The loan is unsecured and bears interest at the rate of 8% per annum. The loan and interest become due and payable on January 28, 2015.

On August 15, 2014, Great Harvest and the Company entered into a loan agreement whereby Great Harvest extended a loan to the Company in the amount of US$1,000,000. The loan can be advanced in one or more instalments. The first instalment of US$300,000 was received on August 20, 2014; the second instalment of US$300,000 was received on September 30, 2014; the third instalment of US$200,000 was received on November 12, 2014. The loan is unsecured and bears interest at the rate of 8% per annum. The loan and interest become due and payable on August 15, 2015.

For the nine month period ended September 30, 2014, $64,000 has been charged to finance costs, and $38,781 to foreign exchange.

On June 20, 2014 the Company announced it had conditionally amended the exercise price of all of the currently issued and outstanding options to acquire 9,720,000 Common Shares to $0.05 per Common Share. The re-pricing of the Company's options subsequently received disinterested shareholder approval of the amended exercise price at the Company's annual meeting of shareholders on November 10, 2014. The re-pricing of such options remains subject to receipt of the approval of the TSX Venture Exchange.

10. COMMITMENTS AND CONTINGENCIES

As at	**September 30 2014**	December 31 2013
	$	$
		-
Accounts payable	**276,896**	524,708
Accrued liabilities	**369,907**	227,412
Income tax payable	**157,607**	157,607
Loan payable	**1,793,280**	-
	2,597,690	909,727

The Company has a contractual lease obligation related to its corporate premises that requires minimum total lease payments of $130,052 until October 31, 2017.

The following table demonstrates the outstanding office lease commitment.

	$
2014	**9,937**
2015	**41,500**
2016	**42,084**
2017	**36,531**
	130,052

The Company has contingent liabilities in respect of legal claims arising in the ordinary course of business. The Company is currently engaged in a legal proceeding in respect of the settlement of severance payment to a former employee. The Company has accrued $75,000 in regards to settlement of this matter, however, the timing of the resolution of this matter, as well as the final settlement amount is uncertain and cannot be determined as at September 30, 2014.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial assets and liabilities

The Company's financial instruments are classified into the following categories: loans and receivables and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

	September 30, 2014		December 31, 2013	
	Carrying value	**Fair Value**	Carrying value	Fair Value
	$	**$**	$	$
Loans and receivables (1)	**1,434,910**	**1,434,910**	1,446,169	1,446,169
Other financial liabilities (2)	**2,440,083**	**2,440,083**	752,120	752,120

(1) Consists of cash and cash equivalents, accounts receivable and funds held by Province of New Brunswick.

(2) Includes accounts payable, accruals and loan payable.

The fair values of the Company's financial instruments are not materially different from their carrying value.

Risks arising from financial instruments and risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

The Company uses various methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks.

(a) Market risk

(i) 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's interest rate risk is minimal as the loan granted by Great Harvest has a fixed interest rate. The Company has not entered into any interest rate swaps or other active interest rate management programs at this time. A change in interest rates would have no effect on the value of, and/or the proceeds from, the Company's reclamation bond as it has a fixed interest rate.

(ii) Sensitivity analysis
IFRS requires disclosure of a sensitivity analysis that is intended to illustrate the sensitivity of the Company's financial position, performance and fair value of cash flows associated with the Company's financial instruments to changes in market variables. The sensitivity analysis discloses the possibility of an effect on the reported loss at September 30, 2014 assuming that a reasonably possible change in the relevant risk variable has occurred at September 30, 2014 and has been applied to the risk exposures in existence at that date to show the effects of reasonably possible changes. The reasonably possible changes in market variables used in the sensitivity analysis were determined based on implied volatilities (where available) or historical data.

At September 30, 2014, the Company has a loan payable to Great Harvest in the amount of US$1,600,000. Unfavourable changes in the exchange rate may affect the operating results of the Company. Based on the balance, an increase of 10% in the exchange rate of USD to CAD would, everything else being equal, have had a negative effect on earnings before taxes for the period ended September 30, 2014 of approximately $179,328. A decrease of 10% in the exchange rate of USD to CAD would, everything else being equal, have had a positive effect on earnings before taxes for the period ended September 30, 2014 of approximately $179,328. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company does not hold any investments, other than cash, subject to variable interest, therefore any changes in interest rates will not give rise to significant changes to the net loss.

At September 30, 2014, a change in the value of tungsten, molybdenum, tin, indium or zinc would not change the recognized value of any of the Company's financial instruments.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to outstanding receivables. The Company endeavours to mitigate credit risk by holding its cash and cash equivalents with major commercial banks with strong credit ratings. The carrying amounts of financial assets recorded in the unaudited condensed consolidated interim financial statements represent the Company's maximum exposure to credit risk.

The Company maintains a cash balance on deposit with the Province of New Brunswick (see Note 4) and does not consider this as a significant credit risk.

(c) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient funds to meet liabilities as they come due and to execute on its business plan. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows. At September 30, 2014, the Company had cash of $297,833 (at December 31, 2013 the balance of cash and cash equivalents was $321,754). The current assets are not sufficient to settle current liabilities. The Company has forecasted cash flows for its 2014 fiscal year. The forecast is based on management's best estimates of operating conditions in the context of current economic conditions and today's capital market climate.

The Company is a development stage company currently focused on exploring and developing its Mount Pleasant Property and has not generated revenue or cash flow from this project. The Company's sources of funding to this point have been the issuance of equity securities and loans from Great Harvest. The Company has limited financial resources and no current source of recurring revenue and continues to rely on the issuance of shares or other sources of financing to generate the funds required to complete the development, commissioning and commencement of production of the Mount Pleasant property and corporate expenditures. Should additional funding be required to complete the construction, commissioning or operations of the Mount Pleasant property there is no assurance that such additional funding will be available to the Company. Should such funding be required, failure to obtain funding could result in delay or indefinite postponement of the development of the Mount Pleasant property.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. For receivables and payables with a remaining life of less than one year, the carrying amount is deemed to reflect the fair value.

12. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to maintain adequate levels of funding to support evaluation and development projects, to expand regional exploration activities within the Property and to maintain corporate and administrative functions.

At September 30, 2014 the Company's capital consists of equity in the amount of $12,533,936 ($13,655,887 at December 31, 2013).

The Company manages its capital structure in a manner that provides sufficient funding for project evaluation and development and operational activities. Funds are primarily secured through the issue and sale of common shares. There can be no assurances that the Company will be able to continue to provide adequate funds in this manner.

The Company maintains minimal surplus capital and therefore does not have significant non-cash investments. All working capital for immediate needs is invested in liquid and highly rated financial instruments, such as money market funds with major Canadian financial institutions. At September 30, 2014, the Company had cash of $297,833 (at December 31, 2013 the balance of cash and cash equivalents was $321,754).

13. SUBSEQUENT EVENT

On September 19, 2014, the Company filed a preliminary long form prospectus with the securities regulatory authorities relating to $5,000,000 rights offering to purchase common shares of the Company in each of the Provinces of British Columbia, Alberta, Ontario, Nova Scotia and New Brunswick. The completion of the Rights Offering is conditional upon receipt of all applicable regulatory approvals, including from the TSX Venture Exchange.