

**enCore Energy Corp. (formerly Wolfpack Gold Corp.)**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited - Expressed in Canadian Dollars)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**

**Notice of Non-review of Condensed Interim Consolidated Financial Statements**

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The attached condensed interim consolidated financial statements for the nine months ended September 30, 2014 have been prepared by and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements.

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**enCore Energy Corp. (formerly Wolfpack Gold Corp.)**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Unaudited - Expressed in Canadian Dollars)

	Notes	September 30, 2014 \$	December 31, 2013 \$
<b>ASSETS</b>			
<b>Current</b>			
Cash		711,182	5,202,931
Receivables and prepaid expenses	10	44,727	48,060
Marketable securities	5	408,000	1,103,240
		<u>1,163,909</u>	<u>6,354,231</u>
<b>Equipment</b>		-	28,699
<b>Reclamation bonds</b>		-	381,435
<b>Mineral properties</b>	7	2,383,647	6,951,324
		<u>3,547,556</u>	<u>13,715,689</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	8,10	266,523	242,555
		<u>266,523</u>	<u>242,555</u>
<b>Shareholders' equity</b>			
Share capital	9	20,811,938	20,102,950
Contributed surplus		746,841	730,411
Accumulated other comprehensive income		359,899	121,704
Deficit		(18,637,645)	(7,481,931)
		<u>3,281,033</u>	<u>13,473,134</u>
		<u>3,547,556</u>	<u>13,715,689</u>

APPROVED BY THE BOARD OF DIRECTORS:

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"William M. Sheriff" Director

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"William B. Harris" Director

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

**enCore Energy Corp. (formerly Wolfpack Gold Corp.)**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
For the three and nine months ended September 30, 2014 and 2013  
(Unaudited - Expressed in Canadian Dollars)

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2014 \$	2013 \$	2014 \$	2013 \$
<b>Expenses</b>					
Depreciation		1,148	3,258	10,722	8,636
General and administrative		68,513	73,236	231,521	275,048
Professional fees		85,857	948	330,218	47,272
Staff costs	10	21,342	139,427	175,848	364,296
Stock option expense	9(b),10	1,910	29,923	16,430	541,440
Travel		2,074	11,270	18,204	23,934
Transfer agent and regulatory fees		17,542	3,447	34,547	13,380
Mineral exploration and evaluation costs		18,608	28,198	18,608	28,198
Write down of mineral properties	7	-	163,976	4,565,582	1,604,465
		(216,994)	(453,683)	(5,401,680)	(2,906,669)
<b>Other items</b>					
Interest income		13,467	21,965	58,691	34,431
Foreign exchange gain (loss)		24,612	(2,503)	(13,814)	(1,976)
Realized gain on sale of marketable securities – shares	5	173,197	52,822	158,298	52,822
Change in fair value of marketable securities – warrants	5	-	37,500	(37,500)	(56,250)
Accretion of loan	6	6,185	-	15,974	-
Change in fair value of embedded derivative	6	(4,667)	-	(20,931)	-
Loss on sale of subsidiary	4	(118,923)	-	(118,923)	-
<b>Loss for the period</b>		<b>(123,123)</b>	<b>(343,899)</b>	<b>(5,359,885)</b>	<b>(2,877,642)</b>
<b>Other comprehensive (loss) income</b>					
<b>Items that may be subsequently reclassified to profit or loss</b>					
Exchange differences on translating foreign operations		117,745	(142,060)	252,913	156,919
Reclassifying cumulative exchange differences on translating foreign operations after sale of subsidiary	4	(235,708)	-	(235,708)	-
Unrealized gain on marketable securities - shares	5	259,697	287,662	379,288	(49,838)
Realized gain on sale of marketable securities - shares	5	(173,197)	(52,822)	(158,298)	(52,822)
<b>Loss and comprehensive loss for the period</b>		<b>(154,586)</b>	<b>(251,119)</b>	<b>(5,121,690)</b>	<b>(2,823,383)</b>
<b>Basic and diluted loss per common share</b>		<b>(0.00)</b>	<b>(0.01)</b>	<b>(0.10)</b>	<b>(0.07)</b>
<b>Weighted average number of common shares outstanding</b>	9(c)	<b>57,242,750</b>	<b>49,897,750</b>	<b>53,310,552</b>	<b>40,113,909</b>

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

**enCore Energy Corp. (formerly Wolfpack Gold Corp.)**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the nine months ended September 30, 2014 and 2013  
(Unaudited - Expressed in Canadian Dollars)

	2014 \$	2013 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	(5,359,885)	(2,877,642)
Items not affecting cash:		
Depreciation	10,722	8,636
Stock option expense	16,430	541,440
Write down of mineral properties	4,565,582	1,604,465
Realized gain on sale of marketable securities – shares	(158,298)	(52,822)
Change in fair value of marketable securities – warrants	37,500	56,250
Accretion of loan	(15,974)	-
Change in fair value of embedded derivative	20,931	-
Loss on sale of subsidiary	118,923	-
Gain on sale of equipment	(2,340)	-
Foreign exchange loss	12,743	-
	<u>(753,666)</u>	<u>(719,673)</u>
Changes in non-cash working capital items:		
Receivables and prepaids	(21,224)	187,627
Accounts payable and accrued liabilities	112,586	(303,205)
	<u>(662,304)</u>	<u>(835,251)</u>
Net cash used in operating activities	<u>(662,304)</u>	<u>(835,251)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	-	(18,389)
Proceeds from sale of equipment	8,500	-
Reclamation bonds	-	(32,623)
Investment in mineral properties	(514,947)	(738,548)
Option payment received on mineral property	-	77,925
Proceeds from sale of marketable securities	1,037,028	164,342
Loan to Timberline	(1,101,000)	-
Disposition of cash on sale of subsidiary (Note 4)	(3,878,414)	-
	<u>(4,448,833)</u>	<u>(547,293)</u>
Net cash used in investing activities	<u>(4,448,833)</u>	<u>(547,293)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of common shares	622,500	-
Issuance costs	(3,112)	-
Cash acquired on acquisition of Tigris Uranium Corp.	-	7,023,458
	<u>619,388</u>	<u>7,023,458</u>
Net cash provided by financing activities	<u>619,388</u>	<u>7,023,458</u>
<b>(Decrease) increase in cash during the period</b>	<u>(4,491,749)</u>	<u>5,640,914</u>
<b>Cash, beginning of the period</b>	<u>5,202,931</u>	<u>333,028</u>
<b>Cash, end of the period</b>	<u>711,182</u>	<u>5,973,942</u>
Cash paid for interest	-	-
Cash received for interest	37,289	37,944
Cash paid for income taxes	-	-
<b>Supplemental financing and investing information</b>		
Mineral property expenditures included in accounts payable and accrued liabilities	(101,815)	(36,332)
Issuance of 1,120,000 shares pursuant to the Castle Black Rock Property	89,600	-
Dividend shares of Timberline	5,795,829	-

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

**enCore Energy Corp. (formerly Wolfpack Gold Corp.)**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
For the nine months ended September 30, 2014 and 2013  
(Unaudited - Expressed in Canadian Dollars)

	Number of Shares #	Share Capital \$	Contributed Surplus \$	Accumulated Other Comprehensive Income (Loss) \$	Deficit \$	Total \$
<b>Balance, December 31, 2012</b>	29,965,000	9,767,488	49,512	(177,656)	(2,981,760)	6,657,584
Recapitalization transactions						
Pursuant to the acquisition of Tigris Uranium Corp. ("Tigris")	(29,965,000)	-	-	-	-	-
Exchange of Shares	29,965,000	-	-	-	-	-
Shares of Tigris at the reverse takeover date	19,932,750	10,335,462	-	-	-	10,335,462
Options of Tigris at the reverse takeover date	-	-	118,252	-	-	118,252
Stock option expense	-	-	541,440	-	-	541,440
Loss and comprehensive loss for the period	-	-	-	54,259	(2,877,642)	(2,823,383)
<b>Balance, September 30, 2013</b>	49,897,750	20,102,950	709,204	(123,397)	(5,859,402)	14,829,355
<b>Balance, December 31, 2013</b>	49,897,750	20,102,950	730,411	121,704	(7,481,931)	13,473,134
Issued during the period:						
For cash pursuant to private placement	6,225,000	622,500	-	-	-	622,500
Less: cash issue costs	-	(3,112)	-	-	-	(3,112)
Pursuant to mineral property Dividend shares of Timberline (Note 4)	1,120,000	89,600	-	-	(5,795,829)	89,600
Stock option expense	-	-	16,430	-	-	16,430
Loss and comprehensive loss for the period	-	-	-	238,195	(5,359,885)	(5,121,690)
<b>Balance, September 30, 2014</b>	57,242,750	20,811,938	746,841	359,899	(18,637,645)	3,281,033

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

**1. NATURE OF OPERATIONS**

enCore Energy Corp. (formerly Wolfpack Gold Corp.) was incorporated on October 30, 2009 under the Laws of British Columbia. enCore Energy Corp., together with its subsidiaries (collectively referred to as the "Company" or "enCore"), is principally engaged in the acquisition and exploration of resource properties in the United States. The Company's common shares are trading on the TSX Venture Exchange under the symbol "EU.V."

Effective August 15, 2014, the Company closed a transaction with Timberline Resources Corporation ("Timberline") whereby Timberline acquired all of the outstanding shares of Wolfpack Gold (Nevada) Corp., a wholly owned subsidiary of the Company, and issued 42,932,063 common shares to the Company for pro rata distribution to its shareholders (Note 4). Each of enCore shareholders of record on August 15, 2014 received 0.75 of a Timberline share for each share of enCore held at closing. Concurrent with the closing of this transaction, the Company changed its name from Wolfpack Gold Corp. to enCore Energy Corp.

The Company's head office is located at 11521 North Warren Street, Hayden, Idaho, United States of America.

**2. BASIS OF PRESENTATION**

These condensed interim consolidated 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 IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the 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 Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended December 31, 2013.

These financial statements were approved by the board of directors for issue on November 10, 2014.

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of financial statements in conformity with IFRS requires management to use judgement in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgements are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances.

Although management uses historical experience and its best knowledge of the expected amounts, events or actions to form the basis for estimates, actual results may differ from these estimates.

At each reporting date the Company assesses its mineral properties for impairment, to determine if there are events or changes in circumstances that indicate that the carrying values of the assets may not be recoverable. Determination as to whether and how much an asset is impaired involves management judgment on highly uncertain matters such as commodity prices, future exploration potential, and future capital expenditures.

The following significant accounting estimates and judgements were noted:

Critical accounting estimates:

- i) The fair value of the warrants included in marketable securities.
- ii) The fair value of the derivative component of loans.

Critical accounting judgements:

- i) The assessment of indicators of impairment for the mineral properties.
- ii) The assessment of the recoverable amount of mineral properties as a result of impairment indicators.

**4. SALE OF SUBSIDIARY**

On May 8, 2014, the Company entered into a definitive arrangement agreement with Timberline Resources Corporation whereby Timberline would acquire all of the outstanding shares of Wolfpack Gold (Nevada) Corp., a wholly owned subsidiary of the Company, which would include a significant amount of the Company's cash (the "Timberline Transaction"). The Timberline Loan (Note 6) is deemed to be repaid on closing of the Timberline Transaction. Effective August 15, 2014, the Company closed the Timberline Transaction and Timberline issued 42,932,063 common shares to the Company for pro rata distribution to its shareholders. Each of enCore shareholders of record on August 15, 2014 received 0.75 of a Timberline share for each share of enCore held at closing.

The fair value of the Timberline shares issued on August 15, 2014 was determined to be \$5,795,829. Together with the deemed repayment of the Timberline Loan and accrued interest (\$1,104,703), the aggregate fair value of the consideration paid by Timberline is \$4,691,126.

**enCore Energy Corp (formerly Wolfpack Gold Corp.)**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
September 30, 2014  
(Unaudited - Expressed in Canadian Dollars)

The following table provides details of the assets and liabilities disposed of:

	\$
Cash and cash equivalents	3,878,414
Receivables and prepaid expenses	24,557
Equipment	11,817
Reclamation bonds	379,608
Mineral properties	759,567
Accounts payable and accrued liabilities	(8,206)
<b>Net assets sold</b>	<b>5,045,757</b>
42,932,063 common shares of Timberline	5,795,829
Deemed repayment of Timberline Loan (Note 6)	(1,083,300)
Deemed repayment of Timberline Loan interest (Note 6)	(21,403)
<b>Proceeds of disposition</b>	<b>4,691,126</b>
Loss on disposition	(354,631)
Reclassifying cumulative exchange differences on translating foreign operations on sale of subsidiary	235,708
<b>Loss on sale of subsidiary</b>	<b>(118,923)</b>

**5. MARKETABLE SECURITIES**

	Warrants #	Warrants \$	Shares #	Shares \$	Total \$
Balance, December 31, 2012	-	-	-	-	-
Acquired pursuant to a reverse takeover	1,875,000	206,250	3,750,000	1,275,000	1,481,250
Disposals by sales	-	-	(328,000)	(164,342)	(164,342)
Realized gain on sales	-	-	-	52,822	52,822
Change in fair value	-	(112,500)	-	(153,990)	(266,490)
<b>Balance, December 31, 2013</b>	<b>1,875,000</b>	<b>93,750</b>	<b>3,422,000</b>	<b>1,009,490</b>	<b>1,103,240</b>
Disposals by sales	-	-	(2,584,500)	(1,037,028)	(1,037,028)
Realized gain on sales	-	-	-	158,298	158,298
Change in fair value	-	(37,500)	-	220,990	183,490
<b>Balance, September 30, 2014</b>	<b>1,875,000</b>	<b>56,250</b>	<b>837,500</b>	<b>351,750</b>	<b>408,000</b>

The Company has common shares and share purchase warrants of NexGen Energy Ltd. ("NexGen"). Each whole warrant entitles the holder thereof the right to purchase one common share of NexGen at a price of \$0.60 per share until December 19, 2014.

During the nine months ended September 30, 2014, the Company sold 2,584,500 common shares of NexGen for aggregate gross proceeds of \$1,037,028 and recorded a gain on sale of marketable securities of \$158,298 (2013: \$52,822).

As at September 30, 2014, the marketable securities had a fair value of \$408,000 (December 31, 2013: \$1,103,240). On September 30, 2014, the NexGen common shares closed at \$0.42 per share (December 31, 2013: \$0.295 per share) and the fair value of the warrants of \$0.03 per warrant (December 31, 2013: \$0.05 per warrant) was estimated using the Black-Scholes option pricing model with the following assumptions: share price - \$0.42; exercise price - \$0.60; risk-free interest rate - 0.78%; expected life - 0.22 years; expected volatility - 100%; and dividend rate - nil.



**6. TIMBERLINE LOAN**

	Loan \$	Derivative Component \$	Total \$
Balance, December 31, 2013	-	-	-
Loans issued	1,061,576	39,424	1,101,000
Accretion	15,974	-	15,974
Foreign exchange loss	(12,743)	-	(12,743)
Change in fair value of derivate component	-	(20,931)	(20,931)
Deemed repayment (Note 4)	(1,064,807)	(18,493)	(1,083,300)
Balance, September 30, 2014	-	-	-

As part of the Timberline Transaction (Note 4), the Company agreed to provide Timberline Resources Corporation with funding for their working capital needs during the interim period prior to the completion of the Timberline Transaction. On March 14, 2014, the Company entered into a promissory note with Timberline for up to US\$1,000,000 (the "Timberline Loan"). On March 17, 2014, Timberline drew down an initial US\$500,000 (\$552,700), on April 17, 2014, Timberline drew down an additional US\$250,000 (\$276,625) and on May 30, 2014, Timberline drew down the final US\$250,000 (\$271,675).

The Timberline Loan was deemed to be repaid on completion of the Timberline Transaction, August 15, 2014 (Note 4). The Timberline Loan bore interest at 5% compounded annually. In the event that the Timberline Loan was not repaid prior to March 18, 2015, the Company could have elected to receive payment in Timberline common shares at US\$0.14 per Timberline common share. The Timberline Loan was secured by Timberline's interest in the Seven Troughs property located in Pershing County, Nevada.

During the nine months ended September 30, 2014, the Company recorded US\$19,656 (\$21,402) of interest income. Interest receivable at August 15, 2014 of US\$19,656 (\$21,403) was deemed to be repaid on closing of the Timberline Transaction (Note 4).

**Derivative Component**

The conversion feature of the Timberline Loan is an embedded derivative (the "Derivative Component") that is measured at fair value at recognition with changes in fair values included in income (loss). The Company has measured the fair value of the Derivative Component using a valuation technique based on the Black-Scholes option pricing model and the expected probability that the conversion feature will become effective.

At March 17, 2014, the Company determined the fair value of the Derivative Component of US\$500,000 of Timberline Loan principal to be \$25,719 using a valuation technique based on the Black-Scholes option pricing model with the following assumptions: share price - US\$0.174; exercise price - US\$0.14; expected risk-free interest rate - 0.78%; expected life - 1.0 years; expected volatility - 75% and expected dividend rate - nil%.

At April 17, 2014, the Company determined the fair value of the Derivative Component of US\$250,000 of Timberline Loan principal to be \$9,027 using a valuation technique based on the Black-Scholes option pricing model with the following assumptions: share price - US\$0.152; exercise price - US\$0.14; expected risk-free interest rate - 0.78%; expected life - 0.9 years; expected volatility - 72% and expected dividend rate - nil%.

At May 30, 2014, the Company determined the fair value of the Derivative Component of US\$250,000 of Timberline Loan principal to be \$4,678 using a valuation technique based on the Black-Scholes option pricing model with the following assumptions: share price - US\$0.115; exercise price - US\$0.14; expected risk-free interest rate - 0.78%; expected life - 0.8 years; expected volatility - 79% and expected dividend rate - nil%.

During the nine months ended September 30, 2014, the Company recorded a loss related to the change in the fair value of the Derivative Component of \$20,931 (2013: \$nil). At August 15, 2014, the Company determined the fair value of Derivative Component to be \$18,493 as estimated using a valuation technique based on the Black-Scholes option pricing model with the following assumptions: share price - US\$0.125; exercise price - US\$0.14; expected risk-free interest rate - 0.78%; expected life - 0.6 years; expected volatility - 76% and expected dividend rate - nil%.

**7. MINERAL PROPERTIES – Schedule 1**

Mineral properties are as follows:

	September 30, 2014 \$	December 31, 2013 \$
Crownpoint	2,383,647	2,263,613
Adelaide and Tuscarora	-	1,419,221
Castle Black Rock	-	566,805
Other properties acquired from Till	-	1,858,893
Other properties acquired from Seabridge	-	809,751
Other properties	-	33,041
<b>Total</b>	<b>2,383,647</b>	<b>6,951,324</b>

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral property interests. The Company has investigated title to all of its mineral property interests and to the best of management's knowledge, title to all of its properties are in good standing and free of material defect.

On June 22, 2011, Till Capital Ltd. ("Till"), and Seabridge Gold Inc. ("Seabridge") executed a letter of intent pursuant to which Till and Seabridge would contribute a portfolio of US gold assets into the Company. The letter of intent was superseded by definitive agreements on June 6, 2012 which closed on June 26, 2012.

Pursuant to the definitive agreements, Till and Seabridge contributed 5 advanced stage properties, 3 development properties and a portfolio of exploration stage properties to the Company.

***Till Properties***

Till granted an option to the Company to purchase the leasehold interest of Till in the Adelaide and Tuscarora Properties located in Humboldt and Elko Counties, Nevada. To exercise this option, the Company issued to Till 1,500,000 common shares on closing at the fair value of \$600,000 and was required to issue 11,000,000 common shares as follows:

- 2,000,000 common shares on or before June 26, 2014;
- 4,000,000 common shares on or before June 26, 2015; and,
- 5,000,000 common shares on or before June 26, 2016.

During the nine months ended September 30, 2014, the Company decided not to continue with the option agreement and accordingly, the Company recorded a write down of \$1,526,445. Refer to Schedule 1.

Till sold to the Company its interests in 11 additional properties (collectively the "Till Secondary Properties") for 4,500,000 common shares issued at the fair value of \$1,800,000.

Till also granted an option to the Company to acquire its interest in the Humboldt Mill site at Till's cost (US\$528,250) as follows:

- US\$119,743 on or before June 26, 2012 (paid \$122,914);
- US\$28,167 on or before July 10, 2012 (paid \$28,913);
- US\$169,040 on or before June 26, 2014; and,
- US\$211,300 on or before June 26, 2015.

During the nine months ended September 30, 2014, the Company decided that there were indicators of impairment on certain of the Till Secondary Properties and accordingly, the Company recorded a write down of \$1,777,828.

On August 15, 2014, the Till Properties were sold to Timberline as part of the sale of subsidiary.

***Seabridge Properties***

Seabridge granted to the Company:

- (a) an option to purchase its leasehold interest in the Castle Black Rock Property, located in Nevada. To exercise this option, the Company issued to Seabridge 840,000 common shares on closing at the fair value of \$336,000 and is required to issue 6,160,000 common shares as follows:
- 1,120,000 common shares on or before June 26, 2014 (issued at the fair value of \$89,600);
  - 2,240,000 common shares on or before June 26, 2015; and,
  - 2,800,000 common shares on or before June 26, 2016.

- (b) an option to purchase its interest in the Four Mile Basin Property located in Nevada. To exercise this option, the Company issued to Seabridge 360,000 common shares on closing at the fair value of \$144,000 and was required to issue 2,640,000 common shares as follows:
- 480,000 common shares on or before June 26, 2014;
  - 960,000 common shares on or before June 26, 2015; and,
  - 1,200,000 common shares on or before June 26, 2016.
- (c) an option to purchase its interest in the Liberty Springs Property located in Nevada. To exercise this option, the Company issued to Seabridge 300,000 common shares on closing at the fair value of \$120,000 and was required to issue 2,200,000 common shares as follows:
- 400,000 common shares on or before June 26, 2014;
  - 800,000 common shares on or before June 26, 2015; and,
  - 1,000,000 common shares on or before June 26, 2016.

William M. Sheriff ("Sheriff"), the Chairman and CEO of Till and a director of the Company, is entitled to 10% of all shares issued with respect to the Four Mile Basin Property and the Liberty Springs Property. The remaining 90% will be issued to Seabridge.

In addition, Seabridge sold to the Company its interests in 25 additional properties (collectively the "Seabridge Secondary Properties"), for 4,500,000 common shares issued at the fair value of \$1,800,000. Of the 4,500,000 common shares issued, Seabridge received 4,072,500 common shares and Sheriff received 427,500 common shares.

During the year ended December 31, 2013, the Company decided there were indicators of impairment on certain properties acquired from Seabridge (Four Mile Basin, Liberty Springs and certain Seabridge Secondary Properties) and accordingly, the Company recorded a write down of \$2,084,368. During the nine months ended September 30, 2014, the Company recorded an additional write down of \$88,722 on the Four Mile Basin property. During the nine months ended September 30, 2014, the Company decided that there were indicators of impairment on the Castle Black Rock Property, certain Seabridge Secondary Properties and Other Properties and accordingly, the Company recorded a write down of \$297,013, \$839,593 and \$35,981, respectively.

On August 15, 2014, the Seabridge Properties were sold to Timberline as part of the sale of subsidiary.

**Royalties**

The Castle Black Rock Property, the Adelaide and Tuscarora Properties, the Four Mile Basin Property, the Liberty Springs Property, Till Secondary Properties and Seabridge Secondary Properties are subject to a 2% net smelter return royalty on all precious metals and a 1% net smelter return royalty on all non-precious metals derived from such properties in favour of Seabridge or Till, as applicable, unless such property is subject to a pre-existing royalty, in which case it will be subject to a 1% net profits royalty.

**8. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES**

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

	September 30, 2014	December 31, 2013
	\$	\$
Trade payables	207,080	183,517
Due to related parties (Note 10)	59,443	59,038
<b>Total</b>	<b>266,523</b>	<b>242,555</b>

**9. SHARE CAPITAL AND RESERVES**

**a) Authorized share capital**

Unlimited common and preferred shares without par value.

**b) Financings**

During the nine months ended September 30, 2014, the Company completed a non-brokered private placement of 6,225,000 common shares at a price of \$0.10 per common share for gross proceeds of \$622,500. The Company incurred cash issuance costs of \$3,112.

**c) Stock options**

The Company has adopted a stock option plan under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire common shares of the Company. The number of shares reserved for issuance under the plan

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shall not exceed 10% of the outstanding common shares at the time of the grant. The options can be granted for a maximum of five years and vest as determined by the board of directors.

The Company's stock options outstanding as at September 30, 2014 and December 31, 2013 and the changes for the periods then ended are as follows:

	Number #	Weighted average exercise price \$	Weighted average life (years)
Outstanding, December 31, 2012	2,160,000	0.41	4.08
Pursuant to a reverse takeover	1,824,169	0.54	
Forfeited	(175,833)	0.57	
<b>Outstanding, December 31, 2013</b>	<b>3,808,336</b>	<b>0.46</b>	<b>2.64</b>
<b>Outstanding, September 30, 2014</b>	<b>3,808,336</b>	<b>0.46</b>	<b>1.89</b>
<b>Exercisable, September 30, 2014</b>	<sup>(1)</sup> <b>3,743,336</b>	<b>0.46</b>	<b>1.87</b>

(1) All incentive stock options vest in four equal tranches at six month intervals beginning six months from the grant date.

As at September 30, 2014, incentive stock options were outstanding as follows:

Number of options #	Exercise price \$	Expiry Date
333,333	0.30	March 15, 2015
726,667	0.45	September 23, 2015
160,001	0.75	January 17, 2016
16,667	1.05	June 27, 2016
1,200,000	0.40	November 3, 2016
435,001	0.75	February 17, 2017
620,000	0.40	March 5, 2017
31,667	0.54	December 7, 2017
25,000	0.45	December 7, 2017
260,000	0.45	December 10, 2017
<b>3,808,336</b>		

During the nine months ended September 30, 2014, the Company recognized stock option expense of \$16,430 (2013: \$541,440) based on the vesting of previously granted options, all of which was recorded in the statement of loss and comprehensive loss.

**d) Basic and diluted loss per share**

During the nine months ended September 30, 2014 and 2013, potentially dilutive common shares totalling 3,808,336 (2013: 3,984,169) were not included in the calculation of basic and diluted loss per share because their effect was anti-dilutive.

**e) Escrow shares**

Pursuant to a reverse takeover on May 15, 2013, 13,975,000 common shares of the Company were placed in escrow. The escrow shares will be released as to 25% on May 17, 2013 (released), 25% on November 17, 2013 (released), 25% on May 17, 2014 (released) and the final 25% on November 17, 2014. As at September 30, 2014, 3,493,750 common shares remained in escrow.

**10. RELATED PARTY TRANSACTIONS**

During the nine months ended September 30, 2014, the Company incurred \$97,614 of consulting fees, included in staff costs, charged by the Chief Executive Officer, the VP of Exploration, the corporate secretary and a director (2013: \$171,893), \$27,284 of shareholder communications costs incurred by Till on behalf of the Company (2013: \$30,738) and \$64,083 of consulting fees included in mineral properties (2013: \$61,201).

The Company provides technical services to companies with directors in common. Amounts owing to the Company at September 30, 2014 in respect of technical services (included in "Receivables and prepaid expenses") amounted to \$21,567 (December 31, 2013: \$2,271).

Included in accounts payable and accrued liabilities as at September 30, 2014 is \$59,443 (December 31, 2013: \$59,038) due to directors of the Company and/or Till. The amounts owing are unsecured, non-interest bearing and due on demand.

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Key management includes the Chief Executive Officer and the directors of the Company. The compensation paid or payable to key management for services during the three and nine months ended September 30, 2014 and 2013 is as follows:

	Three months ended		Nine months ended	
	2014	September 30, 2013	2014	September 30, 2013
	\$	\$	\$	\$
Mineral property costs	-	10,500	-	14,000
Staff costs	19,560	50,786	79,806	99,086
Stock option expense	-	16,296	2,950	381,538
<b>Total key management compensation</b>	<b>19,560</b>	<b>77,582</b>	<b>82,756</b>	<b>494,624</b>

**11. SEGMENTED INFORMATION**

The Company's operations are primarily directed towards the acquisition, exploration and future development of mineral properties in the United States. The Company's mineral properties and equipment are located in the United States. Cash is primarily held in Canada.

	United States	Canada	Total
	\$	\$	\$
<b>September 30, 2014</b>			
Loss for the period	(4,946,076)	(413,809)	(5,359,885)
Non-current assets	2,383,647	-	2,383,647
Total assets	2,405,214	1,142,342	3,547,556
Total liabilities	-	(266,523)	(266,523)
<b>December 31, 2013</b>			
Loss for the year	(3,615,104)	(885,067)	(4,500,171)
Non-current assets	7,356,609	4,849	7,361,458
Total assets	7,495,058	6,220,631	13,715,689
Total liabilities	(114,731)	(127,824)	(242,555)

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CONDENSED INTERIM CONSOLIDATED SCHEDULE OF MINERAL PROPERTY EXPENDITURES

For the nine months ended September 30, 2014

(Unaudited - Expressed in Canadian Dollars)

**SCHEDULE 1**

	Crownpoint \$	Adelaide and Tuscarora \$	Castle Black Rock \$	Fourmile Basin \$	Other properties acquired from Till \$	Other properties acquired from Seabridge \$	Other properties \$	Total \$
<b>Balance, December 31, 2013</b>	2,263,613	1,419,221	566,805	-	1,858,893	809,751	33,041	6,951,324
Acquisition costs								
Shares	-	-	89,600	-	-	-	-	89,600
Exploration costs								
Assays and drilling	-	5,274	-	54,411	-	-	-	59,685
Camp	-	277	21	1,416	1,776	-	-	3,490
Maintenance fees	-	-	19,754	5,740	44,067	15,195	-	84,756
Other	-	82	98	959	13	419	-	1,571
Permitting	-	13,007	197	111	7,276	-	-	20,591
Advance royalties and option payments	-	-	49,017	13,071	45,205	-	-	107,293
Salaries, contractors and labour	-	49,580	15,022	14,157	29,733	5,766	1,079	115,337
Travel and accommodation	-	3,232	1,636	4,213	3,505	385	544	13,515
	-	71,452	85,745	94,078	131,575	21,765	1,623	406,238
Write down of mineral properties	-	(1,526,445)	(297,013)	(88,722)	(1,777,828)	(839,593)	(35,981)	(4,565,582)
Currency translation adjustment	120,034	56,655	18,095	510	41,756	23,267	1,317	261,634
Disposition on sale of subsidiary (Note 4)	-	(20,883)	(463,232)	(5,866)	(254,396)	(15,190)	-	(759,567)
<b>Balance, September 30, 2014</b>	2,383,647	-	-	-	-	-	-	2,383,647