NIOCORP DEVELOPMENTS LTD.

(formerly Quantum Rare Earth Developments Corp.)

Condensed Interim Consolidated Financial Statements

Three months ended September 30, 2013

NIOCORP DEVELOPMENTS LTD.

Unaudited Condensed Consolidated Interim Financial Statements

Notice of No Auditor Review of Condensed Consolidated Interim Financial Statements

The accompanying unaudited condensed consolidated interim financial statements have been prepared by management and
The Company's independent auditors have not performed a review of these condensedonsolidated interim

NIOCORP DEVELOPMENTS LTD.
(formerly Quantum Rare Earth Developments Corp.)
Condensed Consolidated Interim Statements of Financial Position
(in Canadian dollars)

	Note	September 30, 2013	June 30, 2013
ASSETS			
Current			
Cash		$ 58,364	$ 35,460
Receivables	6	4,979	5,769
Marketable securities	7	60,000	60,000
Prepaid expenses		9,892	9,374
		133,235	110,603
Non-current			
Deferred financing fees	19	36,960	36,960
Deposits		42,295	42,295
Equipment	8	6,835	7,374
Exploration and evaluation assets	9	12,381,733	12,330,691
		$ 12,601,058	$ 12,527,923
LIABILITIES			
Current			
Accounts payable and accrued liabilities	10	$ 583,702	$ 482,427
Advances from a related party	13	250,000	150,000
Flow-through premium liability	12	244,890	244,890
Flow-through tax liability	12	778,750	778,750
		1,857,342	1,656,067
SHAREHOLDERS' EQUITY			
Capital stock	11	29,120,913	29,116,650
Share-based payment reserve	11	3,061,591	3,061,591
Deficit		(21,438,788)	(21,306,385)
		10,743,716	10,871,856
		$ 12,601,058	$ 12,527,923

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

On behalf of the Board:

"Peter Dickie"
Director

"Erin Chutter"
Director

NIOCORP DEVELOPMENTS LTD.
(formerly Quantum Rare Earth Developments Corp.)
Condensed Consolidated Interim Statement of Comprehensive Loss
(in Canadian dollars)

	Note	Three months ended September 30, 2013	Three months ended September 30, 2012
Administrative expenses			
Consulting	13	$ 6,000	$ 13,068
Depreciation	8	538	764
Foreign exchange (gain) loss		(557)	1,069
Investor communication		15,497	54,261
Management fees	13	45,000	45,000
Office and miscellaneous		38,351	37,736
Professional fees	13	15,868	44,541
Transfer agent and regulatory fees		5,148	5,855
Travel		6,558	-
Write down of exploration and evaluation assets	9	-	35,000
Loss and comprehensive loss for the period		$ (132,403)	$ (237,294)
Deficit, beginning of period		(21,306,385)	(16,118,727)
Deficit, end of year		$ (21,438,788)	$ (16,356,021)
Loss per common share, basic and diluted		$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding		89,339,616	85,983,465

NIOCORP DEVELOPMENTS LTD.
(formerly Quantum Rare Earth Developments Corp.)

Condensed Consolidated Interim Statements of Cash Flows

(in Canadian dollars)

	Three months ended September 30, 2013	Three months ended September 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (132,403)	$ (237,294)
Items not affecting cash:		
Depreciation	538	764
Write down of mineral properties	-	35,000
	(131,865)	(201,530)
Change in non-cash working capital items:		
Receivables	790	10,923
Prepaid expenses	(518)	31,696
Accounts payable and accrued liabilities	101,276	165,183
Net cash provided by (used in) operating activities	(30,317)	6,272
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	4,263	-
Advances from a related party	100,000	-
Net cash provided by financing activities	104,263	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of mineral properties	(40,000)	-
Deferred exploration costs	(11,042)	(5,752)
Net cash used in investing activities	(51,042)	(5,752)
Increase in cash during the period	22,904	520
Cash, beginning of period	35,460	13,414
Cash, end of period	$ 58,364	$ 13,934

Supplemental cash flow information (note 5)

NIOCORP DEVELOPMENTS LTD.
(formerly Quantum Rare Earth Developments Corp.)
Condensed Consolidated Itermin Statements of Equity
(in Canadian dollars)

	Note	Shares	Amount	Share-based payment reserves	Deficit	Total
Balance, July 1, 2012		85,955,456	$ 28,715,251	$ 2,776,980	$ (18,321,608)	$ 13,170,623
Shares issued for Red Lake (Tait Lake) property	9	400,000	50,000	-	-	50,000
Deficit			-	-	(237,694)	(237,694)
Balance, September 30, 2012		86,355,456	$ 28,765,251	$ 2,776,980	$ (18,559,302)	$ 12,982,929

Balance, July 1, 2013		89,339,616	$ 29,116,650	$ 3,061,591	$ (21,306,385)	$ 10,871,856
Exercise of warrants	9	34,100	4,263	-	-	4,263
Deficit		-	-	-	(132,403)	(132,403)
Balance, September 30, 2013		89,373,716	$ 29,120,913	$ 3,061,591	$ (21,438,788)	$ 10,743,716

1. CORPORATE INFORMATION

The Company was incorporated on February 27, 1987 under the laws of the Province of British Columbia. The head office, principal address and records office of the Company are located at Suite 1510 - 1050 West Pender Street, Vancouver, British Columbia, Canada V6E 3S7. The Company's registered address is at the same address. On March 4, 2013 the Company changed its name from Quantum Rare Earth Developments Corp. to NioCorp Developments Ltd.

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

2. BASIS OF PREPARATION

This condensed interim financial information for the three months ended September 30, 2013 have been prepared in accordance with IAS 34 "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended June 30, 2013, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 29, 2013.

3. GOING CONCERN ISSUES

The Company incurred a loss of $132,403 (2012 - $237,294) for the three months ended September 30, 2013, and has an accumulated deficit of $21,438,788 and working capital deficiency of $1,724,107 at September 30, 2013. These factors indicate the existence of a material uncertainity that may cast significant doubt about the Company's ability to continue as a going concern.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

Critical judgments in applying accounting policies

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS continued

Exploration and Evaluation Expenditure and Impairment

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

Title to Mineral Property Interests

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

Income Taxes

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

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

Key sources of estimation uncertainty:

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

Share-based Payment Transactions

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

(in Canadian dollars)

5. SUPPLEMENTAL CASH FLOW INFORMATION

	2013	2012
Cash paid for:		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -
Non-cash activities		
Shares issued for mineral properties	$ -	$ 50,000
Mineral property expenditures included in accounts payable	$ 143,722	$ 118,000

6. RECEIVABLES

	September 30, 2013	June 30, 2013
Refundable GST tax	4,979	5,769
Other receivables	-	-
Total	$ 4,979	$ 5,769

7. MARKETABLE SECURITIES

	September 30, 2013	June 30, 2013
Shares of Amana Copper Ltd. (note 9)	22,500	22,500
Shares of Victory Mines Limited (note 9)	37,500	37,500
Total	$ 60,000	$ 60,000

8. EQUIPMENT

Property and equipment	Computer equipment	Furniture and equipment	Total
June 30, 2012	$ 23,214	$ 1,264	$ 24,478
Additions	-	-	-
June 30, 2013	23,214	1,264	24,478
Additions	-	-	-
September 30, 2013	$ 23,214	$ 1,264	$ 24,478
Accumulated depreciation			
June 30, 2012	$ 13,512	$ 536	$ 14,048
Depreciation	2,911	145	3,056
June 30, 2013	16,423	681	17,104
Depreciation	509	30	539
September 30, 2013	$ 16,932	$ 711	$ 17,643
Net book value, June 30, 2013	$ 6,791	$ 583	$ 7,374
Net book value, September 30, 2013	$ 6,282	$ 553	$ 6,835

(in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS

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

Three months ended September 30, 2013	Silver Mountain	Elk Creek	Archie Lake	Total
Balance, beginning of year	$ -	$ 12,330,691	$ -	$ 12,330,691
Acquisition costs				
For cash	40,000	-	-	40,000
For shares	-	-	-	-
	40,000	-	-	40,000
Deferred exploration expenditures				
Drilling	-	-	-	-
Geologists and field staff	-	3,584	-	3,584
Sampling	-	7,458	-	7,458
	-	11,042	-	11,042
	40,000	12,341,733	-	12,381,733
Write-down	-	-	-	-
Balance, end of period	$ 40,000	$ 12,341,733	$ -	$ 12,381,733

Year ended June 30, 2013	Silver Mountain	Elk Creek	Archie Lake	Total
Balance, beginning of year	$ -	$ 12,296,808	$ 2,045,315	$ 14,342,123
Acquisition costs				
For cash	-	10,044	-	10,044
For shares	50,000	-	-	50,000
	50,000	10,044	-	60,044
Deferred exploration expenditures				
Drilling	-	4,370	-	4,370
Geologists and field staff	-	6,849	-	6,849
Geophysical survey	-	4,575	-	4,575
Sampling	-	8,045	-	8,045
	-	23,839	-	23,839
	50,000	12,330,691	2,045,315	14,426,006
Write-down	(50,000)	-	(2,045,315)	(2,095,315)
Balance, end of year	$ -	$ 12,330,691	$ -	$ 12,330,691

9. EXPLORATION AND EVALUATION ASSETS continued

(a) Archie Lake

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

(b) Elk Creek

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

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

(c) Silver Mountain

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

Red Lake (Tait Lake) Property

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

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

The Company received a termination notice from Amana on May 29, 2013. The Company intends to find another party to continue exploration on the Tait Property. The Company received $15,000 in cash and 150,000 common shares of Amana valued at $22,500. During the year ended June 30, 2013, the Company decided to write off the Red Lake claims and related value of $50,000 (2012 - $138,794) as no further exploration has been planned.

(in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS continued

Thunder Bay Claims

Silver Mountain held an option to acquire a 100% interest in certain mineral claims located in Thunder Bay Mining Division, Ontario.

On October 24, 2011, the Company entered into a termination and mutual release agreement with the optionor whereby the Company will pay the optioner $20,000 (paid) and issue 129,032 shares (issued at a value of $20,000). As a result the Company is no longer required to keep those mineral claims in good standing for a period of at least 12 months from the termination. Accordingly, the Company wrote off all capitalized acquisition and deferred exploration costs associated with the property.

(d) Jungle Well and Laverton Projects

The Jungle Well and Laverton projects were originally contemplated through the acquisition of Silver Mountain.

On September 19, 2011, the Company entered into an option agreement with Florella Holdings ('Florella') whereby the Company granted Florella an option to acquire an 80% interest in the Jungle Well and Laverton projects. In July 2012 Florella assigned a portion of their interest to Victory Mines Limited ("Victory"). Under the terms of the agreements, the Company will retain a 20% interest, Florella will retain a 10% interest and Victory can earn a 70% interest. The interests of Florella and the Company are carried until such time as commercial production is reached. Pursuant to the agreements, the Company has received $60,000 and US$120.000 in fiscal 2012 and $100,000 and 3,750,000 shares of Victory in fiscal 2013. The shares of Victory had a nominal value when received.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2013	June 30, 2013
Accounts payable and accrued liabilities	$ 174,026	$ 143,602
Accounts payable and accrued liabilities to related parties	298,705	227,854
Taxes payable	110,971	110,971
Total	$ 583,702	$ 482,427

(in Canadian dollars)

11. CAPITAL STOCK

(a) Authorized

Unlimited common shares without par value

(b) Issued and Outstanding

Year ended June 30, 2013

In December 2012 the Company closed a private placement of 2,984,160 units at $0.125 per unit for total gross proceeds of $373,020. Each unit consists of one common share and one transferable share purchase warrant, each warrant entitling the holder to purchase one additional common share for a period of two years at a price of $0.25 per share. The Company paid a total of $12,600 in cash and issued 100,800 share purchase warrants to finders for their efforts in finding certain placees. Each finder's warrant is exercisable into one common share of the Company for two years at a price of $0.125 per share. The warrants have two expiry dates, 2,756,160 warrants expire on November 13, 2014 and 228,000 warrants expire on December 20, 2014.The finder's warrants expire on November 13, 2014 for 92,800 warrants and on December 20, 2014 for 8,000 warrants. The finder's warrants have a total value of $6,548 which was calculated using the Black-Scholes option pricing model using a risk-free interest rate of 1.25%, an expected life of 2 years, an expected volatility of 93.7% and a dividend rate of 0.00%. Other issue costs amount to $2,473.

(c) Stock Options

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

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, June 30, 2012	6,525,000	$ 0.44
Granted	3,850,000	0.22
Cancelled/expired	(3,750,000)	0.47
Balance, June 30, 2013	6,625,000	$ 0.40
Granted	-	0.15
Cancelled/expired	-	0.48
Balance, September 30, 2013	6,625,000	$ 0.20
Number of options currently exercisable	6,625,000	$ 0.20

The following table summarizes information about stock options outstanding at September 30, 2013:

Exercise price	Number outstanding	Number exercisable	Expiry date
$ 0.50	200,000	200,000	February 18, 2014
$ 0.30	1,100,000	1,100,000	June 9, 2014
$ 0.30	225,000	225,000	July 14, 2014
$ 0.20	1,250,000	1,250,000	January 12, 2015
$ 0.15	2,500,000	2,500,000	January 18, 2016
$ 0.15	1,350,000	1,350,000	February 25, 2016
	6,625,000	6,625,000	

(in Canadian dollars)

11. CAPITAL STOCK continued

(d) Warrants

(i) Warrant transactions are summarized as follows:

	Three months ended September 30, 2013	Weighted average exercise price	Year ended June 30, 2013	Weighted average exercise price
Balance	19,093,871	$ 0.36	16,008,911	$ 0.36
Granted	-	0.25	3,084,960	0.25
Exercised	(34,100)	0.125	-	0.35
Balance	19,059,771	$ 0.33	19,093,871	$ 0.36

At September 30, 2013 the Company has outstanding warrants, exercisable as follows:

Number		Exercise Price	Expiry Date
* 789,500	Exercisable into one common share and an additional one half of one share purchase warrant with each full warrant exercisable into one common share at an exercise price of $0.35 per common share.	$0.25	November 5, 2013
* 823,700	Exercisable into one common share and an additional one half of one share purchase warrant with each full warrant exercisable into one common share at an exercise price of $0.40 per common share.	$0.30	November 5, 2013
* 636,829	Exercisable into one common share and an additional one half of one share purchase warrant with each full warrant exercisable into one common share at an exercise price of $0.41 per common share.	$0.31	November 5, 2013
* 3,635,500		$0.35	November 5, 2013
* 4,168,500		$0.40	November 5, 2013
* 3,142,349		$0.41	November 5, 2013
2,722,533		$0.25	December 6, 2013
90,000		$0.25	December 15, 2013
2,756,160		$0.25	November 13, 2014
228,000		$0.25	December 20, 2014
58,700		$0.125	November 13, 2014
8,000		$0.125	December 20, 2014
19,059,771			

* 13,196,378 warrants expired unexercised on November 5, 2013

12. FLOW THROUGH LIABILITIES

The Company issued 8,337,000 common shares on a flow-through basis for gross proceeds of $2,501,100 in November 2010. The Company recorded a flow-through premium liability of $416,850 based on the premium on the flow-through shares issued. The Company did not incur eligible expenditures during the year ended June 30, 2013 to reduce the flow-through premium liability at year end of $244,890 (June 30, 2012 - $244,890). As a result the Company did not record other income on settlement of the flow-through premium liability in fiscal 2013 (2012 - $90,778).

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

(in Canadian dollars)

13. RELATED PARTY TRANSACTIONS

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

Key management personnel remuneration	Three months ended September 30, 2013	Three months ended September 30, 2012
Management fees	$ 45,000	$ 45,000
Professional fees	9,000	22,500
Total key management personnel remuneration	54,000	67,500
Rent (to a company with a common director)	10,061	10,061
Total	$ 64,061	$ 77,561

As at September 30, 2013 accounts payable included $170,603 (June 30, 2013 - $227,854) owing to officers and directors.

The Company received advances from an officer and director of the Company for a total of $250,000. The advances are non-interest bearing and there are no terms of repayment.

14. INCOME TAXES

The significant components of the Company's unrecognized temporary differences and tax losses as at June 30, 2013 are as follows:

	Expiry dates	**2012**	2012
Share issue costs	2032 to 2035	$ 307,000	$ 454,000
Non-capital losses	2014 to 2031	7,071,000	6,420,000
Equipment and other tax assets	Not applicable	59,000	94,000
Mineral properties	Not applicable	2,918,000	872,000

15. CAPITAL MANAGEMENT

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

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

(in Canadian dollars)

16. FINANCIAL INSTRUMENTS AND RISK

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

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

i) Credit risk

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

ii) Interest rate risk

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

iii) Currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign currency rate fluctuations.

iv) Liquidity risk

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

v) Equity market risk

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

(vi) Price risk

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

17. SEGMENTED INFORMATION

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

	September 30, 2013	June 30, 2013
Non-current assets		
Canada	$ 40,000	$ 2,083,386
United States	12,341,733	12,328,014
	$ 12,381,733	$ 14,411,400

18. COMMITMENTS

The Company has jointly entered into an agreement with a public company with a director in common to lease office space until May 30, 2014. The Company's share requires monthly payments of $3,354 for a total annual rent of $40,248.

19. SUBSEQUENT EVENT

In October 2013 the Company completed the first tranche of a private placement of 6,186,612 shares at US $0.15 per share for gross proceeds of $927,992. As of September 30, 2013 the Company had incurred costs of $36,960 towards this private placement.

13,196,378 warrants expired unexercised on November 5, 2013.