SATURN MINERALS INC.
(an exploration stage company)

CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2014 AND 2013
(Unaudited – Prepared by Management)
(In Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

SATURN MINERALS INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
UNAUDITED – PREPARED BY MANAGEMENT
(EXPRESSED IN CANADIAN DOLLARS)
AS AT

	Note	March 31, 2014	December 31, 2013
ASSETS			
Current			
Cash		$ 390,011	$ 2,779
Amounts receivable	3	35,012	20,092
Subscriptions receivable	10	7,500	-
Prepaid expenses		84,237	349
Marketable securities	4	1,205,010	-
Total current		1,721,770	23,220
Non-current			
Other advances		14,775	14,775
Permit deposits	5	175,000	175,000
Exploration advances		-	3,963
Exploration and evaluation assets	6	3,223,385	3,201,686
Total non-current		3,413,160	3,395,424
Total assets		$ 5,134,930	$ 3,418,644
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		$ 554,073	$ 667,324
Due to related parties	9	142,607	290,863
Loans payable	7,9	-	40,000
Flow-through share premium liability	8	10,839	-
Total liabilities		707,519	998,187
Shareholders' Equity			
Share capital	10	15,178,666	13,166,356
Shares subscribed	15	205,000	-
Equity reserves	10	4,354,382	4,142,585
Accumulated other comprehensive loss	4	(94,990)	-
Deficit		(15,215,647)	(14,888,484)
Total shareholders' equity		4,427,411	2,420,457
Total liabilities and shareholders' equity		$ 5,134,930	$ 3,418,644

Nature and Continuance of Operations (Note 1)
Contingencies and Commitments (Note 14)
Subsequent Event (Note 15)

Approved by the Board of Directors on May 29, 2014

"Stan Szary"	*"William Elston"*
Director	Director

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

SATURN MINERALS INC.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
UNAUDITED – PREPARED BY MANAGEMENT
(EXPRESSED IN CANADIAN DOLLARS)

	Note	Three months ended March 31, 2014	2013
GENERAL AND ADMINISTRATIVE EXPENSES			
Accounting and auditing	9	$ 10,500	$ 3,600
Administration, office and rent	9	18,785	7,600
Advertising, promotion and public relations		755	21,389
Consulting		29,364	10,059
Filing fees		8,158	7,116
Insurance		262	2,271
Legal fees		1,862	880
Management fees	9	48,000	78,000
Project development and evaluation		-	29,246
Share-based payments	9&10	181,864	64,482
Travel and accommodation		4,363	955
		(303,913)	(225,598)
Write-down of due from related parties	9	(28,036)	-
Settlement of flow-through share premium liability	8	4,786	-
Loss for the period		$ (327,163)	$ (225,598)
Other comprehensive loss			
Fair value loss on available-for-sale investments	4	(94,990)	-
Total comprehensive loss for the period		(422,153)	(225,598)
Basic and diluted loss per share		$ (0.00)	$ (0.00)
Weighted average number of shares outstanding		94,298,562	86,937,595

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

SATURN MINERALS INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
UNAUDITED – PREPARED BY MANAGEMENT
(EXPRESSED IN CANADIAN DOLLARS)

	Three months ended March 31, 2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (327,163)	$ (225,598)
Items not affecting cash:		
Share-based payments	181,864	64,482
Settlement of flow-through share premium liability	(4,786)	-
Write-down of due from related parties	28,036	-
Changes in non-cash working capital items:		
Amounts receivable	(14,920)	445
Due to/from related parties	(176,292)	76,016
Prepaid expenses	(83,888)	4,869
Accounts payable and accrued liabilities	(66,833)	49,901
Net cash used in operating activities	(463,982)	(29,885)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common shares for cash	764,250	350,000
Share issuance costs	(13,882)	(3,000)
Shares subscribed	205,000	-
Repayment of loans payable	(40,000)	-
Net cash provided by financing activities	915,368	347,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Permit deposits	-	(62,500)
Recovery of permit deposits	-	24,675
Exploration advances	-	(250,000)
Exploration and evaluation assets	(64,154)	(65,284)
Net cash used in investing activities	(64,154)	(353,109)
Change in cash	387,232	(35,994)
Cash, beginning of period	2,779	180,062
Cash, end of period	$ 390,011	$ 144,068

Supplemental disclosure with respect to cash flows (Note 13)

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

SATURN MINERALS INC.
NOTES TO THE CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
UNAUDITED – PREPARED BY MANAGEMENT
(EXPRESSED IN CANADIAN DOLLARS)

	Number of Shares	Share Capital	Shares Subscribed	Equity Reserves	Accumulated Other Comprehensive Loss	Deficit	Total
Balance as at December 31, 2012	**85,386,591**	**$12,819,356**	**$ -**	**$4,010,825**	**$ -**	**$ (13,004,478)**	**$ 3,825,703**
Private placements	2,692,308	350,000	-	-	-	-	350,000
Share issuance costs and broker's warrants	-	(3,000)	-	-	-	-	(3,000)
Share-based payments	-	-	-	64,482	-	-	64,482
Loss for the period	-	-	-	-	-	(225,598)	(225,598)
Balance as at March 31, 2013	**88,078,899**	**$13,166,356**	**$ -**	**$4,075,307**	**$ -**	**$ (13,230,076)**	**$4,011,587**
Balance as at December 31, 2013	**88,078,899**	**$13,166,356**	**$ -**	**$4,142,585**	**$ -**	**$ (14,888,484)**	**$ 2,420,457**
Private placements	16,275,000	2,071,750	205,000	-	-	-	2,276,750
Share issuance costs and broker's warrants	800,000	(59,440)	-	29,933	-	-	(29,507)
Share-based payments	-	-	-	181,864	-	-	181,864
Unrealized loss on available-for-sale investments	-	-	-	-	(94,990)	-	(94,990)
Loss for the period	-	-	-	-	-	(327,163)	(327,163)
Balance as at March 31, 2014	**105,153,899**	**$15,178,666**	**$ 205,000**	**$4,354,382**	**$ (94,990)**	**$ (15,215,647)**	**$ 4,427,411**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Saturn Minerals Inc. (the "Company") was incorporated under the Laws of British Columbia on August 16, 2001. The Company is in the business of acquiring, exploring, evaluating and developing economically viable energy and resource deposits in Canada. The Company's current focus is to advance the exploration of its coal and oil & gas properties in Eastern Saskatchewan and Western Manitoba.

The Company's head office and registered office is Suite 312,744 West Hastings Street, Vancouver, British Columbia, V6C 1A5. Effective May 3, 2004, the common shares of the Company were listed on the TSX Venture Exchange and trade under the symbol "SMI".

Going concern of operations

These condensed interim financial statements have been prepared assuming the Company will continue on a going concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going concern depends on its ability to raise adequate financing and to develop profitable operations. As at March 31, 2014, the Company has an accumulated deficit of $15,215,647 (December 31, 2013 - $14,888,484).

Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In addition, management closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur.

As the Company is in the exploration and evaluation stage, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration and development programs will result in profitable mining operations. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing to complete their development, and future profitable production or disposition thereof.

These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements been prepared in accordance with accounting policies consistent with International Financial Standards 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). The significant accounting policies applied in these condensed interim financial statements are based on the IFRS issued and outstanding as of March 31, 2014. The unaudited condensed interim financial statements, prepared in conformity with IAS 34, follow the same accounting principles and methods of application as the most recently issued audited annual financial statements. Since the unaudited condensed interim financial statements do not include all disclosures required by the International Financial Reporting Standards ("IFRS") for annual financial statements, they should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2013.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd)

New accounting standards and interpretation

Accounting Standards Issued and Effective January 1, 2014 include amendments to IAS 32, *Financial Instruments: Presentation* provides for amendments relating to offsetting financial assets and financial liabilities. The Company has adopted this policy and it does not have significant effect on the condensed interim financial statements.

Accounting standards issued but not yet applied

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its condensed interim financial statements.

Accounting Standards Issued with the effective date to be finalized:

IFRS 9 *Financial Instruments* replaces the current standard IAS 39 Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

3. AMOUNTS RECEIVABLE

As at March 31, 2014, the Company had GST receivable in the amount of $35,012 (December 31, 2013 - $20,092).

4. MARKETABLE SECURITIES

During the period ended March 31, 2014, the Company issued 10,000,000 units at $0.13 per unit to Global Resources Investment Trust PLC ("GRIT"), in exchange for 704,301 ordinary shares of GRIT (the "GRIT Shares"), at the deemed price of £1.00 per GRIT Share. Each unit consists of one common share and one-half common share purchase warrant exercisable at $0.17 per share for two years. The securities issued to GRIT are subject to resale restrictions expiring July 8, 2014.

On acquisition, the GRIT Shares were valued at $1,300,000. The GRIT Shares have been designated as available-for-sale and are recorded at fair value. Fair value is determined by reference to the last bid price at the date of the statement of financial position. Unrealized gains and losses are recognized in other comprehensive income/loss. As at March 31, 2014, the fair value of the GRIT Shares is $1,205,010.

5. PERMIT DEPOSITS

The Company had Permit Deposits with Saskatchewan Energy and Resources of $175,000 for two (2) petroleum and natural gas exploration permits as at March 31, 2014 (December 31, 2013 - $175,000). These Permit Deposits are refundable upon completion of minimum exploration work and submission of technical work reports to Saskatchewan Energy and Resources.

6. EXPLORATION AND EVALUATION ASSETS

Although the Company has taken steps to verify title to mineral exploration and evaluation assets 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.

a) Armit

The Company's 100% owned Armit property initially consisted of 23 contiguous Coal Prospecting Permits of which 20 remain active. The property is located in Saskatchewan and hosts the Leif Coal Discovery. The Company has applied to the Saskatchewan Ministry of the Economy to convert a number of hectares of the Coal Prospecting Permits with the highest potential to host economic amounts of coal, into eight (8) Coal Leases, and has paid the annual rental fee of $23,584 and associated filing and other fees to the Saskatchewan Ministry of the Economy with respect to these Coal Leases at $5.50 per hectare. As at March 31, 2014, the Company has not received approval for conversion of the Coal Prospecting Permits to Coal Leases.

b) Overflowing

The Company's 100% owned Overflowing property consists of seven contiguous Quarry Exploration Permits located in the province of Manitoba. The Quarry Exploration Permits associated with the Overflowing property entail minimum exploration expenditures of $12 per hectare, $24 per hectare and $36 per hectare in years one, two and three respectively. Four of the Quarry Exploration Permits associated with the Overflowing property are still pending application approval and are not yet subject to minimum exploration expenditure requirements. These Application and Permit Deposits are fully refundable to the Company upon completion and submission of minimum exploration costs to the government of Manitoba.

During the period ended March 31, 2014, the Company elected to abandon six of the Quarry Exploration Permits. As at December 31, 2013, the Company wrote-off the associated Application and Permit Deposits to the Manitoba government. All capitalized exploration and evaluation asset expenditures at December 31, 2013 relate to the remaining Permit Deposit which the Company is currently in the processes of applying to the Manitoba government to convert to a Permit Lease.

c) Red Earth

The Company's Red Earth property consists of six contiguous Coal Prospecting Permits located in the province of Saskatchewan. On November 9, 2011 the Company entered into a property transfer and option agreement (the "Agreement") whereby the Company transferred a 10% interest in certain Coal Prospecting Permits in Saskatchewan to Jameson Resources Ltd. ("Jameson") for a cash payment of $46,080.

Jameson can earn up to an additional 50% interest in the Coal Prospecting Permits by expending $870,000 in exploration expenses over three years following which the Company and Jameson will enter into a joint venture agreement. During the term of the Agreement, Jameson will make cash payments to the Company equivalent to $5 and $10 per hectare in years two and three, respectively up to a maximum of $69,120. The Company will also retain a 7% royalty interest in all future production from the Coal Prospecting Permits.

6. EXPLORATION AND EVALUATION ASSETS (cont'd)

c) Red Earth (cont'd)

In February 2012, the Company entered into an amended agreement whereby it agreed to pay finder's fees of $16,600 payable by the issuance of 75,000 common shares upon regulatory approval of the amended agreement. As at December 31, 2012, the Company received approvals and issued 75,000 common shares. The Company will also pay $6,920 payable in cash or the issuance of 37,000 common shares, at the sole election of the Company, upon completion of the first year's exploration work on the Coal Prospecting Permits, recommendation of an independent geologist that further exploration work be conducted and Jameson's commitment to fund the second year's exploration work.

As at March 31, 2014, Jameson had reimbursed the Company $124,608 for exploration expenditures in the first year on the Red Earth property and pursuant to the Agreement, Jameson's ownership interest in the Red Earth Property has been increased to 20%. The Company has applied to the Saskatchewan Ministry of the Economy to convert the entire Red Earth property from Coal Prospecting Permits into Coal Leases. Coal Leases grant the right to commercially produce coal. Jameson had reimbursed the Company an additional $25,344 and associated filing and other fees with respect to these Coal Leases as prescribed in the annual rental for Coal Leases of $5.50 per hectare. As at March 31, 2014, the Company has received approval for conversion of the Coal Prospecting Permits to Coal Leases.

d) Little Swan

In 2010, the Company submitted a successful bid for a Petroleum & Natural Gas Exploration Permit ("Little Swan"), located near the town of Hudson Bay, Saskatchewan during the Lands Sale held by the Saskatchewan Ministry of Energy & Resources. The bid was submitted by the Company in conjunction with Gulf Shores Resources Ltd (25% interest) and a privately owned Canadian oil company (25% interest) (collectively, the "Partners"). The Little Swan Project grants its owners an exclusive right to explore for petroleum and natural gas within permit boundaries.

The Company paid $88,189 in connection with this Bid of which $62,500 relates to an expenditure deposit and is recorded as a Permit Deposit and is refundable upon completion of exploration work and submission of technical work reports to Saskatchewan Energy and Resources. The remaining $25,689 relates to land rental costs. The Bid was submitted by the Company in conjunction with the Partners for a total work commitment of $500,000. The Company funded 100% of the cost of the Bid, half of which was reimbursed by the Partners. In 2012, the Company paid $38,540 to the Partners to acquire a 100% interest in the Little Swan Project.

During the year ended December 31, 2013, the Company paid the third year's refundable Permit Deposit of $62,500 to the government of Saskatchewan and the third year's annual land rental fee of $25,689. The Company received $Nil in refunds on the related Permit Deposits during the year.

6. EXPLORATION AND EVALUATION ASSETS (cont'd)

d) Little Swan (cont'd)

In November 2012, the Company entered into a preliminary agreement with a private, Calgary based oil & gas company, Vector Exploration Corp. ("Vector") for exploration and development of the Company's Little Swan and Bannock Creek oil & gas properties ("the Properties"). The Company and Vector have agreed that:

1) Upon signing of a definitive agreement between the Company and Vector, the Company will grant Vector a 5% carried interest in the Properties in consideration for services and expertise to be rendered to the Company by Vector for exploration of the Properties from the date of the definitive agreement to December 1, 2013.

2) On or before December 1, 2013, the Company and Vector will evaluate exploration results of the Properties and mutually decide to pursue one of two options:

   a. The Company will transfer the Properties into Vector in consideration for a 90% equity interest in Vector. Vector's 5% carried interest will be converted into a 10% equity interest of Vector to be held by the Vector Team, provided that Vector pays to the Company 5% of the exploration expenses incurred by the Company on the Properties from December 1, 2012 to the date of the transfer; or

   b. The Properties will remain entirely owned by the Company and Vector's 5% carried interest in the Properties will convert to a 5% working interest.

In November 2013, the Company amended the agreement with Vector to a Farm-In Agreement for oil and gas permits EP-71 and EP-72 (the "Little Swan" and "Bannock Creek" properties). Under the Farm-In Agreement, Vector is required to make an initial payment of $200,000. After the initial payment, the requirements are divided into two phases of operations. Phase 1 will commence prior to January 14, 2014 and requires Vector to pay an additional $200,000 to the Company and fund a minimum of 60 km of seismic data over the Little Swan property and 20km over the Bannock Creek property. On completion of Phase 1 Vector will have earned a 50% interest in the permits. Phase 2 requires Vector to drill 2 wells of which the first well must be spudded on or before January 15, 2015 and the second within 180 days of rig release of the first well. On completion of Phase 2 Vector will have earned an additional 30% interest for an aggregate interest of 80%. Both wells will be subject to a 1/350 (2.0 -7.5%) royalty payable to the Company until payout. Upon payout, Vector will have the option to convert the 1/350 royalty into a 20% working interest.

Subsequent to March 31, 2014 the Company amended the existing Farm-In Agreement with Vector for oil & gas permits EP-71 and EP-72 (the "Little Swan" and "Bannock Creek" properties). Under the terms of a new Joint-Venture Agreement, both Saturn and Vector will each retain a 50% working interest in both projects. Additionally, both Saturn and Vector have agreed on an Area of Mutual Interest surrounding the Little Swan and Bannock Creek projects within which both companies will retain a right of first refusal to participate at their Working Interest on any operations, including Land Purchase, geological and geophysical programs, drilling and completions.

6. EXPLORATION AND EVALUATION ASSETS (cont'd)

e) Bannock Creek

The Company submitted a successful bid for a Petroleum & Natural Gas Exploration Permit ("Bannock Creek") during the Lands Sale held by the Saskatchewan Ministry of Energy & Resources. The Company paid $37,432 in connection with this bid of which $25,000 relates to a Permit Deposit, which is refundable upon completion of exploration work and submission of technical work reports to Saskatchewan Energy and Resources. The remaining $12,432 relates to the first year's land rental fee.

During the year ended December 31, 2013, the Company paid the third year's Permit Deposit of $25,000 and the third year's annual land rental fee of $12,432. The Company received $Nil in refunds on the related Permit Deposits during the year.

In November 2012, the Company entered into an agreement with Vector for exploration and development of the Company's Little Swan and Bannock Creek oil & gas properties which were further amended to a Farm-In Agreement in November 2013 and an amended Farm-In Agreement subsequent to March 31, 2014 (see Note 6(d)).

f) Gem

Pursuant to an agreement dated April 20, 2005, and subsequently amended, the Company has acquired a 100% interest in the Apex 3 and 4 mineral claims located in the New Westminster Mining Division, British Columbia, subject to a net smelter return royalty of 1%. The Company has the right to acquire 0.5% of the net smelter return royalty for $1,000,000. Under the terms of the option agreement the Company paid $70,500 and issued 300,000 common shares with a value of $89,600 to acquire its interest. In 2009, upon the Company's determination that the value of the property was impaired, the carrying value of the property was reduced to a nominal $1 by a charge to earnings of $216,194.

During the year ended December 31, 2010, the Company resumed exploration work on the property and completed adequate care and maintenance in 2011 and this work continued in 2013 and during the three months ended March 31, 2014.

6. EXPLORATION AND EVALUATION ASSETS (cont'd)

	Armit	Overflowing	Red Earth	Little Swan	Bannock Creek	Gem	Three months ended March 31, 2014	Year ended December 31, 2013
Beginning balance	$1,593,289	$ 547,915	$155,846	$617,522	$270,692	$16,422	$3,201,686	$3,573,516
Expenditures during the period:								
Camp and field costs	-	-	-	-	-	-	-	65
Geology	-	-	-	11,981	11,981	4,753	28,715	32,436
Geophysics	-	-	-	-	-	-	-	345,202
Land rental	-	-	-	-	-	-	-	63,465
Travel and accommodation	-	-	-	-	-	-	-	2,220
	-	-	-	11,981	11,981	4,753	28,715	443,388
Taxes recoverable	-	-	-	(5,752)	(1,264)	-	(7,016)	-
Write-off of exploration and evaluation assets	-		-	-	-	-	-	(815,218)
Ending balance	$1,593,289	$ 547,915	$155,846	$623,751	$281,409	$21,175	$3,223,385	$3,201,686

7. LOANS PAYABLE

During the year ended December 31, 2013, the Company entered into two loan agreements with a family member of a director and a private company in the amount of $40,000. The loans were non-interest bearing, unsecured and had no specific terms of repayment. During the period ended March 31, 2014, the Company repaid $40,000 to the family member of a director and private company.

8. FLOW-THROUGH SHARE PREMIUM LIABILITY

		Issued in March 2014
Balance at December 31, 2012 and 2013	$	-
Liability incurred on flow-through shares issued		15,625
Settlement of flow-through share liability on renunciation of expenditures		(4,786)
Balance at March 31, 2014	$	10,839

In March 2014, the Company completed a private placement consisting of the issue and sale of 625,000 flow-through units at a price of $0.15 per flow-through unit for gross proceeds of $93,750. Each flow-through unit consisted of one flow-through common share and one-half of one common share purchase warrant. The premium received on the shares issued was determined to be $15,625 and has been recorded as a share capital reduction. An equivalent premium liability was recorded and reduced when the required exploration expenditures were renounced to shareholders.

Subsequent to March 31, 2014, the Company completed a private placement consisting of the issue and sale of 868,000 flow-through units at a price of $0.15 per flow-through unit for gross proceeds of $130,200. Each flow-through unit consisted of one flow-through common share and one-half of one common share purchase warrant. The premium received on the shares issued was determined to be $Nil.

9. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2014, the Company incurred the following transactions with directors, officers and other key management personnel:

	Three months ended March 31,			
		2014		**2013**
Accounting	$	10,500	$	9,000
Management fees		48,000		78,000
Geological services recorded in exploration and evaluation assets		20,000		26,071
Administration		-		7,200
Total	$	78,500	$	120,271

The share-based payments to directors, officers and other key personnel of the Company during the three months ended March 31, 2014 was $126,169 (2013 - $Nil). Share-based payments are the fair value of options granted to directors, officers and other key management personnel. There were 3,550,000 options granted to directors, officers and other key personnel during the period ended March 31, 2014 (2013 – Nil).

9. RELATED PARTY TRANSACTIONS (cont'd)

As at March 31, 2014, the Company owed $142,607 (December 31, 2013 - $290,863) to its directors, officers and other key management personnel of the Company for management fees, services and expense reimbursements. During the year ended December 31, 2013, the Company entered into a loan agreement with a family member of a director in the amount of $20,000. The loan was non-interest bearing, unsecured and had no specific terms of repayment. During the period ended March 31, 2014, the Company repaid the $20,000 loan.

The Company shares office space and other office and administrative expenses with another company related through common directors and during the three months ended March 31, 2014, the Company recovered office rent expenses of $11,803 (2013 - $11,803) and other office and administrative expenses of $10,197 (2013 - $7,181) due in reimbursements from the company. As at March 31, 2014, the total amount due from this company was $363,737 (December 31, 2013 - $335,701) which is non-interest bearing, unsecured, and due on demand. At December 31, 2013 and March 31, 2014, the Company wrote-down the full balance from the related company due to uncertainty of collectability.

10. SHARE CAPITAL AND EQUITY RESERVES

Authorized

Unlimited common shares without par value.

During the period ended March 31, 2014, the Company:

a) Closed its securities exchange with Global Resources Investment Trust plc ("GRIT"). The Company issued 10,000,000 units at $0.13 per unit, in exchange for 704,301 ordinary shares of GRIT (the "GRIT Shares"), at the deemed price of £1.00 per GRIT Share. Each unit consists of one common share and one-half common share purchase warrant exercisable at $0.17 per share for two years. The securities issued to GRIT are subject to resale restrictions expiring July 8, 2014. The Company will now seek to sell the GRIT Shares through the facilities of the London Stock Exchange. During the first six months, all sales of GRIT Shares will be arranged by GRIT. While the Company will seek to maximize the proceeds it receives from the sale of its GRIT Shares, there is no assurance as to the timing of disposition or the amount that will be realized. In connection to the securities exchange with GRIT, the Company issued 800,000 common shares as finder's fee valued at $108,000 and 400,000 common share purchase warrants as finder's warrants valued at $29,933. Each common share purchase warrant will be exercisable at $0.15 per share for two years from the closing of the securities exchange. The Company paid $9,750 of cash share issuance costs in relation to the private placement.

b) Closed a non-brokered private placement of 5,650,000 non flow-through units (the "NFT units") at a price of $0.12 per NFT unit for a gross value of $678,000. Each NFT unit consists of one non flow-through common share and one-half of a share purchase warrant (the "NFT warrants"). Each whole NFT warrant will entitle the holder to purchase one additional non flow-through common share, exercisable at a price of $0.15 per share until February 7, 2016. The Company paid $3,390 of cash share issuance costs in relation to the private placement.

c) Closed a non-brokered flow-through private placement of 625,000 flow-through units (the "FT units") at a price of $0.15 per FT unit for a gross dollar value of $93,750 (of which $7,500 was received subsequent to the period ended March 31, 2014). Each FT unit consists of one flow-through common share and one-half of a non flow-through share purchase warrant. Each whole FT warrant will entitle the holder to purchase one additional non flow-through common share, exercisable at a price of $0.20 per share until March 19, 2016. The Company paid $742 of cash share issuance costs in relation to the private placement.

10. SHARE CAPITAL AND EQUITY RESERVES (cont'd)

During the year ended December 31, 2013, the Company:

a) Closed a non-brokered flow-through private placement of 2,692,308 flow-through units at a price of $0.13 per flow-through unit for proceeds of $350,000. Each flow-through unit consists of one flow-through common share and one non flow-through share purchase warrant. Each warrant entitles the holder thereof to purchase one non flow-through common share at $0.15 per share until February 5, 2014. The Company paid $3,000 of cash share issuance costs in relation to the private placement.

<u>Share Purchase Warrants</u>

Warrant transactions are summarized as follows:

	Outstanding Warrants	Weighted Average Exercise Price
Balance, December 31, 2012	16,589,369	$0.26
Granted	2,692,308	0.15
Expired	(16,589,369)	0.26
Balance, December 31, 2013	2,692,308	$0.15
Granted	8,537,500	0.16
Expired	(2,692,308)	0.15
Balance, March 31, 2014	8,537,500	$0.16

As at March 31, 2014, the following share purchase warrants were issued and outstanding:

Expiry Date	Outstanding Warrants	Exercise Price
February 7, 2016	2,825,000	$ 0.15
March 7, 2016	5,000,000	0.17
March 7, 2016	400,000	0.17
March 19, 2016	312,500	0.20
	8,537,500	

During the three months ended March 31, 2014, the Company granted 400,000 (2013 – Nil) finder's warrants with initial fair market value of $29,933 (2013 - $Nil) or $0.07 (2013 - $Nil) per warrant which was recorded as share issue costs. The following weighted average assumptions were used for the Black-Scholes valuation of the finder's warrants:

	2014	2013
Risk-free interest rate	1.05%	-
Expected life of option	2 years	-
Expected dividend yield	0%	-
Expected stock price volatility	118.31%	-

10. SHARE CAPITAL AND EQUITY RESERVES (cont'd)

Stock Options

The Company has an incentive stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 16,456,650 common shares of the Company. Under the plan, the exercise price of each option shall not be less than the discounted market price of the Company's stock on the grant date. The options can be granted for a maximum term of 5 years. The options granted vest as to 25% on the date of grant and 12.5% at the end of every quarter after the grant date.

A summary of changes of stock options outstanding is as follows:

	Outstanding Options	Weighted Average Exercise Price
Balance, December 31, 2012	11,269,500	$ 0.18
Forfeited/expired	(3,135,500)	0.18
Balance, December 31, 2013	8,134,000	$ 0.18
Granted	5,000,000	0.15
Balance, March 31, 2014	13,134,000	$ 0.17
Exercisable, March 31, 2014	9,384,000	$ 0.18

As at March 31, 2014, the following options were issued and outstanding:

Expiry Date	Outstanding Options	Exercise Price
January 19, 2015	775,000	$ 0.17
March 8, 2016	3,935,000	0.17
October 7, 2016	500,000	0.17
January 11, 2017	1,819,000	0.20
September 15, 2017	1,105,000	0.20
January 22, 2019	5,000,000	0.15
	13,134,000	

During the three months ended March 31, 2014, the Company granted 5,000,000 (2013 – Nil) stock options with initial fair market value of $373,973 (2013 - $Nil) or $0.07 (2013 - $Nil) per option. The Company expensed $177,703 (2013 - $Nil) to operations for the options granted during the three months ended March 31, 2014 with the balance of $4,161 (2013 - $64,482) pertaining to the prior year's grants of stock options. The following weighted average assumptions were used for the Black-Scholes valuation of the stock options:

	2014	2013
Risk-free interest rate	1.60%	-
Expected life of option	5 years	-
Expected dividend yield	0%	-
Expected stock price volatility	83.39%	-

11. FINANCIAL INSTRUMENTS

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, currency risk, interest rate risk and price risk. Where material, these risks are reviewed and monitored by the Board of Directors.

a) Capital management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in share capital as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, or return capital to shareholders. As at March 31, 2014, the Company is not subject to externally imposed capital requirements.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is considered to be in the exploration and evaluation stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration and evaluation programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash is invested in business accounts with quality financial institutions, is available on demand for the Company's programs, and is not invested in any asset backed commercial paper. As at March 31, 2014, the Company had $390,011 (December 31, 2013 - $2,779) in cash to settle $707,519 (December 31, 2013 - $998,187) in current liabilities.

c) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash, other assets and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and other assets with high-credit quality financial institutions. The Company's cash is held with major Canadian based financial institutions.

d) Currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company is not exposed to foreign currency risk.

e) Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash and permit deposits. The Company's practice has been to invest cash at floating rates of interest, in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is a minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in short term investments and permit deposits as they are generally held with large financial institutions.

11. FINANCIAL INSTRUMENTS (cont'd)

f) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. The ability of the Company to explore its mineral properties and future profitability of the Company are directly related to the market price of commodities. The Company monitors commodity prices to determine appropriate actions to be undertaken.

g) Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair value of cash is measured based on level 1 inputs of the fair value hierarchy.

The estimated fair value of financial liabilities is equal to their carrying values due to the short-term nature of these instruments.

12. SEGMENTED INFORMATION

The Company currently conducts substantially all of its operations in Canada in one business segment being the acquisition and exploration of resource properties.

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The Company's significant non-cash transactions during the three months ended March 31, 2014 were as follows:

a) Included in exploration and evaluation assets is $250,571, net of GST/HST which relates to accounts payable and accrued liabilities.

b) Reclassified $3,963, net of GST/HST, from explorations advances to exploration and evaluation assets.

c) Issued 800,000 common shares as a finder's fee valued at $108,000 and 400,000 common share purchase warrants as finder's warrants valued at $29,933 relating to a private placement.

d) The premium received on flow through shares issued in a private placement was determined to be $15,625 and has been recorded as a share capital reduction.

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (cont'd)

The Company's significant non-cash transactions during the three months ended March 31, 2013 were as follows:

a) Included in exploration and evaluation assets is $260,990, net of GST/HST which relates to accounts payable and accrued liabilities.

b) Reclassified $63,113, net of GST/HST, from explorations advances to exploration and evaluation assets.

14. CONTINGENCIES AND COMMITMENTS

a) The Company entered into an agreement with Fishing Lake First Nation, Kinistin Saulteaux First Nation, The Key First Nation and Yellowquill First Nation (the "First Nations") for the formation of Inowending Exploration & Development Corp. ("Inowending"). Under the terms of agreement the Company will own 20% of Inowending and will have the right of first refusal on up to 20% of any equity financing of Inowending. Inowending will have a participatory right of first refusal on up to 100% of any equity financing of the Company provided that the resulting ownership interest of Inowending in the Company does not exceed 19.9%. The Inowending Trust Fund will be established and will be the principal benefiting entity of commercial success of Inowending and through which potential profits will be administered. The initial contribution of the Company into the Inowending Trust Fund will be $33,000 and it will issue to Inowending warrants to purchase 10,000,000 common shares of the Company at an initial exercise price of $0.50 per share subject to an exercise price escalator clause and subject to a 19.9%maximum ownership interest of Inowending in the Company. As at March 31, 2014, the Company has not received regulatory approval of the agreement upon which the Company will transfer to Inowending a 12.5% carried interest in certain coal permits in eastern Saskatchewan. Inowending will have the right to participate in the exploration funding and increase its ownership in the properties up to 50%.

b) During the year ended December 31, 2013, the Company received notice of a claim by Hampton Securities Limited ("Hampton") for payment of approximately $80,000 allegedly owed to Hampton in connection with a proposed brokered private placement announced on November 13, 2012 that did not proceed. The amount appears to comprise Hampton's legal fees as well as additional amounts that are not specified in the claim. The Company believes that the claim being made by Hampton is groundless and the Company intends to defend the claim vigorously.

c) During the year ended December 31, 2013, the Company received notice of a claim by Hardman & Co. ("Hardman") for payment of approximately $20,000 of outstanding fees. The Company did not file a Response to Civil Claim and the parties subsequently resolved the matter themselves in which the Company would pay Hardman the full outstanding fees of $20,000.

15. SUBSEQUENT EVENT

Subsequent to the period ended March 31, 2014, the Company:

a) Closed a non-brokered flow-through and non flow-through private placement of 868,000 flow-through units (the "FT Units") and 3,571,666 non flow-through units (the "NFT Units") at a price of $0.15 per FT and NFT Unit for gross dollar value of $665,950 (of which $205,000 was received during the period ended March 31, 2014). Each FT Unit consists of one flow-through common share (the "FT Shares") and one-half of a non flow-through share purchase warrant (the "FT Warrant"). Each whole FT Warrant will entitle the holder to purchase one additional non flow-through common share, exercisable at a price of $0.20 per share for a period of 12 months from the date of issue of the FT Warrant. Each NFT Unit consists of one non flow-through common share (the "NFT Shares") and one-half of a non flow-through share purchase warrant (the "NFT Warrant"). Each whole NFT Warrant will entitle the holder to purchase one additional non flow-through common share, exercisable at a price of $0.20 per share for a period of 12 months from the date of issue of the NFT Warrant. The FT and NFT Warrants (collectively, the "Warrants") are subject to an accelerated expiry if, at any time after an initial 4 month hold period expires, the closing price of the Company's common shares on the TSXV exceeds $0.30 for any 10 consecutive trading days, in which event the holder will be given notice that the Warrants will expire 30 days following the date of such notice. The Warrants may be exercised by the holder during the 30-day period between the notice and the expiration of the Warrants.