HARTE
GOLD CORP

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

Management’s Comments on Unaudited Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of Harte Gold Corp. (the “Company” or “Harte Gold”) for the three and nine months ended September 30, 2013 have been prepared by management, reviewed by the Audit Committee and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators, the Company herewith discloses that the accompanying unaudited interim consolidated financial statements have not been reviewed by an auditor.

November 7, 2013

“Stephen G. Roman”
Stephen G. Roman
Chairman, President and CEO

“Rein A. Lehari”
Rein A. Lehari
Chief Financial Officer

Harte Gold Corp.

(An Exploration Stage Company)

Condensed Statement of Financial Position as at

(unaudited)

Canadian dollars		**September 30, 2013**		December 31, 2012
Assets				
Current Assets				
Cash and cash equivalents (note 4)	**$**	**947,591**	$	2,587,839
Receivables (note 5)		**91,611**		152,999
Subscription receivable		**-**		15,000
Prepaids		**17,814**		15,881
		1,057,016		2,771,719
Restricted Cash (note 4)		**348,906**		348,906
Property and Equipment (note 6)		**62,243**		73,817
Exploration and Evaluation Expenditures (note 7)		**20,275,816**		18,053,084
	$	**21,743,981**	$	21,247,526
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities (note 8)		**217,128**		237,297
Contingency provisions (note 17)		**103,817**		427,425
Flow-through share premium (note 9)		**161,000**		370,771
	$	**481,945**	$	1,035,493
Shareholders' Equity				
Capital stock (notes 10 & 12)		**30,580,179**		29,612,654
Other reserves (note 13)		**3,439,353**		3,327,596
Deficit		**(12,757,496)**		(12,728,217)
		21,262,036		20,212,033
	$	**21,743,981**	$	21,247,526

The accompanying notes are an integral part of these financial statements

Harte Gold Corp.

(An Exploration Stage Company)

Condensed Statements of Operations and Comprehensive Loss and Deficit
For the Three and Nine Months Ended
(unaudited)

	Three Months Ended		Nine Months Ended	
Canadian dollars	**Sept 30, 2013**	Sept 30, 2012	**Sept 30, 2013**	Sept 30, 2012
Revenue				
Interest Income and other income	**$ -**	$ 7,384	**$ 5,192**	$ 18,994
Expenses				
Management and consulting fees (note 15)	**60,000**	60,000	**180,000**	180,000
Promotion and travel	**2,071**	1,558	**4,605**	6,323
Office and general	**35,601**	39,192	**90,307**	112,060
Professional fees	**13,575**	7,499	**47,062**	58,972
Stock-based compensation (note 13)	**-**	-	**-**	471,604
Shareholders' information	**21,426**	14,522	**82,886**	107,793
Amortization	**70**	100	**210**	300
Part XII.6 interest and penalties	**-**	-	**172**	6,887
Flow-through share premium (note 9)	**-**	-	**(370,771)**	(101,625)
	132,743	122,871	**34,471**	842,314
Net Income (Loss) and Comprehensive Loss	**(132,743)**	(115,487)	**(29,279)**	(823,320)
Net income per share - basic and fully diluted	**$ (0.001)**	$ (0.001)	**-$ 0.000**	$ (0.005)
Weighted average number of shares outstanding				
Basic and fully diluted	**199,064,901**	172,436,393	**193,175,210**	167,779,750

The accompanying notes are an integral part of these financial statements

Harte Gold Corp.

(An Exploration Stage Company)

Condensed Statements of Cash Flow for the Three and Nine Months Ended
(unaudited)

	Three Months Ended		Nine Months Ended	
Canadian dollars	**September 30, 2013**	September 30, 2012	**September 30, 2013**	September 30, 2012
Cash provided by (used in):				
Operations				
Net Income (loss)	**$ (132,743)**	$ (115,487)	**$ (29,279)**	$ (823,320)
Adjustments to reconcile net loss to cash flow from operating activities:				
Amortization	**70**	100	**210**	300
Stock-based compensation	**-**	-	**-**	471,604
Flow-through share premium	**-**	-	**(370,771)**	(101,625)
Interest income	**-**	(7,384)	**(5,192)**	(18,993)
	(132,673)	(122,771)	**(405,032)**	(472,034)
Net changes in non-cash working capital items:				
Prepaids	**6,368**	21,496	**(1,933)**	29,225
Subscription receivables	**-**	100,000	**15,000**	184,500
Receivables	**(53,725)**	929	**61,388**	(152,507)
Contingency provisions (note 17)	**(211,538)**	-	**(323,608)**	-
Accounts payable and accrued liabilities	**(86,997)**	(563,634)	**(20,169)**	104,273
	(478,565)	(563,980)	**(674,354)**	(306,543)
Financing				
Cost of share issuances	**(79,844)**	(27,039)	**(81,589)**	(53,984)
Issuance of units	**1,292,080**	507,249	**1,292,080**	2,064,748
Issuance of Halverson shares	**-**	-	**-**	23,000
	1,212,236	480,210	**1,210,491**	2,033,764
Investing				
Interest income	**-** [1]	7,384 [1]	**5,192** [1]	18,993 [1]
Additions to exploration and evaluation expenditures	**(652,620)**	(659,196)	**(2,181,577)**	(5,249,839)
	(652,620)	(651,812)	**(2,176,385)**	(5,230,846)
Net increase in cash and cash equivalents	**81,051**	(735,582)	**(1,640,248)**	(3,503,625)
Cash and cash equivalents, beginning of year	**866,540**	1,552,602	**2,587,839**	4,320,645
Cash and cash equivalents, end of year (note 4)	**$ 947,591**	$ 817,020	**$ 947,591**	$ 817,020

[1] The Company presents cash interest income in investing activities.

The accompanying notes are an integral part of these financial statements

Harte Gold Corp.

(An Exploration Stage Company)

Condensed Statement of Changes in Shareholders' Equity

(unaudited)

Canadian dollars	Common Shares (Note 10) #	Common Shares (Note 10) $	Warrants (Note 12) #	Warrants (Note 12) $	Subtotal	Other (Note 13) Reserves	Deficit	Total Shareholders' Equity
December 31, 2011	**164,888,114**	**25,210,105**	**93,000**	**12,325**	**25,222,430**	**2,635,482**	**(11,732,951)**	**16,124,961**
Issued as a result of:								
Private placements (notes 9, 10 and 12)	7,882,500	1,986,154	3,000,000	78,595	2,064,749			2,064,749
Flow-through premium (note 9)		(102,292)			(102,292)			(102,292)
Issued to Halverson (note 20)	100,000	23,000			23,000			23,000
Share issuance costs		(57,355)	90,510	3,371	(53,984)			(53,984)
Warrants expired (note 13)			(93,000)	(12,325)	(12,325)	12,325		-
Stock options granted					-	691,989		691,989
Net loss for the period					-		(823,320)	(823,320)
September 30, 2012	**172,870,614**	**27,059,612**	**3,090,510**	**81,966**	**27,141,578**	**3,339,796**	**(12,556,271)**	**17,925,103**
Issued as a result of:								
Private placements (notes 9, 10 and 12)	17,310,940	2,721,619	8,655,470	143,501	2,865,120			2,865,120
Flow-through premium (note 9)		(268,479)			(268,479)			(268,479)
Share issuance costs		(137,737)	385,141	12,172	(125,565)			(125,565)
Stock options granted (note 11)						(12,200)		(12,200)
Net loss for the year							(171,946)	(171,946)
December 31, 2012	**190,181,554**	**29,375,015**	**12,131,121**	**237,639**	**29,612,654**	**3,327,596**	**(12,728,217)**	**20,212,033**
Issued as a result of:								
Private placements (notes 9, 10 and 12)	13,901,000	1,141,500	9,401,000	150,580	1,292,080			1,292,080
Flow-through premium (note 9)		(161,000)			(161,000)			(161,000)
Share issuance costs		(95,236)	532,000	13,647	(81,589)			(81,589)
Warrants expired (note 13)			(3,090,510)	(81,966)	(81,966)	81,966		-
Stock options granted (note 11)						29,791		29,791
Net loss for the period							(29,279)	(29,279)
September 30, 2013	**204,082,554**	**30,260,279**	**18,973,611**	**319,900**	**30,580,179**	**3,439,353**	**(12,757,496)**	**21,262,036**

1. CORPORATE INFORMATION

Harte Gold Corp. (The "Company" or "Harte Gold") The Company was incorporated in Ontario on January 22, 1982 and is a reporting issuer in the Provinces of Ontario, Alberta and British Columbia. The common shares of the Company trade on the Toronto Stock Exchange under the symbol "HRT" and on the Frankfurt Stock Exchange under the symbol "H4O". The head office and principal address of the Company is 8 King Street East, Suite 1700, Toronto, Ontario, M5C 1B5

The Company is engaged in the acquisition, exploration and development of mineral resource properties with a focus on gold properties located in the Province of Ontario, Canada, and currently owns interests in two exploration projects: the Sugar Zone Property, 60 km east of the Hemlo area gold mines, located on the north shore of Lake Superior and the Stoughton-Abitibi Property (formerly Stoughton-Porcupine), 110 km east of Timmins and 50 km north east of Kirkland Lake. Harte Gold is planning to complete an Advanced Exploration and Bulk Sample program on its Sugar Zone Property over the next two years and this will determine the recoverability and economics of its resource, and may result in the reclassification of these resources as reserves. On the basis of information to date, the Company has not yet identified a mineral resource on its Stoughton-Abitibi Property.

2. BASIS OF PRESENTATION

(a) Statement of Compliance

These condensed interim financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. Accordingly, certain information and disclosure normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed. These condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2012, which were prepared in accordance with IFRS as issued by the IASB. The management of Harte Gold prepared these unaudited condensed interim financial statements, which were then reviewed by the Audit Committee and the Board of Directors. The unaudited condensed interim financial statements were authorized for issue by the Board of Directors on November 7, 2013.

(b) Continuance of Operations

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of interests in mineral properties and the Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and noncompliance with regulatory and environmental requirements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the Company's financial statements for the year ended December 31, 2012.

4. CASH AND CASH EQUIVALENTS

Assets		September 30, 2013		December 31, 2012
Cash	$	**451,598**	$	697,038
Liquid short term investment		**495,993**		1,890,801
Total cash and cash equivalents	**$**	**947,591**	$	2,587,839

Restricted cash of $348,906 at September 30, 2013 (December 31, 2012 - $348,906) is cash held by the Ontario Ministry of Northern Development and Mines ("MNDM") as assurance that the Company will complete its obligations under the proposed Closure Plan in respect of the Advanced Exploration and Bulk Sample program. In December 2012, the Company applied for Closure Plan approval and had submitted the cash assurance amount along with its application. The Closure Plan was approved in early February 2013 and the cash will be held in trust by the MNDM until all remediation and closure procedures under the Closure Plan have been completed.

5. RECEIVABLES

		September 30, 2013		December 31, 2012
GST/HST receivable	$	**91,135**	$	152,561
Miscellaneous receivables		**476**		438
Total accounts receivable	**$**	**91,611**	$	152,999

6. PROPERTY AND EQUIPMENT

	Office Equipment (1)			Site Vehicles (1)			TOTAL
	Cost	Amortization	NBV	Cost	Amortization	NBV	NBV
December 31, 2011	**7,569**	**1,592**	**5,977**	**107,665**	**23,767**	**83,898**	**89,875**
Additions	2,958	2,236	722	-	16,780	(16,780)	(16,058)
December 31, 2012	**10,527**	**3,828**	**6,699**	**107,665**	**40,547**	**67,118**	**73,817**
	-	1,506	(1,506)	-	10,068	(10,068)	(11,574)
September 30, 2013	**10,527**	**5,334**	**5,193**	**107,665**	**50,615**	**57,050**	**62,243**

1) Amortization on these site vehicles is capitalized to exploration and evaluation assets.

7. EXPLORATION AND EVALUATION ASSETS

Sugar Zone Property, Hemlo Gold Area

The Sugar Zone Property consists of 414 contiguous claims (comprising 1,844 contiguous claim units) within the Sault Ste. Marie Mining Division located in Ontario, approximately 60 km east of the Hemlo area gold mines, 25 km northeast of White River off the Trans-Canada Highway (#17). The Company owns 100% interest in 411 of these claims. Of these, 288 claims are subject to a 3.5% net smelter royalty ("NSR") in favour of the original vendors of the property, which can be reduced to 2% through the payment of $1.5 million. Included in the total claims are 3 claims on which the

7. EXPLORATION AND EVALUATION ASSETS cont'd

Company holds options (the "Halverson Options") and which are subject to a 3% NSR that can be reduced to 1.5% upon payment of $1.5 million (see note 16).

The following costs have been capitalized to exploration and evaluation assets in respect of the Sugar Zone Property.

	September 30, 2013	December 31, 2012
Opening Balance	**18,053,084**	12,114,761
Expenditures incurred during the period		
Acquisition costs	**55,331**	2,574,810
Drilling	**696,541**	1,358,959
Geophysics	**-**	342,080
Sampling	**-**	29,274
Assays	**36,463**	41,575
Camp costs	**61,621**	93,803
Direct management/employees	**229,856**	340,590
Site access	**504,117**	127,941
Consultants	**509,548**	767,330
Stock-based compensation	**29,791**	208,184
Amortization of vehicles	**11,364**	18,616
Other costs	**29,613**	35,161
Total for this period	**2,164,245**	5,938,323
Closing Balance	**20,217,329**	18,053,084

Stoughton-Abitibi Property, Timmins Porcupine Gold Area

The Stoughton-Abitibi Property (formerly known as Stoughton-Porcupine property), is located along the Destor-Porcupine Fault, 110 km east of the Timmins, 50 km northeast of Kirkland Lake, Ontario and 10 km due east of the Holloway-Holt gold mine and mill and consists of a 90% interest in 9 claims and a 100% interest in 25 claims in the Larder Lake Mining Division of Ontario.

In 2009, the Company recorded an impairment provision of $2,756,133 against the Stoughton-Abitibi Property. Exploration work on the Stoughton-Abitibi Property was discontinued in 2009 until the current year. In Q3 2013, the Company incurred $58,487 exploration expenses on the Stoughton-Abitibi Property, which amount is included in the total exploration and evaluation assets on the balance sheet. These amounts will be reviewed for potential impairment at year end.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2013	December 31, 2012
Accounts Payable	194,628	200,257
Accrued Liabilities		
Audit	22,500	30,000
Other	-	7,040
Total accounts payable and accrued liabilities	**217,128**	**237,297**

9. FLOW-THROUGH LIABILITIES

Flow-through liabilities include the liability portion of the flow-through shares issued. The following is a continuity schedule of the liability portion of the flow-through issues.

Balance on December 31, 2011	**$ 101,625**
Settlement of liability through renouncement in Q1 2012	(101,625)
Liability incurred on flow-through shares issued	
June 15, 2012	49,000
July 23, 2012	53,292
December 4, 2012	205,287
December 27, 2012	63,192
Balance on December 31, 2012	**$ 370,771**
Settlement of liability through renouncement in Q1 2013	(370,771)
Liability incurred on flow-through shares issued	
July 17, 2013	130,000
July 31, 2013	5,500
August 23, 2013	13,500
September 16, 2013	12,000
Balance on September 30, 2013	**$ 161,000**

In the first quarter of 2012, the flow-through expenditures related to various 2011 flow-through shares issued were renounced, thus settling the liability that had been carried forward on the statement of financial position. Similarly, the flow-through expenditures related to the various 2012 flow-through share issues were renounced in early 2013.

On June 15, 2012, the Company completed an initial closing of a non-brokered private placement financing of 816,667 flow-through shares at a price of $0.30 per share for gross proceeds of $245,000. A flow-through share premium of $49,000 was recorded on this financing. As of September 30, 2013 and December 31, 2012, all funds had been spent.

On July 23, 2012, the Company completed its final closing of a non-brokered private placement financing of 1,065,833 flow-through shares at a price of $0.30 per share for gross proceeds of $319,750. A flow-through share premium of $53,292 was recorded on this financing. As of September 30, 2013 and December 31, 2012, all funds had been spent.

On December 4, 2012, the Company completed an initial closing of a non-brokered private placement financing of 10,264,352 flow-through units at a price of $0.17 per unit for gross proceeds of $1,744,940. Each Unit comprises one flow-through common share and one-half common share purchase warrant. Each full warrant is exercisable at $0.25

per common share for a period of 18 months from closing. A flow-through share premium of $205,287 was recorded on this financing. As of September 30, 2013, all funds had been spent (December 31, 2012 - $159,914 had been spent).

On December 27, 2012, the Company completed its final closing of a non-brokered private placement financing of 3,159,588 flow-through units at a price of $0.17 per unit for gross proceeds of $537,130. Each Unit comprises one flow-through common share and one-half common share purchase warrant. Each full warrant is exercisable at $0.25 per common share for a period of 18 months from closing. A flow-through share premium of $63,192 was recorded on this financing. As of September 30, 2013, all funds had been spent (December 31, 2012 - $nil had been spent).

On July 17, 2013, the Company closed an initial tranche of a non-brokered private placement financing of 6,500,000 flow-through units at $0.10 per unit for gross proceeds of $650,000. Each flow-through unit consists of one (1) flow-through common share and one-half (1/2) common share purchase warrant. Each full warrant is exercisable at $0.15 per common share for a period of 24 months from closing. A flow-through share premium of $130,000 was recorded on this financing. As of September 30, 2013, $nil had been spent.

On July 31, 2013, the Company closed a second tranche of a non-brokered private placement financing of 550,000 flow-through units at $0.10 per unit for gross proceeds of $55,000. Each flow-through unit consists of one (1) flow-through common share and one-half (1/2) common share purchase warrant. Each full warrant is exercisable at $0.15 per common share for a period of 24 months from closing. A flow-through share premium of $5,500 was recorded on this financing. As of September 30, 2013, $nil had been spent.

On August 23, 2013, the Company closed the final tranche of a non-brokered private placement financing of 1,350,000 flow-through units at $0.10 per unit for gross proceeds of $135,000. Each flow-through unit consists of one (1) flow-through common share and one-half (1/2) common share purchase warrant. Each full warrant is exercisable at $0.15 per common share for a period of 24 months from closing. A flow-through share premium of $13,500 was recorded on this financing. As of September 30, 2013, $nil had been spent.

On September 16, 2013, the Company closed an initial tranche of a non-brokered private placement financing of 600,000 flow-through units at $0.10 per unit for gross proceeds of $60,000. Each flow-through unit consists of one (1) flow-through common share and one-half (1/2) common share purchase warrant. Each full warrant is exercisable at $0.15 per common share for a period of 24 months from closing. A flow-through share premium of $12,000 was recorded on this financing. As of September 30, 2013, $nil had been spent.

10. CAPITAL STOCK

The Company is authorized to issue an unlimited number of common shares without par value.

Number of shares issued and outstanding.

The issued and outstanding common shares are as follows :

	September 30, 2013	December 31, 2012
Balance beginning of period	**190,181,554**	164,888,114
Private placement of units	4,901,000	9,887,000
Private placement of flow-through shares (note 9)		1,882,500
Private placement of flow-through units (note 9)	9,000,000	13,423,940
Issuance of shares to Halverson (note 16)		100,000
Balance end of period	**204,082,554**	190,181,554

10. CAPITAL STOCK cont'd

On June 15, 2012, the Company completed an initial closing of a non-brokered private placement financing of 5,250,000 units at a price of $0.25 per unit for gross proceeds of $1,312,500. Each Unit comprises one common share and one-half common share purchase warrant. Each full warrant is exercisable at $0.35 per common share for a period of 12 months from closing.

On July 23, 2012, the Company completed its final closing of a non-brokered private placement financing of 750,000 units at a price of $0.25 per unit for gross proceeds of $187,500. Each Unit comprises one common share and one-half common share purchase warrant. Each full warrant is exercisable at $0.35 per common share for a period of 12 months from closing.

On December 4, 2012, the Company completed an initial closing of a non-brokered private placement financing of 3,320,000 units at a price of $0.15 per unit for gross proceeds of $498,000. Each Unit comprises one common share and one-half common share purchase warrant. Each full warrant is exercisable at $0.25 per common share for a period of 18 months from closing.

On December 27, 2012, the Company completed its final closing of a non-brokered private placement financing of 567,000 units at a price of $0.15 per unit for gross proceeds of $85,050. Each Unit comprises one common share and one-half common share purchase warrant. Each full warrant is exercisable at $0.25 per common share for a period of 18 months from closing.

On July 17, 2013, the Company closed an initial tranche of a non-brokered private placement financing of 125,000 units at $0.08 per unit for gross proceeds of $10,000. Each unit consists of one (1) common share and one (1) common share purchase warrant. Each warrant is exercisable at $0.15 per common share for a period of 24 months from closing.

On July 31, 2013, the Company closed a second tranche of a non-brokered private placement financing of 1,985,000 units at $0.08 per unit for gross proceeds of $158,800. Each unit consists of one (1) common share and one (1) common share purchase warrant. Each warrant is exercisable at $0.15 per common share for a period of 24 months from closing.

On July 31, 2013, the Company closed the final tranche of a non-brokered private placement financing of 2,791,000 units at $0.08 per unit for gross proceeds of $223,280. Each unit consists of one (1) common share and one (1) common share purchase warrant. Each warrant is exercisable at $0.15 per common share for a period of 24 months from closing.

11. STOCK OPTION PLAN

The Company has established a stock option plan to provide additional incentive to officers, directors, employees and consultants in their efforts on behalf of the Company in the conduct of its affairs. The terms of the stock option plan provide that the directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant. The number of shares reserved for issuance is not to exceed 10% of the issued and outstanding common shares from time-to-time. At September 30, 2013, the Company had 4,198,255 (December 31, 2012 – 2,758,155) common shares available for granting of future options.

Under the terms of the plan, options vest immediately unless otherwise determined by the Board, and expire on the fifth anniversary from the date of issue unless otherwise specified. As at September 30, 2013, a total of 16,210,000 options were outstanding under the stock option plan.

11. STOCK OPTION PLAN cont'd

	September 30, 2013		December 31, 2012	
	Weighted Average Exercise Price	**Number of Options**	Weighted Average Exercise Price	Number of Options
Outstanding beginning of year	**$ 0.23**	**16,260,000**	$ 0.20	13,280,000
Transactions during the period:				
Granted			$ 0.30	2,980,000
Granted			$ 0.35	250,000
Forfeited	**$ (0.47)**	**(50,000)**	$ (0.50)	(250,000)
Outstanding at end of period	**$ 0.23**	**16,210,000**	$ 0.23	16,260,000
Exercisable at end of period	**$ 0.22**	**15,810,000**	$ 0.22	15,735,000

The following table provides additional information regarding stock options outstanding at September 30, 2013.

Expiry Date	**Exercise price**	**Weighted average remaining contractual life (years)**	**Number of options outstanding**	**Number of options vested (exercisable)**
February 17, 2014	$0.15	0.38	3,050,000	3,050,000
May 25, 2014	$0.15	0.65	250,000	250,000
January 26, 2015	$0.15	1.32	150,000	150,000
June 22, 2015	$0.15	1.73	6,800,000	6,800,000
July 26, 2015	$0.20	1.82	800,000	800,000
November 9, 2015	$0.70	2.11	500,000	500,000
February 14, 2016	$0.47	2.38	880,000	630,000
July 14, 2016	$0.40	2.79	400,000	400,000
October 21, 2016	$0.50	3.06	150,000	150,000
May 3, 2017	$0.30	3.59	130,000	130,000
May 28, 2017	$0.35	3.66	250,000	100,000
June 20, 2017	$0.30	3.72	2,850,000	2,850,000
	$0.23	**1.94**	**16,210,000**	**15,810,000**

11. STOCK OPTION PLAN cont'd

Stock-based Compensation

The following table summarizes assumptions used with the Black-Scholes valuation model for the determination of stock-based compensation costs for stock options issued during the year ended December 31, 2012 and the three months ended September 30, 2013:

Grant date	**4-May-12**	**29-May-12**	**20-Jun-12**
Number of options	130,000	250,000 [1]	2,850,000
Share price	$ 0.25	$ 0.28	$ 0.26
Exercise price	$ 0.30	$ 0.35	$ 0.30
Expected life in years	5	5	5
Voilatility [(2)]	110.82%	110.03%	109.60%
Risk-free interest rate	1.44%	1.32%	1.26%
Dividend yield	0.00%	0.00%	0.00%
Fair value per option [(3)]	$ 0.193	$ 0.214	$ 0.200
Fair value assigned to options	$ 25,103	$ 53,475	$ 571,140

[1] 100,000 of these options were vested as of September 30, 2013; if these options are not exercised by May 28, 2017, they will be extended for a further 5 year term

[2] Volatility is determined based on historical share prices

[3] Where options have been granted in which vesting is conditional upon future events, the fair value has been estimated taking into account the probability and timing of meeting those future events, and the fair value is recognized based on these probabilities.

12. WARRANTS

As at September 30, 2013, there were 18,973,611 warrants to purchase common shares outstanding. Warrants expire as follows:

	Exercise Price		Warrants	Expiry date
Balance at December 31, 2011			**93,000**	
Expired			(93,000)	
Issued	$	0.35	2,625,000	June 15, 2013
Issued for finder's fee	$	0.30	37,200	June 15, 2013
Issued	$	0.35	375,000	July 23, 2013
Issued for finder's fee	$	0.30	53,310	July 23, 2013
Issued	$	0.25	6,792,176	June 4, 2014
Issued for finder's fee	$	0.18	331,766	June 4, 2014
Issued	$	0.25	1,863,294	June 27, 2014
Issued for finder's fee	$	0.18	53,375	June 27, 2014
Balance at December 31, 2012			**12,131,121**	
Expired			(3,090,510)	
Issued	$	0.15	3,375,000	July 17, 2015
Issued for finder's fee	$	0.10	455,000	July 7, 2015
Issued	$	0.15	2,260,000	July 31, 2015
Issued for finder's fee	$	0.10	7,000	July 31, 2015
Issued	$	0.15	3,466,000	August 23, 2015
Issued for finder's fee	$	0.10	63,000	August 23, 2015
Issued	$	0.15	300,000	September 16, 2015
Issued for finder's fee	$	0.10	7,000	September 16, 2015
Balance at September 30, 2013			**18,973,611**	

The following table summarizes assumptions used with the Black-Scholes valuation model for the determination of the value allocated to the warrants issued as finder's warrants during the year ended December 31, 2012 and September 30, 2013 in connection with flow-through share financings:

Issue date		**15-Jun-12**		**15-Jun-12**		**23-Jul-12**		**23-Jul-12**
Number of warrants		2,625,000		37,200 [1]		375,000		53,310 [1]
Share price	$	0.24	$	0.24	$	0.25	$	0.25
Exercise price	$	0.35	$	0.30	$	0.35	$	0.30
Expected life in years		1.0		1.0		1.0		1.0
Volatility [(2)]		56.84%		55.75%		54.89%		54.89%
Risk-free interest rate		0.97%		0.97%		0.98%		0.98%
Dividend yield		0%		0%		0%		0%
Fair value per warrant		0.025		0.036		0.038		0.038
Fair value of warrants issued	$	65,888	$	3,124	$	14,400	$	2,047
Relative fair value assigned to warrants	$	65,222	$	-	$	13,373	$	-

12. WARRANTS cont'd

Issue date	04-Dec-12	04-Dec-12	27-Dec-12	27-Dec-12
Number of warrants	6,792,176	331,766 [1]	1,863,294	53,375 [1]
Share price	$ 0.15	$ 0.15	$ 0.15	$ 0.15
Exercise price	0.25	0.18	$ 0.25	$ 0.18
Expected life in years	1.5	1.5	1.5	1.5
Volatility [(2)]	56.17%	56.17%	55.11%	55.11%
Risk-free interest rate	1.13%	1.13%	1.13%	1.13%
Dividend yield	0%	0%	0%	0%
Fair value per warrant	0.018	0.0317	0.017	0.031
Fair value of warrants issued	$ 120,222	$ 10,517	$ 31,676	$ 1,655
Relative fair value assigned to warrants	$ 113,524	$ -	$ 29,977	$ -

Issue date	17-Jul-13	17-Jul-13	31-Jul-13	31-Jul-13
Number of warrants	455,000 [1]	3,375,000	7,000 [1]	2,260,000
Share price	$ 0.08	$ 0.08	$ 0.09	$ 0.09
Exercise price	0.10	0.15	$ 0.10	$ 0.15
Expected life in years	2.0	2.0	2.0	2.0
Volatility [(2)]	67.45%	67.45%	69.32%	69.32%
Risk-free interest rate	1.11%	1.11%	1.18%	1.18%
Dividend yield	0%	0%	0%	0%
Fair value per warrant	0.024	0.0155	0.032	0.021
Fair value of warrants issued	$ 11,102	$ 52,313	$ 221	$ 47,686
Relative fair value assigned to warrants	$ -	$ 47,613	$ -	$ 36,011

Issue date	23-Aug-13	23-Aug-13	16-Sep-13	16-Sep-13
Number of warrants	3,466,000	63,000 [1]	300,000	7,000 [1]
Share price	$ 0.09	$ 0.09	$ 0.08	$ 0.08
Exercise price	0.15	0.10	0.15	0.10
Expected life in years	2.0	2.0	2.0	2.0
Volatility [(2)]	74.01%	74.01%	75.31%	75.31%
Risk-free interest rate	1.23%	1.23%	1.29%	1.29%
Dividend yield	0%	0%	0%	0%
Fair value per warrant	0.024	0.0338	0.019	0.0278
Fair value of warrants issued	$ 81,451	$ 2,129	$ 5,730	$ 195
Relative fair value assigned to warrants	$ 61,837	$ -	$ 5,119	$ -

[1] Finder's warrants
[2] Volatility is determined based on historical share prices

12. WARRANTS cont'd

The expiry dates of warrants outstanding as of September 30, 2013 are as follows:

Expiry date	Number of warrants outstanding	Exercise price	Weighted average remaining contractual life (years)
June 4, 2014	6,792,176	$ 0.25	0.68
June 4, 2014	331,766	$ 0.18	0.68
June 27, 2014	1,863,294	$ 0.25	0.74
June 27, 2014	53,375	$ 0.18	0.74
July 17, 2015	455,000	$ 0.10	1.79
July 17, 2015	3,375,000	$ 0.15	1.79
July 31, 2015	2,260,000	$ 0.15	1.83
July 31, 2015	7,000	$ 0.10	1.83
August 23, 2015	3,466,000	$ 0.15	1.90
August 23, 2015	63,000	$ 0.10	1.90
September 16, 2015	300,000	$ 0.15	1.96
September 16, 2015	7,000	$ 0.10	1.96
	18,973,611	**$ 0.19**	**1.26**

13. OTHER RESERVES

	30-Sep-13	31-Dec-12
Balance beginning of period	**3,327,596**	2,635,482
Stock-based compensation expense (note 11)	**29,791**	679,789
Fair value assigned to expired warrants	**81,966**	12,325
Balance end of period	**3,439,353**	3,327,596

14. INCOME/LOSS PER SHARE

The calculation of the basic earnings per share for the three and nine months ended September 30, 2013 was based on the income/loss attributable to common shareholders of $29,279 (loss for the nine months ended September 30, 2012 - $823,320) and a weighted average number of common shares outstanding of 193,175,120 (September 30, 2012 – 167,779,750).

There have been no significant capital transactions from the reporting date to the date of this filing which have had a material impact on earnings per share.

Income for the three and nine months ended September 30, 2013 divided by weighted average number of common shares outstanding is equal to $Nil per share.

BASIC

Numerator	$29,279
Denominator	193,175,210
Earnings per share	$Nil

15. RELATED PARTY TRANSACTIONS

Balances and transactions with related parties as at and in the nine months ended September 30, 2013 were as follows:

For nine months ended September 30, 2013		Amount charged		Outstanding balance
Silvermet Inc.	$	30,244	$	-
Global Atomic Fuels Corporation		62,529		33,969

Amounts due to or from related parties are unsecured, non-interest bearing and due on demand. These are settled on a regular basis.

Transactions with related parties were in the normal course of operations and were measured at the same value as if the transactions had occurred with non-related parties.

For the nine months ended September 30, 2013, the Company paid key management personnel, including officers, directors or their related entities for consulting services and/or management services, as follows:

		September 30, 2013		December 31, 2012
Management and consulting fees	$	180,000	$	265,000
Consulting fees included in exploration and evaluation expenditures		67,500		100,000
Stock based compensation				
- expensed to Statement of Operations and Comprehensive Loss		-		470,940
- capitalized to exploration and evaluation expenditures		-		100,200

16. COMMITMENTS

On June 28, 2010, the Company entered into the Halverson Option Agreement to acquire 3 mining claims contiguous to the claims previously held. To earn a 10% interest in the claims, the Company must make cash payments of $225,000 over 4 years, incur work commitments of $300,000 over 5 years, and issue 200,000 common shares over 3 years. The claims interest is subject to a 3% net smelter return that can be reduced to 1.5% upon payment of $1,500,000. Additionally, if an economically viable deposit is found, the Company must make advance royalty payments of $20,000 per year over 5 years or alternatively, may make annual payments of $20,000 to extend the Option for a further 5 years and complete the purchase of the claims. As of September 30, 2013, cash payments of $70,000 remain to be paid on June 28, 2014 and work commitments of $150,000 remain through June 28, 2015.

In connection with the Halverson Option Agreement, 100,000 common shares were issued in 2012 at a fair value of $23,000. In the absence of a reliable measurement of the claims interest, the transaction has been measured at the fair value of the shares issued.

In addition to the above commitments, the Company has minimum lease payments to make for a building rental as follows:

< 1 year	$12,000
1 – 5 years	$ 7,000

17. CONTINGENCIES

Mr. John Ternowesky, a former director of the Company, has filed a Statement of Claim in the amount of $3,000,000 against the Company in the Ontario Superior Court of Justice. The claim alleges that Mr Ternowesky had provided services as a director and consultant to the Company during the period November 1993 through June 2001. The Company has filed a Statement of Defence and Counterclaim. Management is of the position that the claim by Mr. Ternowesky is without merit as there are no corporate records of any such services or agreements. The Company's Counterclaim is in respect of Mr. Ternowesky's breach of his duties as a director in respect of flow-through share issuances (see below) and seeks damages in the amount of $750,000 relating to CRA liabilities and indemnity of $750,000 for any amounts that may be needed to be reimbursed to investors, plus a discharge of any royalties owing to Mr. Ternowesky. (Mr. Ternowesky holds a portion of the royalties on Sugar Zone Property – see note 7). Mr. Ternowesky has made an offer to settle his claim at a significantly reduced amount but the Company has rejected this offer. At present, the Company believes it will prevail in this matter and no liability will result. Since any such liability is remote, no provision is included.

Pursuant to a 2009 audit by the Canada Revenue Agency ("CRA") of 2003 exploration expenses, current management conducted a review of expenditures incurred and filings made in respect of flow-through share issuances during the period 2003 – 2008. This review uncovered issues related to the use of flow-through funds, timing of expenditures and other related compliance matters. The Company filed the required documents with CRA related to the issuance of flow-through common shares during this period. The December 31, 2012 balance sheet contained a provision of $427,425 comprised of both the probable obligation to reimburse investors as a result of flow-through funds not spent within prescribed time limits and an amount for the interest charges and penalties under the Part XII.6 provisions in the Income Tax Act. During the 9 months ended September 30, 2013, the Company paid a CRA assessment notice in respect of the Part XII.6 interest and penalties and reimbursed investors for a total expenditure of $323,608. The Company estimates that the remaining provision of $103,817 is sufficient for any additional reimbursements that may be required.

In addition to the claim against Mr. Ternowesky as noted above, the Company also filed a claim against the other former directors and officers of the Company that were retained, employed or otherwise engaged by the Company during the relevant period, for damages of $750,000 relating to CRA liabilities and indemnity of $750,000 for any amounts that may need to be reimbursed to investors. A number of such directors have in turn filed a claim against Mr. Ternowesky for any such damages or indemnity liability. Any recovery by the Company is very uncertain so no amount has been included in the financial statements for any such potential recovery.

18. OPERATING SEGMENT

The Company is engaged in the exploration and evaluation of properties for the mining of precious metals in Canada. The present focus of the Company is primarily on its Sugar Zone Property and secondarily, on its Stoughton-Abitibi Property. The corporate office operates to support the field work being carried out on its properties. As a result, the Company operates in one reportable operating segment.

19. SUBSEQUENT EVENTS

On October 11, 2013, the Company closed the final tranche of a non-brokered private placement financing for gross proceeds of $130,000. The Company issued 900,000 flow-through units at $0.10 per unit. Each flow-through unit consists of one (1) flow-through common share and one-half (1/2) common share purchase warrant. Each full warrant is exercisable at $0.15 per common share for a period of 24 months from closing. The Company also issued 500,000 units at $0.08 per unit. Each unit consists of one (1) common share and one (1) common share purchase warrant. Each warrant is exercisable at $0.15 per common share for a period of 24 months from closing.