

**FORM 2A – LISTING STATEMENT**  
(the “Listing Statement”)



**Dated as at June 17, 2014**

**LIONS GATE METALS INC.**  
(“Lions Gate” or the “Company”)

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## **ITEM 1: GENERAL**

### **1.1 Effective Date of Information**

All information in this Listing Statement is as of June 17, 2014 unless otherwise indicated.

### **1.2 Forward Looking Statements**

#### ***Cautionary Statement Regarding Forward-Looking Statements***

This Listing Statement contains “forward-looking statements” concerning anticipated developments and events that may occur in the future. All statements, other than statements of historical fact, are forward looking statements. Forward-looking statements include, but are not limited to, statements with respect to:

- the future price of copper and gold;
- the estimation of mineral resources;
- the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits;
- the estimates of expected or anticipated economic returns from a mining project, as reflected in feasibility studies or other reports prepared in relation to development of projects;
- future sales of the metals, concentrates or other products produced by the Company;
- success of exploration activities;
- permitting time lines;
- currency fluctuations;
- requirements for additional capital;
- government regulation of mining operations;
- environmental risks;
- unanticipated reclamation expenses;
- title disputes or claims;
- limitations on insurance coverage; and
- the Company’s plans and expectations for its properties.

In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others:

- inherent uncertainties and risks associated with mineral exploration;
- uncertainties related to the availability of future financing necessary to undertake activities on Lions Gate’s properties;
- risks associated with Lions Gate having no history of earnings or production revenue;
- uncertainties related to the possible recalculation of, or reduction in, the Company’s mineral resources and any reserves;
- uncertainties related to the outcome of studies to be undertaken by Lions Gate;
- uncertainties relating to fluctuations in mineral prices;
- the risk that Lions Gate’s title to its properties could be challenged;
- risks related to Lions Gate’s ability to attract and retain qualified personnel;
- uncertainties related to general economic conditions;
- uncertainties related to global financial conditions;
- risks related to the integration of businesses and assets acquired by Lions Gate;
- uncertainties related to the competitiveness of the industry;
- risks associated with Lions Gate being subject to government regulation, including changes in regulation;
- risks associated with Lions Gate being subject to environmental laws and regulations, including a change in such regulation;
- risks associated with Lions Gate’s need for governmental licenses, permits and approvals;
- uninsured risks and hazards;

- risks associated with fluctuations in foreign exchange rates;
- risks related to default by joint venture parties, contractors and agents;
- inherent risks associated with litigation;
- risks associated with potential conflicts of interest;
- uncertainties related to Lions Gate's limited operating history;
- risks related to Lions Gate's lack of a dividend history;
- risks relating to short term investments; and
- uncertainties related to fluctuations in Lions Gate's share price;

as well as those factors discussed below at "Risk Factors" in this Listing Statement and in the documents incorporated by reference herein.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date of this Listing Statement and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise them to reflect new events or circumstances.

#### ***Notice Regarding Presentation of Mineral Resource Estimates***

In accordance with applicable Canadian securities regulatory requirements, all mineral resource estimates of Lions Gate in this Listing Statement have been prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101"), classified in accordance with the Canadian Institute of Mining Metallurgy and Petroleum's "*CIM Standards on Mineral Resources and Reserves Definitions and Guidelines*" (the "**CIM Guidelines**").

Lions Gate uses the terms "mineral resources", "measured mineral resources", "indicated mineral resources" and "inferred mineral resources". While those terms are recognized by Canadian securities regulatory authorities under the CIM Guidelines, they are not recognized by the U.S. Securities and Exchange Commission ("SEC"). Pursuant to the CIM Guidelines, mineral resources have a higher degree of uncertainty than mineral reserves as to their existence as well as their economic and legal feasibility. Inferred mineral resources, when compared with measured or indicated mineral resources, have the least certainty as to their existence, and it cannot be assumed that all or any part of an inferred mineral resource will be upgraded to an indicated or measured mineral resource as a result of continued exploration. Pursuant to NI 43-101, inferred mineral resources may not form the basis of any economic analysis, including any feasibility study. Accordingly, investors are cautioned not to assume that all or

any part of a mineral resource exists, will ever be converted into a mineral reserve, or is or will ever be economically or legally mineable or recovered.

### **1.3 Currency**

Unless otherwise indicated, all references to “\$”, “CDN\$” or “dollars” in this Listing Statement refer to Canadian dollars. The Company’s accounts are maintained in Canadian dollars.

### **1.4 Accounting Principles**

All financial information in this Listing Statement is prepared in accordance with International Financial Reporting Standards.

## **ITEM 2: CORPORATE STRUCTURE**

### **2.1 Names, Address and Incorporation**

Lions Gate was incorporated under the laws of the province of British Columbia on March 28, 1980 as ‘Nalos Mining Corporation.’ On May 30, 1980, it changed its name to ‘Canadian Energy Corporation’ and on June 19, 1980 back to ‘Nalos Mining Corporation. On July 6, 1981 the Company changed its name to ‘Nalos Resources Corporation’ and to ‘Salon Resources Corporation’ on January 13, 1986. On May 7, 1986, the Company changed its name to ‘Salon Resources Corporation’ in its English form and ‘Corporation Miniere Salon’, in its French form. On September 23, 1987 the Company changed its name to ‘Corpotech Industries Inc’. On May 29, 1992, the Company consolidated its share capital on a four old for one new basis and on July 14, 1992, the Company changed its name to ‘Forefront Ventures Ltd.’ On February 3, 1999, the Company consolidated its share capital on a six and one-half old for one new basis and changed its name to ‘First Echelon Ventures Ltd.’ on February 16, 1999. On November 19, 2003, the Company consolidated its share capital on a four old for one new share basis and on December 11, 2003 the Company changed its name to ‘Aumega Discoveries Ltd’. On January 10, 2007, the Company consolidated its capital on a five old for one new share basis and changed its name to ‘Fortress Base Metals Corp.’ On July 21, 2008 the Company changed its name to ‘Lions Gate Metals Inc’. On November 11, 2013, the Company consolidated its capital on a four old for one new share basis. All numbers of common shares referred to in this document are presented on a post-consolidation basis unless otherwise noted.

The head office and principal address of the Company is located at Suite 490-580 Hornby Street, Vancouver, British Columbia, V6C 3B6 and the registered and records office of the Company is located at Suite 2080-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4.

The Company is listed on the TSX Venture Exchange under the symbol “LGM” as a Tier 1 resource issuer, and is a reporting issuer in British Columbia and Alberta.

### **2.2 Intercorporate Relationships**

The Company has no subsidiaries.

The Company is not requalifying following a fundamental change, nor is any fundamental change proposed. The Company is not proposing any acquisition, merger, re-organization or arrangements at this time.

### **ITEM 3: GENERAL DEVELOPMENT OF THE BUSINESS**

#### **3.1 Three Year History**

Lions Gate is a junior mineral exploration stage company engaged in the acquisition, exploration and development of mineral resource properties in Canada. Lions Gate holds a 100% interest in the Poplar Property, located in British Columbia and in 2013 finalized an option agreement pursuant to which it could earn a 100% interest in the Whitford Lake Uranium Project located in Saskatchewan..

The following is a summary of key developments in the Company's business, including significant acquisition, that have occurred in the last three years.

#### ***Mineral Properties***

##### **Poplar Property**

By an agreement dated April 20, 2004 and later amended on July 30, 2007, the Company was granted an option to acquire a 100% interest in certain mineral claims, known as the Poplar mineral property interest ("Poplar 1"), situated in the Omineca Mining Division of B.C. The Company has met all required cash payments and share issuances related to the acquisition of Poplar 1.

The Poplar 1 agreement included an underlying 2% net smelter return royalty ("NSR") on the property including minimum annual advance royalties of \$75,000. During the 2012 fiscal year the Company fully terminated the minimum advance royalties obligation.

In 2009 through 2012 the Company acquired a 100% interest in mineral claims near Poplar Lake ("Poplar 2") and ("Poplar 3") in exchange for the issue of shares. The Company also staked additional hectares in the area adjacent to the Poplar mineral property ("Poplar 4"). The Poplar 2 property is subject to a 1% NSR which can be purchased by the Company for \$1,000,000 less any NSR amounts previously paid. The Poplar 3 property is subject to a 1% NSR which can be purchased by the Company for \$100,000 less any NSR amounts previously paid. These Poplar 2, 3 and 4 mineral claim holdings are now 100% owned by the Company and all mineral claims are current and in good standing.

On October 16, 2012, the Company entered into a binding Letter of Intent (the "LOI") with Canadian Dehua International Mines Group Inc. ("Dehua"), whereby the Company would grant Dehua an option to acquire a one hundred percent (100%) interest in the Poplar Project in exchange for a non-refundable cash payment of \$15,000,000, including \$1,000,000 received on signing, and exploration work to be completed by Dehua over a two year period. On October 24, 2013 the Company announced that it had formally ended its agreement with Dehua and is currently determining other options in order to further advance the Poplar project.



### Whitford Lake Property

Pursuant to the terms of an option agreement dated February 18, 2013, as amended on August 26, 2013, between the Company and St. Jacques Mineral Corp., the Company agreed to acquire a 100% interest in the Whitford Lake property (the “Whitford Lake Property”) located in the Athabasca Basin, Saskatchewan in exchange for aggregate cash payments of \$1,150,000, (\$400,000 paid), the issue of 2,500,000 pre-consolidated shares (issued with 1,000,000 pre-consolidation shares currently subject to a pooling agreement which will expire on September 22, 2014), and aggregate exploration expenditures of \$3,000,000 to be incurred before February 18, 2017. The Whitford Lake Property is subject to a 1% net smelter royalty one half of which can be purchased for \$750,000 less any royalty amounts previously paid.

On September 16, 2013, the Company entered into an option assignment agreement with Canadian Uranium Corp. (“CanU”) whereby it would transfer its right to acquire all of its interest in the Whitford Lake Property in exchange for aggregate cash payments of \$520,000, (\$215,000 received with the final instalment due within five days of CanU completing the listing of its shares on a recognized stock exchange), and 4,500,000 common shares (issued). Additionally, CanU was required to assume all of the Company’s obligations, liabilities and responsibilities required under the original Whitford Lake option agreement and the addendum dated August 26, 2013 including a cash payment of \$100,000 required on or before December 31, 2013.

### ROK-Coyote Property

On January 5, 2011, the Company entered into an Option Agreement with Firesteel Resources Inc. to acquire a 75% interest in the ROK-Coyote mineral property in exchange for aggregate cash payments of \$496,000, the issuance of 650,000 pre-consolidation common shares and incurring exploration expenditures of \$2,329,000 on the property, all over a period of four years. On January 2, 2013, the Company decided that due to current market conditions, it made better economic sense to allocate its resources elsewhere and accordingly returned the ROK-Coyote property to Firesteel. The total carrying cost of the property of \$306,012 was recorded as a loss in operations during the 2012 fiscal year.

### Hudson Bay Mountain Property

In May 2005, the Company acquired a 100% interest in certain mineral claims known as the Hudson Bay Mountain mineral property interest. On July 29, 2010, the Company entered into a second purchase agreement to acquire additional claims, known as the Mason claims, surrounding its existing mineral property interest on Hudson Bay Mountain. On December 17, 2012, the Company released the Hudson Bay Mountain property as it no longer fit within the Company’s risk profile and accordingly the total carrying cost of the property of \$1,175,575 was recorded as a loss in operations during the 2012 fiscal year.

### Copperline Property

On July 17, 2010 the Company entered into a purchase agreement to acquire a 60% interest in the Copperline mineral property in British Columbia and, in exchange issued 2,700,000 pre-consolidation common shares and undertook to assume all of the vendor’s rights and obligations with respect to the property. The Copperline property is subject to an underlying NSR of 1.25% for part of the property and

2.0% for the remainder. The Company can repurchase 1.25% and 0.5% respectively of these royalties with a \$500,000 cash payment.

The Company's interest in this property is carried at a nominal value based on Management's assessment of current recoverable value. The Company continues to ensure that all mineral claims are current and remain in good standing with such costs being charged to operations in the period incurred.

#### Loans and Loan Receivables

In October 2012, the Company received a bridge loan from a company controlled by the President in the amount of \$100,000. Terms of the loan included an interest rate of prime + 9% and the issuance of 150,000 pre-consolidation bonus shares to the lender. The loan was repaid in full on December 7, 2012, and the shares were issued on December 18, 2012.

#### Normal Course Issuer Bid

In November 2011, the Company commenced a Normal Course Issuer Bid ("NCIB") to acquire up to 600,000 of its pre-consolidation common shares over a one year period. During 2012 the Company acquired 99,000 pre-consolidation shares under the NCIB at a cost of \$37,260 which it subsequently returned to treasury. Purchases were made through the facilities of the TSX Venture Exchange in accordance with the Exchange requirements. The price at which the Company purchased its common shares was at the market price of the common shares at the time of acquisition.

#### Recent Financings

On February 22, 2012, the Company completed a non-brokered private placement, whereby it issued 1,000,000 pre-consolidation flow-through units at a price of \$0.46 per unit and 1,000,000 non flow-through pre-consolidation units at a price of \$0.40 per unit, for aggregate gross proceeds of \$860,000. Each unit consisted of one common share and one-half of one common share purchase warrant with each whole warrant entitling the holder to acquire one pre-consolidation non-flow-through common share of the Company for \$0.80 until October 22, 2013. All warrants expired unexercised.

During the year ended December 31, 2012 a total of 55,000 and 50,000 pre-consolidation common shares with an ascribed value of \$31,350 and \$16,500 were issued pursuant to the Poplar and ROK-Coyote mineral property option purchase agreements respectively.

Pursuant to the Whitford Lake Property Option Agreement the Company issued 625,000 common shares on March 22, 2013.

#### ***Operating Revenue***

The Company has not generated operating revenue since inception other than interest income from time to time. Management anticipates that the Company will continue to experience net losses as a result of ongoing exploration and general corporate and administrative costs and expenses until such time as revenue generating activities are commenced. The Company's future financial performance is dependent on many external factors. Circumstances and events that could materially affect Lions Gate's future financial performance are set out in "*Risk Factors*" below.

### ***Trends***

The Company is not currently aware of any trends, events or uncertainty that reasonably can be expected to have material adverse effect on the Company's business, financial condition or results of operations, other than as described elsewhere in this Listing Statement.

### **3.2 Significant Acquisitions and Dispositions**

No significant acquisitions or significant dispositions have been completed by Lions Gate during the last three financial years or are contemplated.

## **ITEM 4: NARRATIVE DESCRIPTION OF THE BUSINESS**

Lions Gate is a junior mineral exploration company engaged in the business of acquisition, exploration and evaluation of natural resource properties in North America. At present, Lions Gate is an exploration stage company with no current operating income cash flow or revenues. There is no assurance that a commercially viable mineral deposit exists on any of Lions Gate's mineral properties. None of its current properties have any known or identified mineral reserves or (other than the Poplar Property) mineral resources.

### ***Stated Business Objectives***

Lions Gate continues to pursue the acquisition, exploration and evaluation of natural resource properties in North America. Currently in order to conserve its resources it is specifically pursuing other avenues by which it can further develop or receive economic compensation relating to the resources on the Poplar Property

The Company's short term objectives for the next 12 months are to complete the transfer of its listing of its common shares from the TSX Venture Exchange to the Canadian Securities Exchange and to complete additional transactions as referenced above.

### ***Principal Purpose for Funds***

As at March 31, 2014, the Company had working capital of \$70,347, which will be applied as follows:

<b>Use of Available Funds</b>	<b>Amount</b>
To complete listing on Canadian Securities Exchange	\$20,000
To pay estimated general and administrative expenses	\$50,347
<b>Total</b>	<b>\$70,347</b>

There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives.

### ***Principal Products***

The exploration program on the Poplar mineral property pertained to copper and the Whitford Lake mineral property relates to uranium. Lions Gate is currently in the exploration stage and does not produce, develop or sell mineral products at this time.

### ***Specialized Skills and Knowledge***

Various aspects of Lions Gate's business continues to require specialized skills and knowledge. Such skills and knowledge include the areas of geology, drilling, permitting, metallurgy, logistical planning, First Nations consultation and accommodation and implementation of exploration programs, as well as legal compliance, finance and accounting. Lions Gate has relied on, and may continue to rely upon, consultants and others for exploration and development expertise. Recent activity in the resource mining industry has made it more difficult to locate competent employees and consultants in such fields, and may affect Lions Gate's ability to grow at the pace it desires. See "*Risk Factors*".

### ***Market and Marketing***

Lions Gate's principal products under its exploration programs have been copper and uranium, but Lions Gate does not produce, develop or sell any products at this time, nor do any of its properties have any known or identified mineral reserves.

There are worldwide markets into which Lions Gate could sell, if and when it reaches production, any copper and/or uranium produced, and, as a result, Lions Gate would not expect to be dependent on a particular purchaser with regard to the sale of any minerals that it produces. As Lions Gate is not yet producing, it is not conducting any marketing activities and does not require a marketing plan or strategy.

### ***Competitive Conditions***

As a mineral exploration company, Lions Gate may compete with other entities in the mineral exploration business in various aspects of the business including: (a) seeking out and acquiring mineral exploration properties; (b) obtaining the physical and human capital resources necessary to identify and evaluate mineral properties and to conduct exploration and development activities on such properties; and (c) raising sufficient capital to fund its operations. The mining industry is very competitive in all its phases, and Lions Gate may compete with other companies that have greater financial resources and technical facilities. Competition could adversely affect Lions Gate's ability to acquire suitable properties or prospects in the future or to raise the capital necessary to continue with operations.

### ***Components***

All of the raw materials Lions Gate requires to carry on its business are available through normal procurement and/or business contracting channels.

### ***Cycles***

Lions Gate's mineral exploration activities may be subject to seasonality due to adverse weather conditions including, without limitation, inclement weather, snow covering the ground, frozen ground and restricted access due to snow, ice or other weather related factors.

In addition, the mining business is subject to global economic cycles which affect the marketability of products derived from mining.

### ***Economic Dependence***

Lions Gate's business is currently partially dependent on a property option agreement. It is not dependent on a contract to sell the major part of its products or services, to purchase the major part of its requirements for goods, services or raw materials, or on any franchise or license or other agreement to use a patent, formula, trade secret, process or trade name upon which its business depends. Other than any future negotiation required to further develop or receive economic compensation from its Poplar Lake mineral property it is not expected that Lions Gate's business will be affected in the current financial year by the renegotiation or termination of contracts or sub-contracts.

### ***Environmental Conditions***

Lions Gate is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous materials and other matters. Lions Gate may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. Lions Gate conducts its mineral exploration activities in compliance with applicable environmental protection legislation. Lions Gate is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to Lions Gate. Before production can commence on any properties, Lions Gate must obtain regulatory and environmental approvals. There is no assurance that all required approvals can be obtained on a timely basis or at all. The company currently maintains reclamation deposits of \$60,000 with respect to its Poplar mineral property.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on Lions Gate's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on Lions Gate's mineral property interests, the potential for production on the property may be diminished or negated.

### ***Employees***

As of March 31, 2014, Lions Gate had the following number of employees and contractors:

<b>Location</b>	<b>Employees</b>	<b>Contractors when required</b>
Canada	2	5

Lions Gate utilizes consultants and contractors to carry on many of its activities. As operations require, Lions Gate retains consultants on a fee for service basis.

### ***Foreign Operations***

Lions Gate currently operates solely in Canada.

### ***Lending***

Lions Gate does not currently owe any material long term liabilities. Lion Gate does hold various investments in certain public companies as more particularly described in its annual financial statements for the period ended December 31, 2013. Lions Gate has not adopted any specific policies or restrictions regarding investments or lending, but will ensure any investment or debt activities incurred are in the best interests of Lions Gate and its shareholders. Lions Gate expects that in the immediate future in order to maintain and develop its mineral properties, it will need to raise additional capital through a combination of debt and equity.

### ***Bankruptcy and Similar Procedures***

There are no bankruptcies, receivership or similar proceedings against Lions Gate, nor is Lions Gate aware of any such pending or threatened proceedings. There has not been any voluntary bankruptcy, receivership or similar proceedings by Lions Gate during its last three financial years.

### ***Reorganization***

Lions Gate has not completed any reorganizations in its last three financial years.

### ***Social or Environmental Policies***

Lions Gate has not adopted any specific social or environmental policies that are fundamental to its operations (such as policies regarding its relationship with the environment, with the communities in the vicinity of its mineral exploration projects or human rights policies). However, Lions Gate's management, with the assistance of its contractors and advisors, ensures its ongoing compliance with local environmental laws in the jurisdictions in which it does business.

## **ITEM 5: MINERAL PROPERTIES**

The Company has interests in mineral properties located in British Columbia. As at December 31, 2013, these properties were carried on the Company's balance sheet as assets with a book value of approximately \$5.6 million. The book value consists of acquisition costs plus cumulative expenditures on properties for which the Company has future exploration plans. The current book value is not necessarily the same as the total expenditures on each property by the Company, as part of the expenditures on some properties have been written down.

Recoverability of the carrying amount of a mineral property is dependent on successful development and commercial exploitation, or alternatively, sale of the respective mineral properties. The Company reviews its exploration and evaluation assets for indicators of impairment on a periodic basis. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the

impairment loss. An impairment loss is recognized when the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

For the purposes of NI 43-101, the Poplar Property is the Company's sole material property. None of the Company's other mineral property interests are considered material for the purposes of NI 43-101.

## **5.1 Poplar Project**

Except as otherwise stated, the information in this section is based on the technical report titled "2012 Mineral Resource Update on the Poplar Deposit, Omineca Mining Division, British Columbia" dated April 5 2012 (the "**Technical Report**") and prepared by Gary H. Giroux, MASc, P. Eng, an independent qualified person, of Giroux Consultants Ltd. References should be made to the full text of the Technical Report which is available for review on SEDAR located at [www.sedar.com](http://www.sedar.com), which contains a complete description of the assumptions, qualifications and procedures associated with the information in the Technical Report.

The information below is excerpted from the summary section of the Technical Report. The following information contained in the Technical Report is incorporated by reference into and forms an integral part of this Listing Statement, including the text, maps, tables, figures and charts contained within the following sections of the Technical Report.

4.0 Property Description and Location  
5.0 Accessibility, Climate, Local Resources, Infrastructure and Physiography  
6.0 History  
7.0 Geological Setting and Mineralization  
9.0 Exploration  
10.0 Drilling  
11.0 Sample Preparation, Analyses and Security  
14.0 Mineral Resource Estimates  
15.0 Mineral Reserve Estimates  
25.0 Interpretations and Conclusions  
26.0 Recommendations

### ***Summary from the Technical Report***

An independent technical report was prepared for Lions Gate Metals Inc. ("Lions Gate") to document the results of the 2011 infill drill campaign and update the resource estimate on the Poplar Cu-Mo Property. The estimate is based on a total of 132 diamond drill holes of which 29 were drilled after the initial 43-101 resource estimate was completed (Giroux, 2011). For this update gold and silver were also estimated.

The Poplar copper - molybdenum deposit is situated in the Central Interior of the Province of British Columbia, approximately 50 kilometres south of the town of Houston. The mineral tenures are located in the Omineca Mining Division on NTS map sheets 093E14, 093E/15, 093L/02 and 093L/03. The property is held with 196 mineral tenures covering a surface area of 77,705 hectares. The tenures are owned by Lions Gate Metals Inc. of Vancouver, British Columbia, Free Miner's Certificate Number 110036770. Access to the property from Houston in good weather is by two-wheel drive on Forest Service access roads or by four-wheel drive vehicle at other times.



The Poplar deposit is a copper – molybdenum porphyry associated with the Late Cretaceous Poplar intrusive stock. The deposit is located 750 metres north of Tagetochlain (Poplar) Lake at an elevation of approximately 900 metres. The Huckleberry Mine, located approximately 35 kilometres southwest of the Poplar Deposit, produces copper and molybdenum from a deposit of similar age and setting.

The property is underlain by andesitic volcanic rocks of the Cretaceous Kasalka Group. These rocks are in faulted contact to the northeast with calc-alkaline rocks of the Telkwa Formation of the Lower Jurassic Hazelton Group. The Kasalka Group rocks have been intruded by stock-like bodies attributed to the Lower Cretaceous Bulkley Plutonic suite. Outliers of the volcanic Eocene Ootsa Lake Group overlap the Kasalka and Bulkley Plutonic Rocks. Zones of alteration and sulphide mineralization associated with these intrusions have resulted in the formation of the Poplar porphyry copper – molybdenum deposit.

The status of the Poplar copper molybdenum deposit is one of active development. Since the drilling of the discovery hole in 1974, the property has gone through successive stages of exploration and development drilling, resulting in the publishing of a historical resource estimate in 1982. The Poplar property is under active development at the time of preparation of this report. A deep imaging Induced Polarization survey was completed over the deposit in the fall of 2009 with the goals of extending known mineralization laterally and at depth. A time domain airborne magnetic and electromagnetic survey was completed in the fall of 2009 over the deposit and surrounding 56,000 hectare property. The Poplar property was staked in 1971 by Mr. Frank Onucki with partners Messrs. Mike Callaghan and Clyde Critchlow for the El Paso Mining and Milling Company (Price, 2004). The El Paso Mining and Milling Company conducted geochemical surveys, geological mapping and trenching. They abandoned the property in 1972, and it was reacquired by the original stakers.

The property was then optioned in 1974 by Utah Mines Limited. Following preliminary geophysical and geochemical surveys, Utah drilled four holes in the fall of 1974. The discovery hole on the Poplar property PC-1 was completed on October 27, 1974 (Schmidt, 1974). Extensive diamond drilling between 1974 and 2005 has outlined a medium- sized porphyry copper-molybdenum deposit. This work was guided in the past by geochemical and geophysical surveys. Between 1974 and 2005, a total of 23,164 metres were drilled in 105 holes by various operators.

During 2011 Lions Gate drilled 42 diamond drill holes on the property totalling 16,483 m. Of these 29 were drilled subsequent to last the 43-101 Report (Giroux, 2011). This resource update was based on the additional drilling, an updated geologic interpretation and enough new gold and silver assays to include in the estimate.

To determine the resource present on Poplar a three dimensional solid was constructed to constrain the mineralized area, using a 0.1 % Cu grade shell as a guide. Large internal waste zones were modelled as were some larger post mineral dykes. Of the total data base, 129 drill holes totalling 37,205 m were within the mineralized zone and were used to estimate the resource. Drill holes were compared to the mineralized solid and assays were tagged if inside. Copper, molybdenum, gold and silver assays within the mineralized solid were capped at 1.4 % Cu, 0.14 % Mo, 0.34 g/t Au and 41 g/t Ag. Five metre composites were formed and used for variography. For this estimate and to aid with some preliminary planning, the blocks were reduced to 5 x 5 x 10 m in dimension and were estimated for Cu, Mo, Au and Ag by ordinary kriging. The resource is classified as Indicated and Inferred based on each block's proximity to data and the grade continuity. At a 0.20 % Cu cut-off within the mineralized solid the Indicated resource is 131 million tonnes at 0.31% Cu, 0.009 % Mo, 0.09 g/t Au and 2.39 g/t Ag while the



Inferred resource is an additional 132 million tonnes grading 0.27 % Cu, 0.005 % Mo, 0.07 g/t Au and 3.75 g/t Ag. This can be compared to the last resource, all classified as Inferred at a 0.20 % Cu cut-off, of 180 million tonnes with average grades of 0.30 % Cu and 0.008 % Mo (Giroux, 2011).

A two phase exploration program was recommended for the Poplar Project. Phase 1 would comprise metallurgical testing of the deposit and the verification of data by re-drilling historic holes. Four metallurgical test holes, two in the Main Zone and two in the East Zone, of 300 m depth would be submitted for metallurgical testing under the supervision of metallurgical consultant. Ten of the historic drill holes would be re-drilled to confirm copper and molybdenum grades, and to provide additional infill gold and silver analyses.

The estimated cost of the Phase 1 exploration is \$1.1 million, including a 10% contingency.

Subject to positive results from the Phase 1 exploration, a Phase 2 exploration program of 10,000 m of drilling was recommended to upgrade the Inferred Resource to Measured and Indicates Resources. Seventeen drill holes were proposed.

The estimated cost of the Phase 2 exploration is \$2 million, including a 10% contingency.

Investors were cautioned that the proposed program of work was speculative, and that the mineral resource and the economic analysis resulting from the proposed work may not lead to a producing mine. Investors were further cautioned that the potential to enhance the tonnage and grade of the Poplar Property deposit was conceptual. Investors were also cautioned that the proposed program of work may not identify new zones of mineralization. Although the Poplar Property deposit is similar in size and metal content to operating mines in the district, factors such as variations in metal prices and input costs are beyond the control of Lions Gate and may preclude economic extraction of the deposit.

### ***Current Exploration and Development Activities***

In May 2012, the Company announced that as part of its ongoing Quality Assurance/Quality Control program, a three metre sample of Hole 1-PC-113 was re-assayed returning a 53% increase in silver grade over the entire 75.15 metre length of the hole. Silver grade increased from 200 g/t Ag to 308 g/t Ag, elevating overall silver values from 11.71 g/t Ag to 17.89 g/t Ag, and copper equivalent values from 0.15% to 0.22%. Hole 11-PC-113 is located in the Silver Zone, approximately 180 metres north of the Poplar Main Zone and East Zone Mineral Resource areas.

A total of 34 EM conductors within and around copper porphyry targets, often associated with silver mineralization, were identified from the 2010 airborne magnetic and electromagnetic survey report that covered the Poplar project area. Survey results associated with these holes indicate that, other EM targets near the Poplar Main and East zones may host similar high grade silver mineralization. Further testing is required to determine how we might expand the resource and/or improve the economics of the ultimate, potential pit.

### ***QA-QC Program Re-assay Highlights***

Hole No.	From (m)	To (m)	Length (m)	Cu (%)	Au (g/t)	Mo (%)	Ag (g/t)	CuEq (%)	Comments
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Hole No.	From (m)	To (m)	Length (m)	Cu (%)	Au (g/t)	Mo (%)	Ag (g/t)	CuEq (%)	Comments
11-PC-113	51.95	127.10	75.15	0.02	0.01	0.00	11.71	0.15	Results released January 30, 2012
incl	92.00	95.00	3.00	0.06	0.008	0	308.00	9.18	Interval Re-Assayed April, 2012
	51.95	127.10	75.15	0.02	0.01	0.00	17.89	0.22	Revised totals
11-PC-112	18.27	130.15	111.88	0.06	0.03	0.001	2.20	0.10	Results released January 30, 2012
incl	98.4	130.15	31.75	0.14	0.07	0.003	5.04	0.25	Interval Re-Assayed April, 2012
11-PC-96	11.28	300.89	289.61	0.01	0.01	0.018	1.15	0.04	Results released May 11, 2011
incl	230.11	252.19	22.08	0.06	0.03	0.001	9.40	0.18	Interval Re-Assayed April, 2012
incl	245.11	252.19	7.08	0.07	0.04	0.001	22.04	0.30	Interval Re-Assayed April, 2012
11-PC-95	28.35	599.54	571.19	0.07	0.02	0.005	3.11	0.12	Results released May 11, 2011
incl	28.35	93.38	65.03	0.01	0.01	0.001	10.1	0.13	Interval Re-Assayed April, 2012

The relationship of the Silver Zone to the Main and East Zones of the Poplar deposit continues to require further investigation.

Some of the conductors and the drill holes were located within the limits of optimized pit shells currently under evaluation. Induced Polarization Surveys were required to cover some of the targets, both for precious metal and for base metal exploration.

The Company continues to evaluate its plans for the further development or economic return with respect to the Poplar Property.

## ITEM 6: SELECTED CONSOLIDATED FINANCIAL INFORMATION

### 6.1 Annual Information

The following table sets out certain selected consolidated financial information of Lions Gate for the periods indicated.

**Annual Data**

	Year ended December 31, 2013	Year ended December 31, 2012	Year ended December 31, 2011
	\$	\$	\$
Total Administrative Expenses	453,811	1,390,513	1,840,986
Net Loss	694,711	3,336,647	3,421,028
Basic and Diluted Loss per Share	0.10	0.53	0.60
Total Assets	5,855,010	6,532,142	9,062,076
Total Liabilities	46,355	131,277	281,319
Shareholder's Equity	5,808,655	6,400,865	8,780,757
Dividends	N/A	N/A	N/A

**6.2 Quarterly Information**

	First Quarter Ended March 31, 2014	Fourth Quarter Ended December 31, 2013	Third Quarter ended September 30, 2013	Second Quarter ended June 30, 2013	First Quarter ended March 31, 2013	Fourth Quarter Ended December 31, 2012	Third Quarter Ended September 30, 2012	Second Quarter Ended June 30, 2012
Total Assets	5,749,048	5,855,010	6,082,053	6,172,480	6,317,996	6,532,142	8,783,994	8,944,572
Working Capital	70,347	100,221	135,440	420,680	732,488	1,131,500	434,899	822,412
Increase (decrease) in exploration and evaluation assets	335,000	(196,756)	414,021	(138)	259,725	(2,830,255)	134,144	199,284
Comprehensive loss	131,814	234,184	90,728	124,384	267,914	2,117,508	295,077	495,523
Loss per share	(0.02)	(0.04)	(0.01)	(0.02)	(0.03)	(0.33)	(0.05)	(0.08)

**6.3 Dividends**

The Company has not paid dividends on its Common Shares since incorporation. The Company has no present intention of paying dividends on the Common Shares as it anticipates that all available funds will be invested to finance general and administrative expenses and further acquisition, exploration and

development of its mineral properties. Payment of dividends in the future will be dependent on the earnings and financial condition of the Company and other factors which the directors may deem appropriate at that time.

Subject to the requirements of the *Business Corporations Act* (British Columbia), there are no restrictions which could prevent the Company from paying dividends.

## ITEM 7: MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis of financial condition and results of operations ("MD&A") should be read in conjunction with the Company's audited annual consolidated financial statements and notes thereto for the years ended December 31, 2013 and December 31, 2012 which are attached hereto as Schedules "A" and "C" respectively and which are available on SEDAR at [www.sedar.com](http://www.sedar.com). The Company's MD&A for the year ended December 31, 2013 and for the nine months ended September 30, 2013 are attached hereto as Schedule "B" and "D" respectively.

## ITEM 8: MARKET FOR SECURITIES

### 8.1 Trading Price and Volume

The Common Shares of the Company are currently listed for trading on the TSX Venture Exchange under the symbol "LGM".

## ITEM 9: CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company as at the date of this Listing Statement:

	Authorized	Outstanding as at dated of this Listing Statement	Outstanding as at December 31, 2013	Outstanding as at December 31, 2012 on a pre-consolidated basis
Common Shares <sup>(1)</sup>	Unlimited	7,036,921	7,036,921	25,647,826
Options <sup>(3)</sup>	10% of issued and outstanding capital	141,250 <sup>(2)</sup>	197,500 <sup>(2)</sup>	1,611,000
Warrants	N/A	39,062 <sup>(4)</sup>	39,062 <sup>(4)</sup>	5,500,750

(1) On November 8, 2013, the Company consolidated its share capital on a four (4) old for one (1) new basis.

(2) The Company's options have exercise prices ranging from \$2.64 to \$4.40 and expire on dates ranging from September 18, 2014 to April 5, 2017.

(3) The number of stock options the Company may grant is limited by the terms of its stock option plan and the policies of the TSX Venture Exchange. See "*Options to Purchase Securities*"

(4) The Company's warrants have an exercise price of \$4.00 and expire on July 13, 2015.

The Company has no loan capital outstanding.

## ITEM 10: OPTIONS TO PURCHASE SECURITIES

As of the date of this Listing Statement, the Company has 141,250 options outstanding at exercise prices ranging from \$2.64 to \$4.40 and having expiry dates ranging from September 18, 2014 to April 5, 2017 in accordance with the terms of the certificates representing such options.

The Company has adopted a rolling stock option plan, which provides that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares at the time of grant. The purpose of the stock option plan (the "Plan") is to allow the Company to grant options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of Lions Gate. The granting of such options is intended to align the interests of such persons with that of the shareholders.

Options will be exercisable over periods of up to 10 years as determined by the board of directors and are required to have an exercise price no less than the Discounted Market Price (as defined in the Exchange Policy). However, it is the practice of the Company to set exercise prices of options equal to or greater than the Market Price (as defined by Exchange Policies based on the closing market price of the Common Shares prevailing on the day that the option is granted).

In addition, the number of Common Shares which may be reserved for issuance:

- (a) to all optionees under the Plan in aggregate shall not exceed 20%;
- (b) to all Insiders as a group may not exceed 20%; and
- (c) to any one individual may not exceed:
  - (i) 5% of the issued Common Shares on a yearly basis;
  - (ii) an aggregate of 2% of the issued Common Shares on a yearly basis if the optionees are engaged in investor relations activities; and
  - (iii) 2% of the issued Common Shares to any one consultant.

Any options granted under the Plan vest on the date of grant unless determined otherwise by the board of directors, except for investor relations options. The Plan provides that if a change of control, as defined therein, occurs, all shares subject to option shall immediately become vested and may thereupon be exercised in whole or in part by the option holder.

Options may be exercised the greater of the term of the option and 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, consulting arrangement or employment is by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the earlier expiry date of such option. In the situation of options granted to persons engaged in investor relations activities, the options granted to this individual will expire 30 days following the optionee ceasing to provide such services.

Options are non-assignable and non-transferable (subject to options being exercisable by the optionee's heirs or administrator). The Plan must be approved yearly by its shareholders in order to re-set the number of shares that can be granted under the Plan.

The following table shows the number of stock options currently issued and outstanding in the Company as at the date of this listing Statement.

<b>Group (Number of Persons in Group) (current and former)</b>	<b>Securities Under Options Granted (#)</b>	<b>Exercise or Base Price (\$/Security)</b>	<b>Market Value of Underlying Security as of date of grant <sup>(1)</sup></b>	<b>Expiration Date</b>
Directors and Officers (1)	47,250	\$3.20	\$3.20	January 3, 2016
	25,250	\$2.64	\$2.64	April 5, 2017
Employees (1)	6,250	\$4.28	\$4.28	September 18, 2014
	12,500	\$4.40	\$4.40	January 15, 2015
	12,500	\$3.20	\$3.20	January 3, 2016
	10,000	\$2.64	\$2.64	April 5, 2017
Consultants (1)	25,000	\$3.20	\$3.20	January 3, 2016
	2,500	\$2.64	\$2.64	April 5, 2017

(1) Based on the closing price of the common shares on the TSX Venture Exchange on the date of grant of the particular options (and accounting for the four old for one new share consolidation which occurred on November 11, 2013).

## **ITEM 11: DESCRIPTION OF CAPITAL STRUCTURE**

### **11.1 General Description of Capital Structure**

The Company has an authorized capital of an unlimited number of Common Shares without par value, of which 7,036,921 Common Shares were issued and outstanding as fully paid and non-assessable. A further 180,312 Common Shares have been reserved and allotted for issuance upon the due and proper exercise of certain incentive options and share purchase warrants outstanding.

The following is a summary of the principal attributes of the Common Shares:

*Voting Rights.* The holders of the Common Shares are entitled to receive notice of, attend and vote at any meeting of the shareholders of the Company. The Common Shares carry one vote per share. There are no cumulative voting rights, and directors do not stand for re-election at staggered intervals.

*Dividends.* The holders of Common Shares are entitled to receive on a pro rata basis such dividends as may be declared by the board of directors, out of funds legally available therefor. There are no indentures or agreements limiting the payment of dividends.

*Profits.* Each Common Share is entitled to share pro rata in any profits of the Company to the extent they are distributed either through the declaration of dividends or otherwise distributed to shareholders, or on a winding up or liquidation.

*Rights on Dissolution.* In the event of the liquidation, dissolution or winding up of the Company, the holders of the Common Shares will be entitled to receive on a pro rata basis all of the assets of the Company remaining after payment of all the Company's liabilities.

*Pre-Emptive, Conversion and Other Rights.* No pre-emptive, redemption, sinking fund or conversion rights are attached to the Common Shares, and the Common Shares, when fully paid, will not be liable to further call or assessment. No other class of shares may be created without the approval of the holders of Common Shares. There are no provisions discriminating against any existing or prospective holder of Common Shares as a result of such shareholder owning a substantial number of Common Shares.

## **11.2 Debt Securities**

The Company has no debt securities outstanding.

## **11.3 Other Securities**

Under its stock option plan, the Company may grant options to purchase up to 10% of the issued and outstanding Common Shares at the time of grant to directors, officers, employees and consultants. As of the date of this Listing Statement, the Company has outstanding options to purchase 141,250 Common Shares at exercise prices ranging from \$2.64 to \$4.40 and having expiry dates ranging from September 18, 2014 to April 5, 2017.

In addition to the outstanding options noted above, the Company also has 39,062 share purchase warrants outstanding to acquire common shares of the Company at an exercise price of \$4.00 until July 13, 2015.

## **11.4 Modification of Terms**

The rights of holders of Common Shares may only be changed by an ordinary resolution approved by the majority of shareholders who vote, in accordance with the requirements of the *Business Corporations Act* (British Columbia) and the Company's articles.

## **11.5 Other Attributes**

The Company has no other classes of securities.

## **11.6 Prior Sales**

During the 12 month period preceding the date of this Filing Statement, the Company issued no securities other than as previously disclosed above.

## **11.7 Stock Exchange Price**

The Company's shares are currently listed and posted for trading on the TSX Venture Exchange under the symbol "LGM". The following table shows the high, low and closing prices and trading volume of the

common shares on the TSX Venture Exchange on a monthly basis for the current four months, and on a quarterly basis for the preceding seven quarters. Prices reflected for all periods dated September 30, 2013 and prior are reflected on a pre-consolidation basis.

Month	High	Low	Close	Volume
June 2014 <sup>(1)</sup>	0.075	0.065	0.065	15,125
May 2014	0.075	0.075	0.075	4,312
April 2014	0.085	0.065	0.08	26,497
March 2014	0.09	0.07	0.085	30,115
February 2014	0.155	0.07	0.08	41,607
January 2014	0.155	0.01	0.10	56,516
Three months ended December 31, 2013	0.115	0.01	0.11	327,051
Three months ended September 30, 2013	0.04	0.01	0.01	741,100
Three months ended June 30, 2013	0.05	0.03	0.04	149,300
Three months ended March 31, 2013	0.12	0.04	0.05	633,500
Three months ended December 31, 2012	0.24	0.07	0.09	302,000
Three months ended September 30, 2012	0.45	0.22	0.24	58,500
Three months ended June 30, 2012	0.68	0.27	0.37	434,600

(1) Up to and including June 13, 2014.

## ITEM 12: ESCROWED SECURITIES

The Company has no securities currently held in escrow. Pursuant to the option agreement dated February 18, 2013, as amended on August 26, 2013, between the Company and St. Jacques Mineral Corp., 125,000 shares are subject to a pooling agreement and will be released on September 22, 2014. No other securities are otherwise subject to any contractual restrictions on transfer.



## ITEM 13: PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and executive officers of the Company, the following persons beneficially own, directly or indirectly, or exercise control or direction over shares carrying more than 10% of the voting rights attached to all outstanding common shares, as of the date hereof:

Name of Shareholder	Number of Shares Held	Percentage of Shares Held
Resinco Capital Partners Inc.	1,147,734	16.31%

## ITEM 14: DIRECTORS & OFFICERS

### 14.1 Name, Occupation and Security Holding

The following table sets out the names of the directors and officers of the Company, all officers in the Company each now holds, each person's principal occupation, business or employment, the period of time during which each has been a director of the Company and the number of Common Shares beneficially owned by each, directly and indirectly, or over which each exercised control or direction as at the date of this Listing Statement.

Name and Municipality of Residence <sup>(1)</sup>	Current Positions and Offices Held	Principal Occupations During Last Five Years <sup>(1)</sup>	Date of Appointment as a Director or Officer	Common Shares Beneficially Owned (Number and %) <sup>(3)</sup>
Arni Johansson, North Vancouver, B.C. <sup>(2)</sup>	Chairman, Interim CEO, Interim President and Director	President of Canadian Nexus Ventures Ltd., a private venture capital firm from 1999 to Present; Interim President and CEO of Lions Gate Metals Inc. from September 2012 to Present. Chairman of Lions Gate Metals Inc., June 2009 to Present.	November 9, 2006 (as director) June 3, 2009 (as Chairman) September 13, 2012 (as interim CEO and interim President)	575,000 8.2%
William Filtness, Vancouver, B.C. <sup>(2)</sup>	Director	President of KCT Consulting Inc, a private company providing CFO consulting services from December 2003 to Present	July 11, 2013	Nil
Peter Born, Ottawa, Ontario	Director	Well site consultant/geologist with RPS Energy Canada, a natural resources consultancy firm which is part of the RPS Group PLC, from December 2000 to Present	December 4, 2013	Nil

<b>Name and Municipality of Residence<sup>(1)</sup></b>	<b>Current Positions and Offices Held</b>	<b>Principal Occupations During Last Five Years<sup>(1)</sup></b>	<b>Date of Appointment as a Director or Officer</b>	<b>Common Shares Beneficially Owned (Number and %)<sup>(3)</sup></b>
Alexander Helm, Vancouver, B.C. <sup>(2)</sup>	Director	President and CEO of Network Exploration Ltd., a TSX-V listed exploration company, from March 2006 to Present, President and CEO of Giyani Gold Corp. (formerly 99 Capital Corp.), a former capital pool company, from June 2010 to July 2011, President and CEO of Echelon Petroleum Corp., a TSXV listed oil and gas exploration company, from December 2009 to May 2014, President and CEO of Kombat Copper Inc., a TSXV listed exploration company, from October 2011 to October 2013	February 7, 2014	Nil
Sharon Muzzin, North Vancouver, B.C.	Chief Financial Officer	Senior consultant with Malaspina Consultants Inc., a private accounting and administrative consulting company from September 2005 to Present	January 1, 2013	Nil
Christina Boddy, Burnaby, B.C.	Corporate Secretary	Principal of Rhodanthe Corporate Services, a consultancy proprietorship providing corporate secretarial services to public and private companies, from January 2013 to Present; Corporate Secretary of Lions Gate Metals Inc. from April 2012 to Present; Corporate Secretary of Resinco Capital Partners Incorporated, a TSX-V listed investment issuer, from April 2011 to November 2012, Manager, Corporate Legal Services of Finavera Wind Energy Inc., a TSX-V listed alternative energy company, from March 2009 to February 2011.	April 16, 2012	Nil

- (1) The information as to municipality of residence and principal occupation of each nominee has been individually furnished by the respective nominee.
- (2) Member of Audit Committee.
- (3) The approximate number of shares of the Company carrying the right to vote in all circumstances beneficially owned directly or indirectly, or over which control or direction is exercised is based upon information furnished to the Company by each proposed nominee as at the date hereof.

The term of office of each of the directors expires at the next general meeting of shareholders.

As of the date hereof, all of the directors and officers of the Company, as a group, beneficially own, directly or indirectly, or exercise control over 575,000 Common Shares in the capital of the Company, representing 8.2% of the issued and outstanding shares of the Company.

## 14.2 Committees

The Company currently has the following committees:

- (a) Audit committee: The members of the audit committee are William Filtness (Chair), Alexander Helm, and Arni Johansson.
- (b) Compensation committee: The members of the compensation committee are William Filtness (Chair), Alexander Helm, and Arni Johansson.

### 14.3 Cease Trade Orders and Bankruptcies

Except as disclosed below, as at the date of this Listing Statement and within the ten years before the date of this Listing Statement, no director, chief executive officer, chief financial officer or a shareholder holding sufficient number of securities of the Company to materially affect control of the Company,

- (a) is or has been a director or executive officer of any company (including the Company), that:
  - (i) while that person was acting in that capacity, was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
  - (ii) that after that person ceased to be a director or executive officer, was subject to an order which resulted from an event that occurred while that person was acting in the capacity as director or executive officer that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
  - (iii) while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has within 10 years before the date of the Listing Statement became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officers or shareholders.

Mr. Filtness was the Chief Financial Officer of NEMI Northern Energy & Mining Inc. ("NEMI") on October 13, 2006, when NEMI voluntarily sought and obtained protection under the Companies' Creditors Arrangement Act ("CCAA") pursuant to an Order of the Supreme Court of British Columbia ("Court"). On November 29, 2006, NEMI successfully closed an asset combination transaction with Hillsborough Resources Limited and Anglo Coal Canada Inc., following which NEMI filed with the Court a closing certificate which resulted in NEMI's full emergence from CCAA protection.

#### **14.4 Penalties and Sanctions**

No director, executive officer or promoter of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has, within the ten years prior to the date of this Listing Statement, been subject to:

- (a) any penalties or sanctions imposed by a court or securities regulatory authority relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

#### **14.5 Conflicts of Interest**

Certain directors and officers of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring and exploiting natural resources properties. These associations to other public companies in the resource sector may give rise to conflicts of interest from time to time.

Under the laws of the Province of British Columbia, the directors and senior officers of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will disclose such interest in a contract or transaction and will abstain from voting on any resolution in respect of such contract or transaction. See also Item 4.3 "*Risk Factors*".

#### **14.6 Management**

Arni Johannson, 44, is the President and Founder of Canadian Nexus Ventures. He has over 25 years of experience in the Canadian Capital Markets focusing on building assets and senior management teams while executing a defined business plan. Through Canadian Nexus Mr. Johannson's investments have covered the Pulp & Paper, Mining Exploration, Film, Agriculture and Technology sectors in a wide variety of locations around the world.

Recently Mr. Johannson has become attached to a feature length documentary entitled THIS IS CONGO which explores the ongoing war surrounding the Eastern Democratic Republic of the Congo's vast mineral wealth. He is also one of the Executive Producers of the GRAVE ENCOUNTERS horror franchise voted by Forbes Magazine as one of the 10 scariest horror films of 2012 and Extraterrestrial a film slated for release in 2014 which was recently accepted into Robert De Niro's Tribeca Film Festival in New York.

Mr. Johannson is a director and interim CEO and interim President of the Company. Mr. Johannson devotes approximately 40% of his working time to the affairs of the Company. Mr. Johannson has not entered into a non-competition or non-disclosure agreement with the Company and is an employee of the Company.

William Filtness, 60, obtained his Chartered Accountant designation in 1980 while articling with Coopers & Lybrand's Vancouver office. He spent fourteen years with Aurizon Mines Ltd., primarily working on the group's Chilean and Quebec mining projects. In 2001, Mr. Filtness joined Malaspina Consultants Inc. as a senior consultant. Since 2003 he has served as President of KCT Consulting Inc., a private company providing CFO consulting services to junior public companies. Mr. Filtness has been the Chief Financial Officer of various TSX and TSX Venture Exchange listed companies since 1988 as is currently the Chief Financial Officer and Corporate Secretary of Colonial Coal International Corp. Mr. Filtness holds a Bachelor of Science and Licentiate in Accounting, each from UBC.

Mr. Filtness is a director of the Company. Mr. Filtness devotes approximately 10% of his working time to the affairs of the Company. Mr. Filtness has not entered into a non-competition or non-disclosure agreement with the Company and is not an employee of the Company.

Peter Born, 61, a P. Geol. with the Association of Professional Geoscientists of Ontario and a Fellow of the Geological Association of Canada. He brings more than 30 years' experience exploring and evaluating mining properties for senior and junior Canadian and American resource companies. He holds a Ph.D. in Earth Sciences from Carleton University with expertise in Precambrian sedimentary geology, basin analysis, sedimentology, stratigraphy and sedimentary ore deposits. Dr. Born currently serves as a director for several resource companies listed on the TSX Venture Exchange.

Mr. Born is a director of the Company. Mr. Born devotes approximately 10% of his working time to the affairs of the Company. Mr. Born has not entered into a non-competition or non-disclosure agreement with the Company and is not an employee of the Company.

Alexander Helmelt, 44, is an independent management consultant with specific expertise working with resource based companies within the Canadian Capital Markets. Mr. Helmelt focuses on development of corporate assets while building senior management teams and corporate growth strategies. Mr. Helmelt has served as a director or officer for numerous private and TSX-V listed corporations. Mr. Helmelt obtained his Bachelor of Science degree from the University of British Columbia in 1994 and his CISA designation in 2006.

Mr. Helmelt is a director of the Company. Mr. Helmelt devotes approximately 10% of his working time to the affairs of the Company. Mr. Helmelt has not entered into a non-competition or non-disclosure agreement with the Company and is not an employee of the Company.

Sharon Muzzin, 58, is a senior consultant with Malaspina Consultants Inc., a private company providing accounting and administrative services to junior public companies. She holds a Bachelor of Commerce from UBC and is a member of the Institute of Chartered Accountants of British Columbia. Ms. Muzzin has served as Chief Financial Officer for a number of junior public companies and is currently the CFO of Inca One Resources Corp., Neotech Solutions Inc. and Banks Island Gold Ltd., as well as the Company.

Ms. Muzzin is the Chief Financial Officer of the Company. Ms. Muzzin devotes approximately 15% of her working time to the affairs of the Company. Ms. Muzzin has not entered into a non-competition or non-disclosure agreement with the Company and is not an employee of the Company.

Christina Boddy, 35, holds a B.Sc. from the University of Northern British Columbia, is a member of the Canadian Society of Corporate Secretaries, and has completed the Canadian Securities Course. Ms.

Boddy has acted as Corporate Secretary for a number of public companies in recent years, including PNG Gold Corporation (TSXV:PGK), Nevada Sunrise Gold Corporation (TSXV: NEV), Lions Gate Metals Inc. (TSXV: LGM), Resinco Capital Partners Inc. (TSXV: RIN), Teslin River Resources Corp. (TSXV: TLR), Prophecy Platinum Corp. (TSXV: NKL), and Cue Resources Ltd. (TSXV: CUE). Ms. Boddy acts as a consultant to public and private companies through Rhodanthe Corporate Services, a B.C.-based private company.

Ms. Boddy is the corporate secretary of the Company. Ms. Boddy devotes approximately 10% of her working time to the affairs of the Company. Ms. Boddy has not entered into a non-competition or non-disclosure agreement with the Company and is not an employee of the Company.

## ITEM 15: CAPITALIZATION

### 15.1 Issued Capital

	<b><u>Number of Securities (non-diluted)</u></b>	<b><u>Number of Securities (fully-diluted)</u></b>	<b><u>% of Issued (non-diluted)</u></b>	<b><u>% of Issued (fully diluted)</u></b>
<b><u>Public Float</u></b>				
Total outstanding (A)	7,036,921	7,217,234	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B) (to the extent known)	1,748,996	1,860,558	24.85%	25.77%
Total Public Float (A-B)	5,287,925	5,356,676	75.15%	74.23%
<b><u>Freely-Tradeable Float</u></b>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	125,000	Nil	1.77%	N/A

Total Tradeable Float (A-C)	6,911,921	7,217,234	98.23%	100.00%
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## 15.2 Public Securityholders (Registered)

### *Class of Security*

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	53	612
100 – 499 securities	3	750
500 – 999 securities	1	625
1,000 – 1,999 securities	1	1,023
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	1	4,999
5,000 or more securities	8	6,850,965
<b>Total</b>	<b>67</b>	<b>6,858,974</b>

## 15.3 Public Securityholders (Beneficial)

### *Class of Security*

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	300	45,802
100 – 499 securities	9	2,025
500 – 999 securities	4	2,625
1,000 – 1,999 securities	215	5,589,571
2,000 – 2,999 securities	3	7,500
3,000 – 3,999 securities	1	3,750
4,000 – 4,999 securities	1	4,000

*Class of Security*

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
5,000 or more securities	7	146,000
Unable to confirm		

**15.4 Non-Public Securityholders (Registered)***Class of Security*

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	1	177,947
<b>Total</b>	<b>1</b>	<b>177,947</b>

**15.5 Convertible Securities**

<b>Description of Security (include conversion / exercise terms, including conversion / exercise price)</b>	<b>Number of convertible / exchangeable securities outstanding</b>	<b>Number of listed securities issuable upon conversion / exercise</b>
Options exercisable at \$4.28 per share until September 18, 2014	6,250	6,250
Options exercisable at \$4.40 per share until January 15, 2015	12,500	12,500
Options exercisable at \$3.20 per share until January 3, 2016	84,750	84,750



Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Options exercisable at \$2.64 per share until April 5, 2017	37,750	37,750
Warrants exercisable at \$4.00 per share until July 13, 2015	39,062	39,062

## ITEM 16: EXECUTIVE COMPENSATION

### Definitions

For the purpose of this information circular:

“**CEO**” of the Company means an individual who acted as Chief Executive Officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

“**CFO**” of the Company means an individual who acted as Chief Financial Officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

“**Named Executive Officers or NEOs**” means:

- (a) a CEO;
- (b) a CFO;
- (c) each of the Company’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000;
- (d) each individual who would be an NEO under (c) above but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year.

### Compensation Discussion and Analysis

The Compensation Committee is responsible for reviewing the Company’s executive compensation and for making recommendations to the Board with respect to the compensation of the Company’s executive officers. The Board ensures that total compensation paid to its NEOs is fair and reasonable and is consistent with the Company’s compensation philosophy.

Compensation plays an important role in achieving short and long-term business objectives that ultimately drive business success. The Company’s compensation philosophy is to foster entrepreneurship at all levels of the organization by making long term equity-based incentives, through the granting of stock options, a significant component of executive compensation. This approach is based on the

assumption that the performance of the Company's common share price over the long term is an important indicator of long term performance.

The Company's compensation philosophy is based on the following fundamental principles:

- (a) *Compensation programs align with shareholder interests* – the Company aligns the goals of executives with maximizing long term shareholder value;
- (b) *Performance sensitive* – compensation for executive officers should be linked to operating and market performance of the Company and fluctuate with the performance; and
- (c) *Offer market competitive compensation to attract and retain talent* – the compensation program should provide market competitive pay in terms of value and structure in order to retain existing employees who are performing according to their objectives and to attract new individuals of the highest calibre.

The objectives of the compensation program in compensating all NEOs were developed based on the above-mentioned compensation philosophy and are as follows:

- (a) to attract and retain highly qualified executive officers;
- (b) to align the interests of executive officers with shareholders' interests and with the execution of the Company's business strategy;
- (c) to evaluate executive performance on the basis of key measurements that correlate to long-term shareholder value; and
- (d) to tie compensation directly to those measurements and rewards based on achieving and exceeding predetermined objectives.

With respect to forms of compensation, historically these have been comprised of fixed salaries, consulting fees and incentive stock options. The Company has not granted other share-based awards, does not have any form of non-equity incentive plan, and does not have any form of pension plan. The Board has the discretion to pay bonuses to the executive officers, however, there is no formal bonus plan or other formal arrangements pursuant to which bonuses may be earned and the Company did not pay any bonuses to its executive officers in the financial year ended December 31, 2013.

The Company's process for determining executive compensation is done on a case by case basis and involves discussion by the Board of the factors the Board deems relevant to each case. There are no formally defined objectives, benchmarks criteria and analysis that are used in all cases.

### **Competitive Compensation**

Aggregate compensation for each NEO is designed to be competitive, and the Board considers compensation practices of similarly situated companies in determining compensation policy. The Board

may weigh a particular element more heavily based on the NEO's role within the Company; it is primarily focused on remaining competitive in the market with respect to total compensation.

Prior to making its decisions, the Board reviews data related to compensation levels and programs of various companies that are similar in size to the Company and operate within the mineral exploration and development industry. These companies are used as the Company's primary peer group because they have similar business characteristics or because they compete with the Company for employees and investors. The Board also relies on the experience of its members as officers and/or directors at other companies in similar lines of business as the Company in assessing compensation levels. The purpose of this process is to:

- (a) understand the competitiveness of current pay levels for each executive position relative to companies with similar revenues and business characteristics;
- (b) identify and understand any gaps that may exist between actual compensation levels and market compensation levels; and
- (c) establish as a basis for developing salary adjustments and option based compensation for the Board's approval.

#### **Aligning the Interests of the NEOs with the Interests of the Company's Shareholders**

The Company believes that transparent, objective and easily verified corporate goals, combined with individual performance goals, play an important role in creating and maintaining an effective compensation strategy for the NEOs.

A combination of fixed and variable compensation is used to motivate executives to achieve overall corporate goals. For the 2013 financial year, the two basic components of executive officer compensation program were:

- (a) fixed salary or consulting fees; and
- (b) option-based compensation.

Fixed salary or consulting fees, as applicable, comprise the total cash-based compensation. Option-based compensation represents compensation that is "at risk" and thus may or may not be paid to the respective executive officer depending on the market performance of the Company's Common Shares.

To date, no specific formulae have been developed to assign a specific weighting to each of these components. Instead, the Board considers each target and the Company's performance and assigns compensation based on this assessment and the recommendations of the Board. In determining the total compensation of any NEO, the Board considers all elements of compensation in total rather than one element in isolation.

## **Base Salary or Fees**

The Board approves the salary or fee ranges for the NEOs, as applicable. The base salary or fee review for each NEO is based on assessment of factors such as current competitive market conditions and particular skills, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual. The Company's process for determining this component of an NEO's compensation is done on a case by case basis and involves discussion by the Board of the factors the Board deems relevant to each case. There are no formally defined objectives, benchmarks criteria and analysis that are used in all cases.

During the financial year ended December 31, 2013, the Company did not award any increases in base salary or fees of the NEOs in response to the subjective assessment of their respective performance, analysis of external market conditions and competitive needs to retain its qualified personnel.

## **Long Term Compensation**

The Company has no long-term incentive plans other than its incentive stock option plan (the "Plan"). The Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Board believes that the Plan aligns the interests of the NEOs with shareholders by linking a component of executive compensation to the longer term performance of the Company's Common Shares.

Management recommends and the Board approves the option grants. In monitoring or adjusting the option allotments, the Board takes into account the level of options granted by similar companies for similar levels of responsibility and considers each NEO or employee based on reports received from management, its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous option grants and the objectives set for the NEOs. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility. In addition, previous grant of options are taken into account when considering new grants.

In addition to determining the number of options to be granted pursuant to the methodology outlined above, the Board also makes the following determinations:

- (a) the NEOs and others who are eligible to participate in the Plan;
- (b) the exercise price for each stock option granted, subject to the provision that the exercise price cannot be lower than the market price on the date of grant;
- (c) the date on which each option is granted;
- (d) the vesting period, if any, for each stock option;
- (e) the other material terms and conditions of each stock option grant; and
- (f) any re-pricing or amendment to a stock option grant.

The Board makes these determinations subject to and in accordance with the provisions of the Plan. The board of directors reviews and approves grants of options on an as required basis, but no less frequently than annually.

All of the NEOs are eligible to participate in the Company's Stock Option Plan.

### **Perquisites and Personal Benefits**

As a junior issuer, the Company takes a conservative approach to perquisites; however the Company's objective in awarding perquisites and other personal benefits is to grant NEOs competitive perquisites and benefits that allow them to focus on their daily responsibilities and the achievement of the Company's objectives. The process that the Company follows in determining when to award perquisites is ad hoc in nature, but generally is rare.

### **Termination and Change of Control Benefits**

The Company has in the past had, and may implement in the future make, certain arrangements with its NEOs which provide for the payment of compensation and benefits to the NEOs on their termination of employment (as a result of resignation, retirement, change of control, etc.) or a change in responsibilities. The Company believes that these arrangements can be an important component of the overall compensation package it offers to its NEOs and from time to time may be necessary in order to attract and retain key executives. As with the other elements of compensation, when negotiating the termination and change of control arrangements, the Board considers all elements of compensation in total rather than one element in isolation.

### **Summary Compensation Table**

In accordance with the provisions of applicable securities legislation, the Company had two "Named Executive Officers" during the financial year ended December 31, 2013, namely Arni Johannson (Chairman and Interim President and Chief Executive Officer), and Sharon Muzzin, (Chief Financial Officer).

The following table sets forth all direct and indirect compensation for, or in connection with, services provided to the Company and its subsidiary during the three most recently completed financial years ended on or after December 31, 2013, December 31, 2012 and December 31, 2011 in respect of the Named Executive Officers. For the information concerning compensation related to previous years, please refer to the Company's previous Information Circulars available at [www.sedar.com](http://www.sedar.com).

## Summary Compensation Table

For Financial Years Ended December 31, 2013, 2012 and 2011

Neo Name and Principal Position	Year	Salary \$	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
Arni Johansson <sup>(1)(7)</sup> <i>Chairman, Director and Interim President and CEO</i>	2013	97,500	Nil	Nil	Nil	Nil	Nil	Nil	97,500
	2012	180,000	Nil	36,074 <sup>(2)</sup>	Nil	Nil	Nil	Nil	216,074
	2011	165,000 <sup>(3)</sup>	Nil	90,781 <sup>(4)</sup>	Nil	Nil	Nil	15,000 <sup>(3)</sup>	270,781
Sharon Muzzin <i>CFO<sup>(10)</sup></i>	2013	Nil	Nil	Nil	Nil	Nil	Nil	15,000	15,000
Michael Sweatman <sup>(6)</sup> <i>(former CFO and former Director)</i>	2012	55,000	Nil	10,715 <sup>(2)(11)</sup>	Nil	Nil	Nil	1,500	67,215
	2011	55,000	Nil	96,064 <sup>(4)(11)</sup>	Nil	Nil	Nil	29,731 <sup>(5)</sup>	180,795
David McAdam <sup>(6)</sup> <i>(former CFO)</i>	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Paul Sarjeant, <sup>(7)</sup> <i>(former CEO and COO)</i>	2012	Nil	Nil	17,203 <sup>(8)</sup>	Nil	Nil	Nil	160,536	177,739
Andrew Gourlay <sup>(9)</sup> <i>(former VP of Exploration and Development)</i>	2011	Nil	Nil	48,032 <sup>(4)</sup>	Nil	Nil	Nil	116,813	164,845

Notes:

- (1) Arni Johansson was appointed interim Chief Executive Officer on December 1, 2009. On June 21, 2011, he was appointed CEO and remained so at the fiscal year ended December 31, 2011. On January 6, 2012, Mr. Johansson resigned as CEO and Mr. Paul Sarjeant was appointed in his stead. On September 13, 2013, Mr. Sarjeant resigned as CEO and President and Mr. Johansson was appointed interim President and CEO in his stead.
- (2) On April 5, 2012, 25,250 options were granted to Mr. Johansson and 7,500 options were granted to Mr. Sweatman. These options were valued at \$2.64. The Company used the Black-Scholes model as the methodology to calculate the grant date fair value, and relied on the following key assumptions and estimates for these options: risk-free interest rate – 1.39%; estimated volatility – 83%; expected life – 5 years; and expected dividend yield – 0%.
- (3) Up until January 31, 2011, Mr. Johansson provided management consultant services to the Company. On February 1, 2011, he became an employee of the Company.
- (4) On January 4, 2011, 47,250 options were granted to Mr. Johansson, 50,000 to Mr. Sweatman and 25,000 to Mr. Gourlay. These options were valued at \$3.20. The Company used the Black-Scholes model as the methodology to calculate the grant date fair value, and relied on the following key assumptions and estimates for these options: risk-free interest rate – 1.64%; estimated volatility – 95%; expected life – 3 years; and expected dividend yield – 0%.
- (5) Paid for bookkeeping services to a company of which Mr. Sweatman is a Director and Shareholder.
- (6) Michael Sweatman resigned as CFO on September 13, 2012 and Mr. David McAdam was appointed in his stead. Mr. McAdam resigned as CFO on December 31, 2012, and Ms. Sharon Muzzin was appointed in his stead.
- (7) Paul Sarjeant was appointed President and CEO on January 6, 2012 and resigned from these positions on September 13, 2012 and Mr. Johansson was appointed Interim President and CEO in his stead. Mr. Sarjeant was appointed Chief Operating Officer on September 13, 2012 and resigned on January 31, 2013.
- (8) On January 6, 2012, 37,500 options were granted to Doublewood Consulting Inc., a company controlled by Mr. Sarjeant. These options were valued at \$3.20. The Company used the Black-Scholes model as the methodology to calculate the grant date fair value, and relied on the following key assumptions and estimates for these options: risk-free interest rate – 1.97%; estimated volatility – 86%; expected life – 5 years; and expected dividend yield – 0%. These options were cancelled on March 31, 2013 pursuant to the Company's stock option plan.

- (9) Mr. Gourlay was appointed as Vice-President of Exploration and Development on May 10, 2010 but did not become an NEO until 2011 due to remuneration paid. See item (c) of definition of “NEO” under the heading “Summary Compensation Table” above. Mr. Gourlay is not an employee of the Company and renders invoices to the Company for services rendered. Mr. Gourlay was terminated as VP Exploration and Development effective June 30, 2012 and did not meet the definition of an NEO during 2012. All options granted to Andrew Gourlay were cancelled on September 28, 2012, pursuant to the Company’s stock option plan.
- (10) Ms. Muzzin was appointed CFO on January 1, 2013. During the 2013 fiscal year \$15,000 was paid to Malaspina Consultants Inc. a company in which the CFO is an associate. This amount includes fees incurred for CFO services as well as accounting services provided by other Malaspina personnel.
- (11) All options granted to Michael Sweatman were cancelled on October 9, 2013 pursuant to the Company’s stock option plan.

## Outstanding Share-Based Awards and Option-Based Awards

The Company has a “rolling” stock option plan (the “Plan”). Pursuant to the Plan, the Company can grant options up to a maximum of 10% of the Company’s issued and outstanding share capital. As at the date of this Information Circular, the Company has a total of 141,250 options outstanding pursuant to the Plan.

The following table sets forth information concerning all awards outstanding under share-based or option-based incentive plans of the Company at the end of the most recently completed financial year to each of the Named Executive Officers.

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value <sup>(1)</sup> of Unexercised In-The-Money Options ((\$)	Number of Shares or Units of Shares That Have Not Vested (#)	Market or Payout Value <sup>(1)</sup> of Share-Based Awards That Have Not Vested (\$)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$)
Arni Johansson	25,250	2.64	Apr. 5, 2017	Nil	Nil	Nil	Nil
	47,250	3.20	Jan. 3, 2016	Nil			
Sharon Muzzin	Nil	N/A	N/A	Nil	Nil	Nil	Nil

Notes:

- (1) Value is calculated by multiplying the number of securities which may be acquired on exercise of the option by the difference, if any, between the market value of the securities underlying the options as at the closing price on the date of the current financial year end, or, if no trades on date of the current financial year end, closing price on the previous trading day. The last closing price of the Company’s shares during the financial year ended December 31, 2013 was \$0.11.

## Incentive Plan Awards: Value Vested or Earned During the Year

The following table details the value of incentive plan awards to Named Executive Officers that vested during the financial year ended December 31, 2013.

Name	Option-Based Awards – Value Vested During the Year (\$) <sup>(1)</sup>	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Arni Johansson	Nil <sup>(2)</sup>	N/A	N/A
Sharon Muzzin	Nil	N/A	N/A

Notes:

- (1) All options granted to the NEOs vested at the date of grant. The 47,250 options granted to Named Executives Officers on January 6, 2012 and the 25,250 options granted to NEOs on April 5, 2012, were not-in-the-money as the market closing price on the date of grant was equal to or less than the exercise price.
- (2) On April 5, 2012, Arni Johansson was granted stock options to purchase 25,250, common shares, exercisable at a price of \$2.64 per share until April 5, 2017.



## Pension Plan Benefits

The Company does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement. The Company does not have a form of deferred compensation plan.

## Termination of Employment, Change of Control Benefits and Management Contracts

Except as described below, neither the Company nor any of its subsidiaries have any plan or arrangement with respect to compensation to its executive officers which would result from the resignation, retirement or any other termination of the executive officers' employment with the Company and its subsidiaries or from a change of control of the Company or any subsidiary of the Company or a change in the executive officers' responsibilities following a change in control.

There are no management functions of the Company, which are to any substantial degree performed by a person or company other than the directors or executive officers of the Company.

The Company is a party to an employment agreement with Arni Johannson (the “**Johannson Agreement**”) in relation to his role as an executive officer of the Company whereby Mr. Johannson receives an annual base salary of \$180,000 and reimbursement of eligible business expenses. In the event of termination without cause by the Company, Mr. Johannson will be provided with 30% of two weeks' salary for each completed year of service or, at the Company's discretion, salary in lieu of such notice to a maximum of 12 months' notice or salary. The Johannson Agreement is does not provide for any payments on a change of control. Effective February 1, 2013, the Johannson Agreement was amended such that Mr. Johannson's salary was reduced 50%, to \$90,000 per year. It is anticipated that the Johannson Agreement will be terminated by mutual agreement of the parties concurrently with the acceptance for listing of the Common Shares.

## Compensation of Directors

The following table sets forth all amounts of compensation provided to directors who were not Named Executive Officers of the Company during the Company's most recently completed financial year end.

Director Name	Fees Earned (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
William Filtress <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Murray Oliver <sup>(1)(6)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Peter Born <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
John Icke <sup>(3)</sup>	1,500	Nil	Nil	Nil	Nil	Nil	1,500
Michael Sweatman <sup>(4)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
John Tapics <sup>(4)</sup>	1,500	Nil	Nil	Nil	Nil	Nil	1,500
Richard Schroeder <sup>(5)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) William Filtress and Murray Oliver were appointed as Directors of the Company on July 11, 2013.
- (2) Peter Born was appointed as a Director of the Company on December 4, 2013.



- (3) John Icke resigned as a Director of the Company on October 21, 2013.
- (4) Michael Sweatman and John Tapics resigned as Directors of the Company on July 11, 2013.
- (5) Richard Schroeder resigned as a Director of the Company on January 30, 2013.
- (6) Murray Oliver resigned as a Director of the Company on February 7, 2014.

Until March 31, 2013, Directors were paid annual fees of \$3,000 each and \$250 for each board of directors meeting attended by a non-executive director. Effective April 1, 2013, directors are no longer paid fees.

### Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all awards outstanding under share-based or option-based incentive plans of the Company at the end of the most recently completed financial year to each of the Directors of the Company who were not Named Executive Officers during the last financial year ended December 31, 2013.

Director Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value <sup>(1)</sup> of Unexercised In-The-Money Options (\$)	Number of Shares or Units of Shares That Have Not Vested (#)	Market or Payout Value <sup>(1)</sup> of Share-Based Awards That Have Not Vested (\$)	Market or Payout Value of Share-Based Awards Not Paid Out or Distributed (\$)
William Filtness	Nil	N/A	N/A	Nil	Nil	Nil	Nil
Murray Oliver	Nil	N/A	N/A	Nil	Nil	Nil	Nil
Peter Born	Nil	N/A	N/A	Nil	Nil	Nil	Nil
John Icke <sup>(2)</sup>	25,000	4.40	Jan. 15, 2015	Nil	Nil	Nil	Nil
	25,000	3.20	Jan. 3, 2016	Nil	Nil	Nil	Nil
Michael Sweatman <sup>(3)</sup>	50,000	3.20	Jan. 3, 2016	Nil	Nil	Nil	Nil
	7,500	2.64	Apr. 5, 2017	Nil	Nil	Nil	Nil
John Tapics <sup>(3)</sup>	25,000	3.60	Apr. 11, 2016	Nil	Nil	Nil	Nil
Richard Schroeder <sup>(4)</sup>	25,000	3.20	July 5, 2016	Nil	Nil	Nil	Nil

Notes:

- (1) Value is calculated by multiplying the number of securities which may be acquired on exercise of the option by the difference, if any, between the market value of the securities underlying the options as at the closing price on the date of the current financial year end, or, if no trades on date of the current financial year end, closing price on the previous trading day. The last closing price of the Company's shares during the financial year ended December 31, 2013 was \$0.11.
- (2) John Icke resigned as a Director of the Company on October 21, 2013 and his options were cancelled on January 19, 2014, pursuant to the Company's stock option plan.
- (3) Michael Sweatman and John Tapics resigned as Directors of the Company on July 11, 2013 and their options were cancelled on October 9, 2013, pursuant to the Company's stock option plan.
- (4) Richard Schroeder resigned as a Director of the Company on January 30, 2013 and his options were cancelled on April 30, 2013, pursuant to the Company's stock option plan.

### Incentive Plan Awards: Value Vested or Earned During the Year

The following table details the value of incentive plan awards to Directors (who were not Named Executive Officers) that vested during the financial year ended December 31, 2013.

Name	Option-Based Awards – Value Vested During the Year (\$) <sup>(1)</sup>	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
William Filtress	Nil	N/A	N/A
Murray Oliver	Nil	N/A	N/A
Peter Born	Nil	N/A	N/A
John Icke	Nil	N/A	N/A
Michael Sweatman	Nil	N/A	N/A
John Tapics	Nil	N/A	N/A
Richard Schroeder	Nil	N/A	N/A

Notes:

- (1) All options granted to the Directors vested at the date of grant and were not-in-the-money as the market closing price on the date of grant was equal to or less than the exercise price.

### Securities Authorized For Issuance under Equity Compensation Plans

The following table sets out equity compensation plan information as at the end of the financial year ended December 31, 2013:

#### *Equity Compensation Plan Information*

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders - (the Option Plan)	141,250	\$3.20	562,442
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	141,250	\$3.20	562,442

### ITEM 17: INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as of December 31, 2013 or as at the date hereof

### ITEM 18: RISK FACTORS

#### 18.1 Risk Factors

The Company is in the business of acquiring, exploring and developing mineral properties, and is exposed to a number of risks and uncertainties that are common to other junior mineral exploration companies in the same business. The mining industry is capital intensive at all stages and is subjected to variations in commodity prices, market sentiment, exchange rates for currency, inflation and other risks. The Company

currently has no other source of revenue other than interest on cash balances. The Company will rely mainly on equity and debt financing to fund its exploration and development activities.

An investment in the common shares of the Company involves a significant degree of risk and ought to be considered a highly speculative investment. The following is brief discussion of those factors which may have a material impact on, or constitute risk factors in respect of, the Company's future financial performance:

***Mineral exploration is speculative and uncertain and involves a high degree of risk***

The exploration for, and development of, mineral deposits involves a high degree of risk. Few properties which are explored are ultimately developed into producing mines. Resource exploration and development is a speculative business, characterized by a number of significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, although present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors that are beyond the control of the Company and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return on investment capital.

All of the properties in which the Company has an interest are without any mineral reserves. Whether a mineral deposit will be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices, which fluctuate widely, and government regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The combination of these factors may result in Lions Gate expending significant resources (financial and otherwise) on a property without receiving a return. There is no certainty that expenditures made by Lions Gate towards the search and evaluation of mineral deposits will result in discoveries of an economically viable mineral deposit.

The Company has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. The Company believes that those consultants and others are competent and that they have carried out their work in accordance with internationally recognized industry standards. However, if the work conducted by those consultants or others is ultimately found to be incorrect or inadequate in any material respect, the Company may experience delays or increased costs in developing its properties.

***Lions Gate's activities will require further capital***

The exploration and any development of Lions Gate's properties will require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and development of Lions Gate's properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to Lions Gate. If Lions Gate obtains debt

financing, it will be exposed to the risk of leverage and its activities could become subject to restrictive loan and lease covenants and undertakings. If Lions Gate obtains equity financing, existing shareholders may suffer dilution. There can be no assurance that Lions Gate would be successful in overcoming these risks or any other problems encountered in connection with such financings.

***Lions Gate has no history of earnings and no production revenues***

Lions Gate has no history of earnings and has not commenced commercial production on any of its properties. The Company has experienced losses from operations and expects to continue to incur losses for the foreseeable future. There can be no assurance that the Company will be profitable in the future. The Company's operating expenses and capital expenditures are likely to increase in future years as needed consultants, personnel and equipment associated with advancing exploration, and, if permitted, development and, potentially, commercial production of its properties, are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Company's acquisition of additional properties, government regulatory processes and other factors, many of which are beyond the Company's control. The Company expects to continue to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Company's properties will require the commitment of substantial resources. There can be no assurance that the Company will generate any revenues or achieve profitability.

***Lions Gate's mineral resources and any future mineral reserves are estimates and may be recalculated and reduced***

Lions Gate's mineral resources (and any future mineral reserves), to the extent they have been prepared, are estimates, and no assurance can be given that the estimated resources and/or reserves are accurate or that the indicated level of mineral will be produced. Such estimates are expressions of judgment based on drilling results, past experience with mining properties, knowledge, experience, industry practice and many other factors. Estimates which are valid when made may change substantially when new information becomes available. Mineral resource and reserve estimation is an interpretive process based on available data and interpretations and thus estimations may prove to be inaccurate.

The actual quality and characteristics of mineral deposits cannot be known until mining takes place, and will almost always differ from the assumptions used to develop resources. Further, mineral reserves are valued based on future costs and future prices and consequently, the actual mineral reserves and mineral resources may differ from those estimated, which may result in either a positive or negative effect on operations.

***Lions Gate may be adversely affected by fluctuations in mineral prices***

The market price of any mineral fluctuates widely and is affected by numerous factors beyond the control of Lions Gate, such as industrial and retail supply and demand, exchange rates, inflation rates, changes in global economies, confidence in the global monetary system, forward sales by producers and speculators as well as other global or regional political, social or economic events. The supply of any mineral consists of a combination of new mine production and existing stocks held by governments, producers, speculators and consumers. Future production, if any, from Lions Gate's mineral properties will be dependent upon the prices of uranium, copper and other metals being adequate to make these properties

economic. Future serious price declines in the market value of uranium, copper and other metals could cause development of, and any commercial production from, its properties to be rendered uneconomic. Depending on the mineral market price, Lions Gate could be forced to discontinue any production or development and may lose its interest in, or may be forced to sell, some of its properties. There is no assurance that, even if commercial quantities of uranium, copper and other metals are produced, a profitable market will exist for them.

In addition to adversely affecting future reserve estimates, if any, of Lions Gate and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

The Company currently does not engage in any hedging or derivative transactions to manage commodity price risk. As the Company's operations change, the directors of the Company will review this policy periodically going forward. There can be no assurance that fluctuations in commodity prices will not have a material adverse effect upon the Company's financial performance and results of operations.

***Lions Gate's title to its properties could be challenged***

There can be no assurances that Lions Gate's interest in its properties (the "Properties") is free from defects. The Company has investigated its rights as set forth in this Listing Statement and believes that these rights are in good standing. There is no assurance, however, that such rights and title interests will not be revoked or significantly altered to the detriment of the Company. There can be no assurances that the Company's rights and title interests will not be challenged or impugned by third parties.

All of the leases in which the Company has or may earn an interest will be subject to applications for renewal or grant (as the case may be). The renewal or grant of the term of each lease is usually at the discretion of the relevant government authority. If a lease is not renewed or granted, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that area.

***Lions Gate depends on key management personnel and may not be able to attract and retain qualified personnel***

Lions Gate is dependent on a number of key management personnel, including the services of certain key employees. Lions Gate's ability to manage its exploration, appraisal and potential development and mining activities will depend in large part on the ability to retain current personnel and attract and retain new personnel, including management, technical and a skilled workforce. The loss of the services of one or more key management personnel could have a material adverse effect on Lions Gate's ability to manage and expand the business.

***General economic conditions may adversely affect Lions Gate's growth and profitability***

The events in global financial markets recently have had a profound impact on the global economy. Many industries, including the mineral resource industry, continue to be impacted by these market conditions. Some of the key impacts of the current financial market include ongoing contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a continuing lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect Lions Gate's growth.

***Global financial conditions have been subject to increased volatility and may impact Lions Gate's ability to finance its activities***

Access to public financing has been negatively impacted by the broad lack of investor confidence in publicly traded mineral resource junior issuers, which may impact the ability of Lions Gate to obtain equity or debt financing in the future on terms favourable to Lions Gate. If the company was unable to obtain continued financing then its activities and its share trading price could be adversely affected.

***Lions Gate may enter into various contracts***

In order to secure debt funding, if deemed appropriate by the Company, the Company may be required to enter into various forward contracts for the physical delivery of some or all of its expected uranium, copper and other metals from the Properties. These contracts are designed to provide protection against the fluctuations in the mineral price. If Lions Gate fails to meet its obligations in terms of product quantity, quality or timing of supply, the Company faces a risk that it will have to purchase the physical uranium, copper and other metals shortfall on-market to meet its obligations under the forward contracts. This could have a material adverse effect upon the Company's financial performance and results of operations, especially if the mineral price has increased since the date of entering into such forward contracts.

If Lions Gate is able to determine through future exploration and studies that the Properties are capable of economic development and Lions Gate decides to proceed with the development of the Properties, Lions Gate will need to enter into off-take agreements for the product of mining operations. Lions Gate may have difficulty in finding off-take partners who are prepared to enter into long term off-take agreements with a party that does not have a proven production profile. Long term off-take agreements may be required in order for Lions Gate to obtain financing for the development of the Properties. If Lions Gate is not able to negotiate such long term agreements then the development of the Properties may be delayed or prevented.

If Lions Gate enters into any take-or-pay contracts for the off-take of its expected uranium, copper and other metals from the Properties, these contracts may provide Lions Gate with market prices subject to escalating floor and ceiling prices while allowing Lions Gate to benefit from some upside should the spot price for uranium, copper and other metals out-perform the ceiling prices. However, Lions Gate faces a risk of non-performance on these contracts as well as potential penalties if it fails to meet its obligations in terms of product quantity, quality or timing of supply. In addition, if Lions Gate fails to meet its



obligations in terms of product quantity, quality or timing of supply, the Company faces a risk that it will have to purchase the physical uranium, copper and other metals shortfall on-market to meet its obligations under the take-or-pay contracts. This could have a material adverse effect upon the Company's financial performance and results of operations, especially if the mineral price has increased.

***Lions Gate may acquire businesses and assets which are not successfully integrated***

Lions Gate undertakes evaluations of opportunities to acquire additional properties and businesses. Any acquisitions may change the scale of Lions Gate's business and may expose Lions Gate to new geographic, political, operating, financial and geological risks. Lions Gate's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, acquire them on acceptable terms, and integrate their operations successfully. Any acquisitions would be accompanied by risks, such as a significant decline in the relevant mineral price after Lions Gate commits to complete an acquisition on certain terms; the quality of the mineral deposit acquired proving to be lower than expected; the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of Lions Gate's ongoing business; the inability of management to realize anticipated synergies and maximize the financial and strategic position of Lions Gate; the failure to maintain uniform standards, controls, procedures and policies; the impairment of relationships with employees and contractors as a result of any integration of new management personnel, and the potential unknown liabilities associated with acquired assets and businesses. There can be no assurance that any assets or business acquired will prove to be beneficial or that Lions Gate will be able to integrate the required businesses successfully, which could slow Lions Gate's rate of expansion and Lions Gate's business and financial condition could suffer.

Lions Gate may need additional capital to finance acquisitions (whether completed or not) which may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence and prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies already advanced may not be recoverable, which may have a material adverse effect on the Company. If Lions Gate obtains debt financing, it will be exposed to the risk of leverage and its operations could become subject to restrictive loan and lease covenants and undertakings. If Lions Gate obtains equity financing, existing shareholders may suffer dilution. There can be no assurance that Lions Gate would be successful in overcoming these risks or any other problems encountered in connection with such financings.

***The mineral resource industry is competitive***

The mineral resource industry is competitive in all of its phases. The Company competes with other companies, some of which have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. The Company competes with other exploration and mining companies for the acquisition of leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. There can be no assurance that the Company can compete effectively with these companies.

### ***Lions Gate's activities are subject to government regulation***

Lions Gate's activities are subject to various laws governing exploration, taxes, labour standards and occupational health, safety, toxic substances, land use, water use, land claims of local people and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner, which could limit or curtail Lions Gate's activities.

Amendments to current laws, regulations and permits governing activities of exploration and mining companies, or more stringent implementation thereof, could have a material adverse impact on Lions Gate and cause increases in expenses or require abandonment or delays in activities.

Failure to comply with any applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing activities to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

### ***Lions Gate's minimum Canadian Exploration Expenses***

The Company has, and may continue to, pursue equity financings with tax flow-through shares. Such issuances impose a requirement on the Company to spend specified amounts on grassroots Canadian Exploration Expenses (as defined in the Income Tax Act (Canada)) within a specified period of time, thereby creating contractual restrictions on the Company's use of cash until such expenditure requirements are met.

### ***Lions Gate's activities are subject to environmental laws and regulations***

The industry has become subject to increasing environmental responsibility and liability. The potential for liability is an ever present risk. Currently, the Company is required to make reclamation deposits in respect of its expected rehabilitation obligations. The reclamation bonds represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company. Such reclamation requirements will continue to be levied upon the Company throughout the performance of exploration activities on the properties in the future, which present a financial challenge to Lions Gate as it pursues further expansion and exploration.

### ***Lions Gate relies on licenses, permits and approvals from various governmental authorities***

Lions Gate's activities require licenses, permits and approvals from various governmental authorities. Lions Gate believes that it holds all necessary licenses and permits under applicable laws and regulations to conduct its current activities and believes that it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in various circumstances and certain permits and approvals are required to be renewed from time to time. Additional permits and permit renewals will need to be obtained in the future and the granting, renewal and continued effectiveness of these permits and approvals are, in most cases, subject to some level of discretion by applicable regulatory authorities. Certain governmental approval and permitting processes



are subject to aboriginal and public consultation requirements and can be appealed by project opponents, which may result in significant delays or in approvals being withheld or withdrawn. There can be no guarantee Lions Gate will be able to obtain or maintain all necessary licenses and permits as are required to explore or develop its properties.

***Lions Gate has uninsured risks***

The business of Lions Gate is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions and floods. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of Lions Gate or others, delays in mining, monetary losses and possible legal liability.

Although Lions Gate maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all such risks and Lions Gate may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to Lions Gate or to other companies in the mining industry on acceptable terms. Losses from these events may cause Lions Gate to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

***Lions Gate may be adversely affected by fluctuations in foreign exchange rates***

International prices of various commodities are denominated in United States Dollars and a portion of the Company's future capital expenditure and ongoing expenditure may be denominated in United States Dollars, whereas the income and expenditure of the Company are and will be taken into account in Canadian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States Dollar and the Canadian Dollar as determined in international markets. The Company currently does not engage in any hedging or derivative transactions to manage foreign exchange risk. As the Company's operations change, its directors will review this policy periodically going forward. There can be no assurance that fluctuations in foreign exchange rates will not have a material adverse effect upon the Company's financial performance and results of operations.

***Lions Gate's joint venture parties, contractors and agents***

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is, or may become a party; or insolvency or other managerial failure by any of the contractors used by the Company in any of its activities; or insolvency or managerial failure by any of the other service providers used by the Company for any activity.

### ***Lions Gate may be subject to litigation***

Lions Gate may be involved in disputes with other parties in the future, which may result in litigation. If Lions Gate is unable to resolve these disputes favourably, it may have a material adverse impact on Lions Gate's financial condition.

### ***Lions Gate's directors and officers may have conflicts of interest***

Certain of the directors and officers of Lions Gate also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict.

### ***Lions Gate has a limited operating history***

The Company has limited operating history on which it can base an evaluation of its prospects.

The prospects of the Company must be considered in the light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly in the mineral exploration sector, which has a high level of inherent uncertainty.

### ***Lions Gate does not have a dividend history***

No dividends on the Shares have been paid by Lions Gate to date. Lions Gate anticipates that for the foreseeable future it will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of Lions Gate's board of directors' after taking into account many factors, including Lions Gate's financial condition and current and anticipated cash needs.

### ***Short term investment risks***

The Company may from time to time invest excess cash balances in short term commercial paper or similar securities. Recent market conditions affecting certain types of short term investments of some North American and European issuers have resulted in restricted liquidity for these investments. Although the Company does not intend to continue to invest excess cash balances in securities issued by these affected issuers, there can be no guarantee that further market disruptions affecting various short term investments will not have a negative effect on the liquidity of similar investments made by the Company.

### ***Securities investment risks***

Potential investors and shareholders should be aware that there are risks associated with any securities investment. The prices at which the Lions Gate shares trade may be above or below the issue price, and may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for mining and exploration companies, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. There can be no guarantee that these trading prices and

volumes will be sustained. These factors may materially affect the market price of the Shares, regardless of the Company's operational performance.

#### **ITEM 19: PROMOTERS**

Other than the directors and officers of the Company, management is not aware of any person or company who could be characterized as a promoter of the Company or a subsidiary of the Company within the two most recently completed financial years or during the current financial year.

#### **ITEM 20: LEGAL PROCEEDINGS**

The Company is not a party to any outstanding legal or regulatory proceedings, and the directors of the Company do not have any knowledge of any contemplated legal or regulatory proceedings that are material to the business and affairs of the Company.

#### **ITEM 21: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Except in regards to the executive compensation of directors and officers in their roles as same or the participation by directors and officers in recently completed private placements of the Company, no director or executive officer, insider, or any associate or affiliate of such insider or director or executive officer, have had any material interest, direct or indirect, in any material transaction of Lions Gate within the Company's three most recently completed financial years or during the current financial year, which has materially affected or will materially affect Lions Gate.

#### **ITEM 22: AUDITORS, TRANSFER AGENTS AND REGISTRARS**

The Company's auditor is Davidson & Company, LLP of Suite 1200, 609 Granville Street, Vancouver, British Columbia, V7Y 1G6

The Company's transfer agent and registrar is Valiant Trust Company. of 600-750 Cambie Street, Vancouver, British Columbia, V6B 2P2.

#### **ITEM 23: MATERIAL CONTRACTS**

There are no other contracts, other than those herein disclosed in this Listing Statement and other than those entered into in the ordinary course of the Company's business, that are material to the Company and which were entered into in the most recently completed financial year ended December 31, 2013 or before the most recently completed financial year but are still in effect as of the date of this Listing Statement.

#### **ITEM 24: INTERESTS OF EXPERTS**

##### **24.1 Names of Experts**

Gary H. Giroux, MASC, P. Eng, of Giroux Consultants Ltd. was responsible for preparing the Technical Report, and is an independent qualified person as defined in NI 43-101.

Davidson & Company Chartered Accountants, the Company's auditors, prepared the auditor's report for the audited annual financial statements of Lions Gate.

## **24.2 Interests of Experts**

To the knowledge of Lions Gate, none of the experts above or their respective associates or affiliates, beneficially owns, directly or indirectly, any securities of Lions Gate, has received or will receive any direct or indirect interests in the property of Lions Gate or is expected to be elected, appointed or employed as a director, officer or employee of Lions Gate or any associate or affiliate thereof.

## **ITEM 25: OTHER MATERIAL FACTS**

There are no other material facts about the Company and its securities that are not disclosed under the preceding items or incorporated by reference that are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to our company and our securities.

## **ITEM 26: FINANCIAL STATEMENTS**

The audited financial statements of the Company for the years ended December 31, 2013 and December 31, 2012 are appended to this Listing Statement as Schedule "A" and the unaudited interim financial statements of the Company for the three months ended March 31, 2014 are appended to this Listing Statement as Schedule "C".

## **ITEM 27: ADDITIONAL INFORMATION**

Additional information may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's information circular for its most recent annual meeting of shareholders that involved the election of directors.

Additional information is provided in the Company's most recent financial statements and the management's discussion and analysis for its most recently completed financial year.

**SCHEDULE "A"**

**AUDITED FINANCIAL STATEMENTS FOR THE YEARS  
ENDED DECEMBER 31, 2013 AND DECEMBER 31, 2012**



**Lions Gate Metals Inc.**  
**(An Exploration Stage Company)**

**Consolidated Financial Statements**  
**For the years ended December 31, 2013 and 2012**  
**(Expressed in Canadian Dollars)**

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of  
Lions Gate Metals Inc.

We have audited the accompanying consolidated financial statements of Lions Gate Metals Inc., which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.



### ***Opinion***

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Lions Gate Metals Inc. as at December 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### ***Emphasis of Matter***

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Lions Gate Metals Inc.'s ability to continue as a going concern.

### ***Other Matters***

The consolidated financial statements of Lions Gate Metals Inc. for the year ended December 31, 2012 were audited by another auditor who expressed an unmodified opinion on those statements on March 28, 2013.

**“DAVIDSON & COMPANY LLP”**

Vancouver, Canada

Chartered Accountants

April 17, 2014



**Lions Gate Metals Inc.**  
**(An Exploration Stage Company)**  
**Consolidated Statements of Financial Position**  
**(Expressed in Canadian Dollars)**

		<b>December 31, 2013</b>	December 31, 2012
	Notes	\$	\$
<b>Assets</b>			
Current assets			
Cash		<b>19,341</b>	1,004,834
Available-for-sale investments	5	<b>57,841</b>	151,667
Amounts receivable	6,10	<b>58,171</b>	44,124
Prepaid expenses		<b>11,223</b>	62,152
		<b>146,576</b>	1,262,777
Non-current assets			
Loan receivable	7	-	1
Reclamation deposits		<b>60,724</b>	89,089
Equipment	8	<b>26,530</b>	35,947
Exploration and evaluation assets	9	<b>5,621,180</b>	5,144,328
		<b>5,708,434</b>	5,269,365
Total assets		<b>5,855,010</b>	6,532,142
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		<b>41,158</b>	129,074
Due to related parties	10	<b>5,197</b>	2,203
		<b>46,355</b>	131,277
<b>Equity</b>			
Share capital	11	<b>21,057,337</b>	20,932,337
Share purchase warrants		<b>250,000</b>	1,863,972
Contributed surplus		<b>5,452,007</b>	3,838,035
Accumulated other comprehensive loss		<b>(22,499)</b>	-
Deficit		<b>(20,928,190)</b>	(20,233,479)
		<b>5,808,655</b>	6,400,865
Total liabilities and equity		<b>5,855,010</b>	6,532,142

Nature of operations and going concern – Note 1

Commitments – Notes 9 and 16

Events after the reporting date – Notes 9 and 11

Approved on behalf of the Board of Directors on April 17, 2014:

“Arni Johannson” Director “William Filtness, CA” Director

The accompanying notes form an integral part of these consolidated financial statements.

**Lions Gate Metals Inc.**  
**(An Exploration Stage Company)**  
**Consolidated Statements of Loss and Comprehensive Loss**  
**(Expressed in Canadian Dollars)**

	Notes	<b>For the year ended December 31, 2013</b>	<b>For the year ended December 31, 2012</b>
Administrative expenses			
Amortization		<b>9,417</b>	15,407
Financing fees and bank charges		<b>1,233</b>	14,477
Consulting fees	10	<b>17,654</b>	270,876
Director fees	10	<b>3,000</b>	22,000
Filing and transfer agent fees		<b>39,128</b>	22,488
General exploration		<b>6,547</b>	5,903
Office, rent and administration	10	<b>74,957</b>	198,079
Professional fees	10	<b>91,413</b>	140,563
Salaries and benefits	10	<b>185,756</b>	374,679
Share-based compensation	10	<b>-</b>	119,838
Travel, advertising and promotion		<b>24,706</b>	206,203
Total administrative expenses		<b>(453,811)</b>	(1,390,513)
Other income (expense)			
Finance income		<b>2,126</b>	5,460
Impairment of available-for-sale investments	5	<b>(124,026)</b>	(49,576)
Foreign exchange loss		<b>-</b>	(1,708)
Write down of mineral property interests	9	<b>(119,000)</b>	(1,900,310)
Net loss for the year		<b>(694,711)</b>	(3,336,647)
Other comprehensive income			
Fair value gain (loss) on available-for-sale investments	5	<b>(22,499)</b>	10,616
Total comprehensive loss for the year		<b>(717,210)</b>	(3,326,031)
Weighted average number of shares outstanding		<b>6,899,934</b>	6,316,492
Basic and diluted loss per share		<b>(0.10)</b>	(0.53)

The accompanying notes form an integral part of these consolidated financial statements.

**Lions Gate Metals Inc.**  
**(An Exploration Stage Company)**  
**Consolidated Statements of Changes in Equity**  
**(Expressed in Canadian Dollars)**

	Number of shares	Share capital \$	Share purchase warrants \$	Contributed surplus \$	Accumulated other comprehensive loss \$	Deficit \$	Total \$
Balance at December 31, 2011	23,491,826	20,224,650	3,166,114	2,297,441	(10,616)	(16,896,832)	8,780,757
Loss for the year	-	-	-	-	-	(3,336,647)	(3,336,647)
Private placement	2,000,000	860,000	-	-	-	-	860,000
Stock options issued/forfeited	-	-	-	132,245	-	-	132,245
Warrants issued	-	(106,207)	106,207	-	-	-	-
Expiry of warrants	-	-	(1,408,349)	1,408,349	-	-	-
Mineral property interest issuances	105,000	47,850	-	-	-	-	47,850
Share issue costs	-	(67,196)	-	-	-	-	(67,196)
Change in fair value of investments	-	-	-	-	10,616	-	10,616
Shares returned to treasury	(99,000)	(37,260)	-	-	-	-	(37,260)
Bridge loan share issuance	150,000	10,500	-	-	-	-	10,500
Balance at December 31, 2012	25,647,826	20,932,337	1,863,972	3,838,035	-	(20,233,479)	6,400,865
Loss for the year	-	-	-	-	(22,499)	(694,711)	(717,210)
Expiry of warrants	-	-	(1,613,972)	1,613,972	-	-	-
Shares issued for acquisition of mineral property	2,500,000	125,000	-	-	-	-	125,000
Shares exchanged on a 4:1 basis	(21,110,905)	-	-	-	-	-	-
Balance at December 31, 2013	7,036,921	21,057,337	250,000	5,452,007	(22,499)	(20,928,190)	5,808,655

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

**Lions Gate Metals Inc.**  
**(An Exploration Stage Company)**  
**Consolidated Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**

	For the year ended December 31,	
	2013	2012
	\$	\$
<b>Cash flows (used in) provided by:</b>		
<b>Operating activities</b>		
Net loss for the year	(694,711)	(3,336,647)
Items not affecting cash		
Amortization	9,417	15,407
Share-based compensation	-	119,838
Foreign exchange loss	-	1,708
Impairment of available-for-sale investments	124,026	49,576
Write down of mineral property interests	119,000	1,900,310
Write down of loan receivable	1	-
Changes in non-cash operating working capital:		
Amounts receivable	(14,047)	224,673
Prepaid expenses	50,929	21,781
Accounts payable and accrued liabilities	(87,916)	3,315
Due to related parties	2,994	-
Net cash used in operating activities	(490,307)	(1,000,039)
<b>Investing activities</b>		
Exploration and evaluation assets	(555,852)	(900,988)
Reclamation deposit	28,365	(44,981)
Receipt of BC mineral exploration tax credit	-	410,916
Purchase of marketable securities	(52,699)	-
Cash deposit received on option of mineral properties	85,000	1,000,000
Net cash from (used in) investing activities	(495,186)	464,947
<b>Financing activities</b>		
Proceeds from common share issuance	-	400,000
Proceeds from flow-through share issuance	-	460,000
Repurchase of shares returned to treasury	-	(37,260)
Payments of share issuance costs	-	(67,196)
Net cash from financing activities	-	755,544
Increase (decrease) in cash	(985,493)	765,349
Cash at beginning of year	1,004,834	220,452
<b>Cash at end of year</b>	<b>19,341</b>	<b>1,004,834</b>
<b>Non-cash items excluded from investing and financing activities:</b>		
Change in accrued but unpaid exploration and evaluation expenditures	(58,000)	(153,356)
Issuance of common shares for bridge loan	-	10,500
Share-based payment on acquisition of mineral property	125,000	47,850
Capitalized share-based compensation	-	12,408

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

**Lions Gate Metals Inc.**  
**(An Exploration Stage Company)**  
**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2013 and 2012**  
**(Expressed in Canadian dollars)**

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**1. Nature of Operations and Going Concern**

Lions Gate Metals Inc. (the “Company”) was incorporated under the Canada Business Corporations Act on March 28, 1980, and is in the business of acquiring, exploring and developing mineral properties. The Company is listed on the TSX Venture Exchange (“TSX-V”) and is currently in the exploration stage with mineral properties in Canada. The Company’s registered and records office is located at #490 – 580 Hornby Street, Vancouver, British Columbia, Canada, V6C 3B6.

The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, future profitable production or disposition thereof, and the ability of the Company to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

These consolidated financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. For the year ended December 31, 2013 the Company incurred a comprehensive loss of \$717,210 (December 31, 2012: \$3,326,031) and as of that date the Company’s deficit was \$20,928,190 (December 31, 2012: \$20,233,479). As at December 31, 2013 the Company had working capital of \$100,221, which may not be sufficient to finance exploration and operating costs over the next twelve months without additional funding.

These conditions may cast significant doubt on the Company’s ability to continue as a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material. Subsequent to December 31, 2013, the Company received additional cash of \$130,000 pursuant to the Whitford Lake Option Assignment Agreement (Note 9).

**2. Basis of Presentation**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were approved by the Company’s Board of Directors for issue on April 17, 2014.

**Lions Gate Metals Inc.**  
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**3. Summary of Significant Accounting Policies**

The financial statements have been prepared on a going concern basis, under the historical cost convention. The significant accounting policies used in the preparation of these financial statements are as follows:

**(a) Significant Accounting Judgments, Estimates and Assumptions**

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a high degree of judgment or complexity where assumptions and estimates are significant to the financial statements are considered to be determination of going concern, the assessment of carrying value, confirmation of title, and recoverability of mineral properties and the financial instrument classification of its investment in Canadian Uranium Corp. ("CanU").

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used (Note 1).

Management has determined the exploration and evaluation costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, the evaluation of permitting and environmental issues and local support for the project, and the ability to find joint venture partners if necessary. During the year ended December 31, 2013 the Company recorded a write down of \$119,000 with respect to the Whitford Lake mineral property.

The investment in Canadian Uranium Corp. ("CanU") consists of 4,500,000 common shares received in exchange for the assignment of the Whitford Lake Option (Note 9). Management does not believe that it is able to exert significant influence over the financial and operating policy decisions of CanU and expects its ownership interest to decrease over time as CanU continues to issue more shares. Accordingly the Company has classified the investment as available for sale. If this classification was not appropriate the investment in CanU would be accounted for using the equity method whereby the Company would initially record its investment at cost and record its share of any subsequent profits or losses.

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**(b) Basis of Consolidation**

The consolidated financial statements are presented in Canadian dollars unless otherwise noted. The consolidated financial statements include the accounts of the Company, and its inactive wholly-owned subsidiary, Northern Canadian Metals Inc. All intercompany transactions are eliminated on consolidation.

**(c) Foreign Currency Transactions**

Foreign currency amounts are translated into Canadian dollars, being the functional currency of the group, as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income. Exchange gains and losses arising on the retranslation of monetary available-for-sale financial assets are treated as a separate component of the change in fair value and recognized in net income. Exchange gains and losses on non-monetary available-for-sale financial assets form part of the overall gain or loss recognized in respect of that financial instrument.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

**(d) Cash**

Cash includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. For cash flow statement presentation purposes, cash includes bank overdrafts. As at December 31, 2013, the Company held cash of \$19,341.

**(e) Equipment**

Equipment is recorded at cost, less accumulated amortization and accumulated impairment losses. Amortization is provided at rates, using the declining-balance method, calculated to reduce original cost to estimated residual value over the expected useful life of each asset, at an annual rate of 30%.

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**(f) Exploration and Evaluation Expenditures**

These assets relate to mineral rights acquired and exploration and evaluation expenditures capitalized in respect of projects that are in the exploration or pre-development stage.

Once a right to explore a mineral property has been secured, exploration and evaluation expenditures are capitalized and include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Costs incurred before the Company has obtained the legal rights to explore a mineral property are expensed as incurred.

The technical feasibility and commercial viability of extracting a mineral resource are considered to be determinable when proven reserves are determined to exist, the right of tenure is current and it is considered probable that the costs will be recouped through successful development and exploitation of the area, or alternatively by sale of the property. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that mineral property are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective mineral properties. The Company reviews its exploration and evaluation assets for indicators of impairment on a periodic basis. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized when the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss for the period.

**(g) Reclamation Deposit and Obligations**

Funds held on deposit pursuant to contractual arrangements regarding the possible future establishment of a remediation obligation are classified separately as reclamation deposits. The liability for a decommissioning obligation, such as site reclamation costs, is recorded when a legal or constructive obligation exists and is recognized in the period in which it is incurred. The Company records the estimated present value of future cash flows associated with site reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized decommissioning costs will be amortized to expense over the life of the related assets using the units-of-production method. The liability is accreted to reflect the passage of time and adjusted to reflect changes in the timing and amount of estimated future cash flows. As at December 31, 2013 and 2012, the Company has determined that it does not have material decommissioning obligations.

**(h) Impairment of Non-Financial Assets**

The Company assesses at each date of the statement of financial position the carrying amounts of non-financial assets to determine whether there is an indication that those assets have suffered an impairment loss. If such an indication exists, the recoverable amount of the asset is estimated in



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order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments for the time value of money and risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

**(i) Financial Instruments**

*Financial Assets*

Financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as held-to-maturity are measured at amortized cost. The Company held no financial assets during the year which were classified as held-to-maturity.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. The Company has classified its investments and loan receivable as available-for-sale financial assets.

Financial assets classified as loans and receivables are measured at amortized cost less impairment. The Company has classified its cash, amounts receivable and reclamation deposits as loans and receivables.

Financial assets classified as FVTPL includes financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Held for trading financial assets are measured at fair value with unrealized gains

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and losses recognized through earnings. The Company held no financial assets during the year which were classified as held-for-trading.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

*Impairment on Financial Assets*

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

In the case of equity instruments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. When there is evidence of impairment, the cumulative loss is removed from other comprehensive income and recognized in profit or loss.

*Financial Liabilities*

Financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or classified as other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method. The Company has classified its accounts payable and accrued liabilities, and amounts due to related parties as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive loss. The Company has no financial liabilities classified as FVTPL.

**(j) Provisions**

Provisions are recognized for liabilities of uncertain timing or amounts that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date. The Company has not recorded any other provisions as at December 31, 2013.

**(k) Income Taxes**

Income tax expense is comprised of current and deferred tax.

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Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date. As the Company is in a loss position there is no current tax payable.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

**(l) Share Capital**

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and share purchase warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(m) Flow-through Shares**

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("flow-through tax liability") and included in accounts payable and accrued liabilities. Upon renouncement by the Company of the tax benefits associated with the related expenditures and incurring those expenditures, a deferred tax liability is recognized and the flow-through tax liability will be reversed. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

**(n) Earnings/Loss Per Share**

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

**(o) Share-based Payments**

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled transactions and, when determinable, are recorded at the value of the goods and services received. If the value of the goods and services received are not determinable, then the fair value of the share-based payment is used.

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The Company uses a fair value based method (Black-Scholes Option-Pricing model) for all share options granted to directors, employees and certain non-employees. This model employs assumptions for risk-free interest rates, dividend yields, expected lives, and volatility based on historical data adjusted for normalizing factors. For directors and employees, the fair value of the share options is measured at the date of grant.

For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received.

The fair value of share-based payments is charged either to profit or loss or the related asset as applicable, such as exploration and evaluation assets, with the offsetting credit to contributed surplus. For directors and employees, the share options are recognized over the vesting period based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods where vested. For non-employees, the share options are recognized over the related service period. When share options are exercised, the amounts previously recognized in contributed surplus are transferred to share capital.

In the event share options are forfeited prior to vesting, the associated fair value recorded to date is reversed. The fair value of any vested share options that expire remain in contributed surplus.

**(p) Revenue Recognition**

The Company recognizes interest income on an accrual basis, dividends when declared, and investment gains and losses when realized. Interest income includes amortization of any premium or discount recognized at date of purchase. Realized gains and losses represent the difference between the amounts received through the sale of investments and their respective cost base. Unrealized gains and losses on available-for-sale investments are recorded in other comprehensive income (loss) and will be recognized in consolidated operations when realized.

Transaction costs are included in the acquisition cost of individual investments and recognized as part of the realized gains or losses when they are sold or written down. When the fair value of an investment falls below its cost, and the decline is determined to be other than temporary, a loss equivalent to the difference between cost and current fair value is recorded in the Company's consolidated statement of operations.

**(q) Comprehensive Loss**

Comprehensive loss consists of loss for the year and other comprehensive loss. Unrealized gains and losses on financial assets classified as available-for-sale are recorded in other comprehensive loss until the criteria for recognition in the Company's consolidated statements of operations are met.

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**4. Changes in Accounting Policies Including Initial Adoption**

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning before or on January 1, 2013.

The following new standards, amendments and interpretations that have been adopted for the Company's current fiscal year have not had a material impact on the Company:

- IFRS 10 "*Consolidated Financial Statements*"
- IFRS 11 "*Joint Arrangements*"
- IFRS 12 "*Disclosure of Interests in Other Entities*"
- IFRS 13 "*Fair Value Measurement*"
- IAS 1 "*Presentation of Financial Statements*" amendments

The Company has reviewed the new, revised and proposed accounting pronouncements that have been issued but are not yet effective at December 31, 2013 and does not expect any to have a significant impact on the Company.

**5. Available-For-Sale Investments**

Available-for-sale investments consist of investments in equity shares. The fair value of the publicly traded shares has been determined directly by reference to published price quotations in an active market. For the year ended December 31, 2012, the Company noted a significant or prolonged decline in the fair value of investments below cost. As a result of this objective evidence of impairment, the cumulative loss was removed from other comprehensive income and recognized as impairment. A further \$124,026 of impairment was recognized for the year ended December 31, 2013 with an additional \$22,499 amount recognized as a fair value loss in other comprehensive income

	December 31, 2013		December 31, 2012	
Quoted equity shares	# of shares	Cost and Fair Value \$ <sup>1</sup>	# of shares	Cost and Fair Value \$ <sup>1</sup>
Copper One Inc.	20,000	1,000	20,000	1,300
Crescent Resources Corp (formerly Coventry Resources Inc.) <sup>2</sup>	17,600	1,056	88,000	3,520
Catalyst Copper Corp. <sup>3</sup>	16,700	835	167,000	9,185
Wolf Resource Development Corp. (formerly Ferro Iron Ore Corp) <sup>4</sup>	104,166	18,750	416,667	81,250
Touchstone Gold Ltd.	400,000	6,000	400,000	56,412
Archer Petroleum Corp. <sup>5</sup>	151,000	30,200	-	-
		57,841		151,667

**Lions Gate Metals Inc.**  
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<sup>1</sup> Cost includes original cost less any impairment.

<sup>2</sup> On January 8, 2013 Crescent Resources Corp and Coventry Resources completed a business combination resulting in Coventry becoming a wholly-owned subsidiary of Crescent Resources Corp. Prior to the transaction there was a share consolidation on a 5:1 basis, thus changing the Company's holdings from 88,000 shares to 17,600 shares.

<sup>3</sup> In December 2013 Catalyst Copper Corp. consolidated its shares on a 10:1 basis resulting in the Company's holdings decreasing from 167,000 to 16,700 shares.

<sup>4</sup> On July 18, 2013 Ferro Iron Ore Corp. announced it would change its name to Wolf Resource Development Corp. Additionally, it completed a share consolidation on a 4:1 basis, thus changing the Company's holdings from 416,667 shares to 104,166 shares.

<sup>5</sup> During the year ended December 31, 2013 the Company purchased 151,000 shares of Archer Petroleum Corp. for cash of \$52,699.

In addition during the year, pursuant to the Whitford Lake Option Assignment Agreement (Note 9), the Company acquired 4,500,000 shares in CanU. A \$nil value was attributed to these shares on acquisition which is estimated to also approximate fair market value at December 31, 2013.

## **6. Amounts Receivable**

Amounts receivable consists of:

	December 31, 2013	December 31, 2012
	\$	\$
GST/HST Recoverable	5,689	6,469
METC Receivable	-	28,638
Other Receivables <sup>1</sup>	37,482	9,017
Due from CanU	15,000	-
Total	58,171	44,124

<sup>1</sup> Other receivables include amounts owing for the sub-rental of office premises.

## **7. Loan Receivable**

In November, 2008, the Company loaned US\$400,000 to a third party borrower in exchange for a promissory note. In subsequent years the Company received total repayments of US\$200,000 and the remaining loan was written down to a nominal value. During the year ended December 31, 2013 the Company wrote off the remainder of the loan as it was deemed to be uncollectible.

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**8. Equipment**

	Computer Equipment \$
Cost at December 31, 2012 and December 31, 2013	56,594
Accumulated Amortization	
At December 31, 2012	20,647
Amortization charge	9,417
At December 31, 2013	30,064
Net book value	
At December 31, 2012	35,947
At December 31, 2013	26,530

**9. Exploration and Evaluation Assets**

Balance at December 31, 2013				
	Province of British Columbia		Province of Saskatchewan Whitford Lake	Total
	Poplar \$	Copperline \$	\$	\$
Deferred Acquisition Costs				
Balance at December 31, 2012	1,261,692	1	-	1,261,693
Paid by issue of shares	-	-	125,000	125,000
Paid in cash	-	-	300,000	300,000
Paid in cash re work commitment	25,053	-	-	25,053
Cash received	-	-	(85,000)	(85,000)
Balance at December 31, 2013	1,286,745	1	340,000	1,626,746
Deferred Exploration				
Balance at December 31, 2012	3,882,635	-	-	3,882,635
Consulting	6,861	-	-	6,861
Field Expenditures	-	-	25,000	25,000
Geophysical	9,526	-	189,000	198,526
Miscellaneous	412	-	-	412
Balance at December 31, 2013	3,899,434	-	214,000	4,113,434
Write down of mineral property	-	-	(119,000)	(119,000)
Total at December 31, 2013	5,186,179	1	435,000	5,621,180

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Balance at December 31, 2012				
	Balance	2012	Write-	Balance
Canadian Mineral Property Interests	December	Costs	Down for	December
Province of BC	31, 2011	Incurred	Valuation	31, 2012
	\$	\$	\$	\$
Deferred Acquisition Costs				
Poplar mineral property - 100% interest	1,036,486	225,206	-	1,261,692
Kelly Creek mineral property – 100%	1	-	(1)	-
Hudson Bay Mountain mineral property	1,175,575	-	(1,175,575)	-
Copperline mineral property - 60%	1	-	-	1
ROK – Coyote mineral property - 75%	234,000	72,012	(306,012)	-
	2,446,063	297,218	(1,481,588)	1,261,693
Deferred Exploration Expenditures				
Poplar				
Airborne survey	334,129	-	-	334,129
Assays/Metallurgy	55,953	18,820	-	74,773
Camp costs	796,727	2,123	-	798,850
Consulting	700,441	207,661	-	908,102
Drilling	1,766,392	-	-	1,766,392
Environmental	122,849	16,279	-	139,128
Field expenditures and personnel	693,082	16,400	-	709,482
Geophysical/I.P. magnetic survey	449,831	100,093	-	549,924
Maps and reports	3,071	4,813	-	7,884
Miscellaneous	65,758	4,723	-	70,481
Telecommunications	11,726	4,035	-	15,761
Community Relations/Traditional use	67,295	17,500	-	84,795
Travel and accommodation	88,632	-	-	88,632
Mining exploration tax credits claimed	(702,334)	(21,364)	-	(723,698)
Cash deposits received	-	(942,000)	-	(942,000)
	4,453,552	(570,917)	-	3,882,635
Hudson Bay Mountain				
Consulting	41,816	6,415	(48,231)	-
Camp costs	25,862	-	(25,862)	-
Field expenditures and personnel	62,532	-	(62,532)	-
Geological	27,302	771	(28,073)	-
Miscellaneous	3,479	104	(3,583)	-
Mining exploration tax credits claimed	(27,645)	27,645	-	-
ROK – Coyote				
Consulting & Community Relations	61,248	36,461	(97,709)	-
Camp costs	15,667	-	(15,667)	-
Field expenditures and personnel	95,188	410	(95,598)	-
Geophysical	39,107	2,580	(41,687)	-
Mining exploration tax credits claimed	(17,921)	17,701	220	-
	4,780,187	(478,830)	(418,722)	3,882,635
Total at December 31, 2012	7,226,250	(181,612)	(1,900,310)	5,144,328



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*Poplar mineral property*

By an agreement dated April 20, 2004 and later amended on July 30, 2007, the Company was granted an option to acquire a 100% interest in certain mineral claims, known as the Poplar mineral property interest ("Poplar 1"), situated in the Omineca Mining Division of B.C. The Company has met all required cash payments and share issuances related to the acquisition of Poplar 1.

The Poplar 1 agreement included an underlying 2% net smelter return royalty ("NSR") on the property including minimum annual advance royalties of \$75,000. During the 2012 fiscal year the Company fully terminated the minimum advance royalties obligation.

In prior years the Company entered into option agreements to acquire a 100% interest in mineral claims near Poplar Lake ("Poplar 2") and ("Poplar 3") and in exchange issued 100,000 and 30,000 pre-consolidation common shares respectively. The Company also staked additional hectares in the area adjacent to the Poplar mineral property ("Poplar 4"). The Poplar 2 property is subject to a 1% NSR which can be purchased by the Company for \$1,000,000 less any NSR amounts previously paid. The Poplar 3 property is subject to a 1% NSR which can be purchased by the Company for \$100,000 less any NSR amounts previously paid. These Poplar 2, 3 and 4 mineral claim holdings are now 100% owned by the Company and all mineral claims are current and in good standing.

The Company's Poplar Copper Gold & Silver Project ("Poplar") mineral property is located in traditional Wet'suwet'en territories. On August 20, 2009 the Company signed a Memorandum of Understanding ("MoU") with the Office of the Wet'suwet'en (the "OW") which represents the interests of five Clans and thirteen Houses. The MoU recognized that both parties to the MoU are committed to a respectful and consultative relationship with respect to the mineral property and the Company has committed to make annual cash payments of \$10,000 until such time as the MoU is terminated by either party.

The MoU was renewed and formalized in a Communications and Engagement Agreement on December 15, 2010 and this agreement was later extended on May 1, 2012. This agreement will be effective until such time as an Accommodation Agreement can be entered into between the parties. Either party may terminate the agreement by providing ninety days' notice in writing.

On October 16, 2012, the Company entered into a binding Letter of Intent (the "LOI") with Canadian Dehua International Mines Group Inc. ("Dehua"), whereby the Company would grant Dehua an option to acquire a one hundred percent (100%) interest in the Poplar Project in exchange for a non-refundable cash payment of \$15,000,000, including \$1,000,000 received on signing, and exploration work to be completed by Dehua over a two year period. A consultant fee of \$58,000 was paid with respect to this LOI.

On October 24, 2013 the Company announced that it had formally ended its agreement with Dehua and is currently determining other options in order to further advance the Poplar project.

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*Hudson Bay Mountain mineral property*

In May 2005, the Company acquired a 100% interest in certain mineral claims known as the Hudson Bay Mountain mineral property interest. On July 29, 2010, the Company entered into a second purchase agreement to acquire additional claims, known as the Mason claims, surrounding its existing mineral property interest on Hudson Bay Mountain. On December 17, 2012, the Company released the Hudson Bay Mountain property and accordingly the total carrying cost of the property of \$1,175,575 was recorded as a loss in operations during the 2012 fiscal year.

*Copperline mineral property*

On July 17, 2010 the Company entered into a purchase agreement to acquire a 60% interest in the Copperline mineral property in British Columbia and, in exchange issued 2,700,000 pre-consolidation common shares and undertook to assume all of the vendor's rights and obligations with respect to the property. The Copperline property is subject to an underlying NSR of 1.25% for part of the property and 2.0% for the remainder. The Company can repurchase 1.25% and 0.5% respectively of these royalties with a \$500,000 cash payment.

The Company's interest in this property is carried at a nominal value based on Management's assessment of current recoverable value. The Company continues to ensure that all mineral claims are current and remain in good standing with such costs being charged to operations in the period incurred.

*ROK-Coyote mineral property*

On January 5, 2011, the Company entered into an Option Agreement with Firesteel Resources Inc. to acquire a 75% interest in the ROK-Coyote mineral property. On January 2, 2013, the Company returned the ROK-Coyote property to Firesteel and accordingly the total carrying cost of the property of \$306,012 was recorded as a loss in operations during the 2012 fiscal year.

*Whitford Lake mineral property*

Pursuant to the terms of an Option Agreement dated February 18, 2013, and amended on August 26, 2013, with St. Jacques Mineral Corp., the Company has agreed to acquire an undivided 100% interest in the Whitford Lake Property located in the Athabasca Basin in Saskatchewan in exchange for the following:

Non-refundable cash payments required:

- 1) \$25,000 due February 18, 2013 (paid)
- 2) An additional \$75,000 due within five days of receipt of regulatory approval ("approval date") (paid)
- 3) An additional \$200,000 due by September 3, 2013 (paid)

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Non-refundable cash payments required with obligation transferred pursuant to Option Assignment Agreement with CanU (below):

- 4) An additional \$100,000 due by December 31, 2013 (paid by CanU)
- 5) An additional \$750,000 due by February 18, 2017

Share issuances required:

2,500,000 pre-consolidated common shares to be issued within five days of the approval date (issued).

Exploration expenditures required:

\$3,000,000 of qualifying exploration expenditures to be incurred on the property before February 18, 2017 or the equivalent amount to be paid to the Vendor in cash.

This property is subject to a 1% NSR one half of which can be purchased by the Company for \$750,000 less any NSR amounts previously paid.

In September 2013, the Company entered into a Whitford Lake Option Assignment Agreement with CanU, which was later amended on December 1, 2013, whereby it would transfer all of its interest in the Whitford Lake Option Agreement to CanU in exchange for the following:

Non-refundable cash payments required:

- 1) \$60,000 due on or before December 3, 2013 (received)
- 2) \$200,000 due within 2 days following CanU completing any equity offering generating gross proceeds in excess of \$600,000 (\$25,000 received as at December 31, 2013 and \$130,000 subsequently received); and
- 3) \$260,000 due within 5 days following CanU completing the listing of its shares on a recognized stock exchange.

Share issuances required:

- 1) 4,500,000 common shares of CanU (shares received – Note 5)

Additionally CanU would assume all of the Company's obligations, liabilities and responsibilities required under the original Whitford Lake option agreement and the additional addendum dated August 26, 2013 including the cash payment of \$100,000 required on or before December 31, 2013. As at December 31, 2013 the Company has recorded a write down of \$119,000 with respect to the Whitford Lake mineral property.

Subsequent to December 31, 2013 the President and CEO of the Company became a director of CanU.

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**10. Related Party Transactions**

Related party transactions for the years ended December 31, 2013 and 2012 are as follows:

	December 31, 2013	December 31, 2012
Professional fees	37,960	55,000
Administrative expense	-	161,103
Consulting fees	-	211,651
Director fees	3,000	22,000
Salaries and Management fees	139,500	240,361
Total	180,460	690,115

Key management of the Company includes the President, CFO and the Directors. For the year ended December 31, 2013, compensation in respect of services provided by key management consists of \$97,500 in management fees paid to the President, directors fees of \$3,000 paid to former directors and \$15,000 in professional fees paid for CFO services to Malaspina Consultants Inc., a Company in which the CFO is an associate.

Compensation paid in the prior year to key management was comprised of \$180,000 in management fees paid to the former President, director fees of \$22,000 paid to former directors, \$55,000 in professional fees paid to the former CFO, and consulting fees of \$160,651 paid to a company controlled by the former CEO. Included in share-based compensation is \$Nil (2012:\$81,851) attributed to options issued.

On May 4, 2012, pursuant to a consulting contract, the Company advanced the first \$50,000 tranche of a possible \$200,000 loan to a company controlled by the former CEO, the proceeds of which were used to purchase shares of the Company. The loan bore interest at the 1% CRA prescribed rate for shareholder loans compounded annually, and had a term of two years. On September 13, 2012, the Company terminated the contract and as part of the negotiated settlement, the loan was forgiven in lieu of severance and expensed to consulting fees.

The payment of director fees ceased effective March 31, 2013. There was no other compensation paid or payable to key management for employee services.

In October 2012, the Company received a bridge loan from a company controlled by the President in the amount of \$100,000. Terms of the loan included an interest rate of prime + 9% and the issuance of 150,000 bonus shares to the lender. The loan was repaid in full on December 7, 2012, and the shares were issued on December 18, 2012. \$2,203 of interest expense was recorded with respect to this loan.

Also included in related party transactions are salaries of \$42,000 (2012: \$60,361) paid to the VP Operations, consulting fees of \$Nil (2012: \$51,000) paid to the former VP Operations, accounting fees of \$22,960 (2012: \$Nil) paid to Malaspina Consultants Inc. and \$Nil (2012: \$161,103) in administrative expenses related to cost sharing arrangements for office administration personnel,

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rent, telephone and other office expenses, paid to companies controlled by former directors or officers.

The amounts due to related parties are non-interest bearing and payable on demand and are comprised of \$3,000 (December 31, 2012: \$Nil) of director fees payable to former directors, \$2,197 (December 31, 2012: \$Nil) of professional fees payable to Malaspina Consultants Inc. and \$Nil (December 31, 2012: \$2,203) of interest payable to a former Officer.

## **11. Share Capital**

On November 11, 2013 the common shares of the Company were consolidated on the basis of four pre-consolidation common shares for one post-consolidation common share. The Company's options and warrants were also consolidated on the same 4 for 1 basis. All shares are reflected on a post-consolidation basis unless otherwise noted.

### **Common Shares**

- i) Authorized - unlimited number of common shares without par value
- ii) Issued and outstanding – 7,036,921 (December 31, 2012: 6,411,921) common shares

In November 2011, the Company commenced a Normal Course Issuer Bid ("NCIB") to acquire up to 600,000 of its pre-consolidation common shares over a one year period. During 2012 the Company acquired 99,000 pre-consolidation shares under the NCIB at a cost of \$37,260 which it subsequently returned to treasury. Purchases were made through the facilities of the TSX Venture Exchange in accordance with the Exchange requirements. The price at which the Company purchased its common shares was at the market price of the common shares at the time of acquisition.

On February 22, 2012, the Company completed a non-brokered private placement, whereby it issued 1,000,000 pre-consolidation flow through units at a price of \$0.46 per unit and 1,000,000 non flow through pre-consolidation units at a price of \$0.40 per unit, for aggregate gross proceeds of \$860,000. Each unit consisted of one common share and one-half of one common share purchase warrant with each whole warrant entitling the holder to acquire one pre-consolidation non-flow-through common share of the Company for \$0.80 until October 22, 2013. The Company paid finder's fees of \$28,200 and issue costs of \$38,996 with respect to this financing.

The Company allocated \$106,207 to the fair value of the share purchase warrants which was determined using the Black-Scholes option pricing model, based on the following terms and assumptions:

Dividend yield	0%
Risk-free interest rate	1.10%
Expected life	1.7 years
Expected volatility	69.9%
Weighted average grant date fair value	\$0.11

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During the year ended December 31, 2012 a total of 55,000 and 50,000 pre-consolidation common shares with an ascribed value of \$31,350 and \$16,500 were issued pursuant to the Poplar and ROK-Coyote mineral property option purchase agreements respectively.

In December 2012, the Company issued 150,000 pre-consolidation bonus shares to the President as part of a bridge loan payable agreement.

Pursuant to the Whitford Lake Property Option Agreement the Company issued 625,000 common shares on March 22, 2013. As at December 31, 2013, 250,000 of these shares are subject to a pooling agreement which will expire on September 22, 2014.

(a) Flow-through Obligation

Flow through share arrangements involve resource expenditure deductions for income tax purposes which are renounced to purchasers of common shares in accordance with income tax legislation. Each flow through share entitles the holder to a 100% tax deduction in respect of qualifying Canadian Exploration Expenses ("CEE") as defined. The Company was required to incur a total of \$459,000 of eligible CEE by December 31, 2013 with respect to the flow through shares issued for the period ended December 31, 2012. As at December 31, 2013, the Company believes it has fulfilled this requirement.

(b) Share Purchase Warrants

The following is a summary of changes in warrants:

	Number of Warrants	Weighted Average Exercise Price \$
Balance December 31, 2011	9,769,769	0.90
Issued	1,000,000	.80
Expired	(5,269,019)	.41
Balance December 31, 2012	5,500,750	1.19
Expired	(5,344,500)	1.19
Warrants exchanged on a 4:1 basis	(117,187)	1.00
Balance as at December 31, 2013	39,063	4.00

As at December 31, 2013 the Company had outstanding warrants as follows:

Number of Warrants	Exercise Price	Expiry Date
39,063	\$ 4.00	July 13, 2015

(c) Stock options

The Company has a Rolling Incentive Stock Option Plan ("the Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or consultants of the Company. A maximum of 10% of the issued and

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outstanding common shares of the Company may be reserved for issuance pursuant to the exercise of stock options. Terms of the Plan, considered to be the most significant, provide that the Directors have the right to grant options to acquire common shares of the Company at a price not less than the closing market price of the shares on the date the Company grants the option, less any discount permitted by the TSX-V, at terms of up to ten years. The majority of stock options vest immediately on the date of grant unless otherwise required by the TSX-V or the Board of Directors.

The following is a summary of changes in stock options:

	Number of Options	Weighted Average Price \$	Weighted Average Remaining Contractual Life
Balance, December 31, 2011	1,854,000	0.87	
Granted	585,000	0.74	
Cancelled	(828,000)	0.86	
Balance December 31, 2012	1,611,000	0.83	3.2 years
Cancelled	(821,000)	0.82	
Options exchanged on a 4:1 basis	(592,500)	0.84	
Balance, December 31, 2013	197,500	3.34	1.97 years

The weighted average fair value of options granted during the year ended December 31, 2012 was \$0.23 which was based on the Black-Scholes option pricing model and included the following weighted average assumptions:

Risk-free interest rate	0.97% - 1.39%
Expected life	3.0 years
Expected volatility	85.4%
Dividend yield	0%

Details of stock options outstanding and exercisable as at December 31, 2013 are as follows:

Number of Options	Exercise Price \$	Expiry Date	Vesting Provisions
6,250	2.88	April 1, 2014	Vested
6,250	4.28	September 18, 2014	Vested
37,500	4.40	January 15, 2015	Vested
109,750	3.20	January 3, 2016	Vested
37,750	2.64	April 4, 2017	Vested
197,500			

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Subsequent to December 31, 2013, 25,000 options exercisable at \$4.40 and 25,000 options exercisable at \$3.20 were cancelled and 6,250 options exercisable at \$2.88 expired.

**12. Income Taxes**

The recovery of income taxes differs from the theoretical amounts which would be computed by applying local tax rates to the loss before tax as follows:

	2013	2012
Average statutory tax rate	26.00%	25.00%
	\$	\$
Net loss for the year	(694,711)	(3,336,647)
Income tax recovery at applicable rate	(180,641)	(834,162)
Non-deductible amounts	20,632	39,138
Impact of flow through expenditures	54,000	-
Changes in future tax rates and other	14,008	18,792
Change in unrecognized deferred tax assets	92,001	776,232
Income tax provision	-	-

Deferred income taxes arise from temporary differences in the recognition of income and expenses for financial reporting and tax purposes. The income tax benefit of the following deductible temporary differences has not been recorded in these financial statements because of the uncertainty of their recovery:

	2013	2012
	\$	\$
Non-capital loss carry forwards	1,688,971	1,481,293
Net capital losses	32,218	30,979
Mineral properties	518,506	644,183
Investments	45,581	29,565
Share issuance costs	47,654	70,615
Equipment and other	20,741	5,035
Total	2,353,671	2,261,670

As of December 31, 2013, the Company has non-capital losses available to reduce taxes in future years of approximately \$6,496,043 (2012: \$5,925,174). The remaining deductible temporary differences carry forward indefinitely. Tax attributes are subject to review and potential adjustment by tax authorities.



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### **13. Management of Capital Risk**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the exploration and development of mineral properties.

In order to maintain or adjust its capital structure the Company may issue new equity if it is available on favourable terms, finance through debt, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of mineral properties.

The Company is dependent on capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets, by the status of the Company's projects in relation to these markets and by its ability to compete for investor support of its projects. The Company is not subject to externally imposed capital requirements and there were no changes to the Company's management of capital during the year ended December 31, 2013. The Company's capital structure consists of shareholders' equity, which is comprised of share capital net of accumulated deficit. In order for the Company to carry out planned exploration and development and pay for administrative costs, the Company will spend its working capital and intends to raise additional amounts externally as needed.

### **14. Financial Instruments and Risk Management**

#### **a) Fair value of financial instruments**

At December 31, 2013 the Company's financial instruments consist of cash, available-for-sale investments, amounts receivable, reclamation deposit, accounts payable and accrued liabilities and due to related parties. The carrying values of these financial instruments other than available for sale investments approximates their fair value because of their short term nature.

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of 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 for the asset or liability that are not based on observable market data.

The Company uses Level 1 inputs to measure available for sale investments except for the shares held in CanU which are measured using Level 3 inputs.

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b) Financial instrument risk

The Company's financial instruments are exposed in varying degrees to a variety of financial risks. The Board approves and monitors the risk management processes:

*Credit risk*

Credit risk exposure primarily arises with respect to the Company's cash, other receivables and due from related party. The Company places its instruments in banks of high credit worthiness within Canada and continuously monitors the collection of other receivables.

*Liquidity risk*

Liquidity risk is the risk that the Company cannot meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to settle liabilities and obligations when they become due. As at December 31, 2013 the Company had sufficient cash and available-for-sale investments of \$77,182 to settle current liabilities of \$46,355 which primarily consisted of short term accounts payable settled within 30 days.

*Market risk*

Market risk consists of currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns. The Company has no foreign exchange rate risk as all amounts are denominated in Canadian dollars. Other than available for sale investments it also holds no financial instruments that expose it to other price risk.

*Interest rate and commodity price risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company is not significantly exposed to interest rate or commodity price risk.

## **15. Segmented Reporting**

The Company operates in one reportable operating and geographic segment, being the exploration and evaluation of mineral properties in Canada.

## **16. Commitment**

Effective January 1, 2013, the Company committed to a two and one half year office lease. Gross payments required pursuant to the terms of this lease are expected to approximate \$40,740 and \$20,634 for the 2014 and 2015 fiscal years respectively. Of these amounts the Company expects its share, after deducting amounts receivable from cost sharing arrangements currently in place, to approximate \$6,000 and \$3,000 for these years.

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**17. Comparative Amounts**

Certain amounts from the prior year have been reclassified to conform with the presentation basis adopted for the current year.

**SCHEDULE “B”**

**MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE YEAR  
ENDED DECEMBER 31, 2013**



Lions Gate Metals Inc.  
Management Discussion and Analysis  
For the year ended December 31, 2013

Report dated April 17, 2014

## INTRODUCTION

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This Management Discussion and Analysis of the Financial Position and Results of Operations for Lions Gate Metals Inc. (the "Company" or "Lions Gate"), dated April 17, 2014 ("MD&A"), should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2013 and 2012. This MD&A is the responsibility of management and has been reviewed and approved by the Board of Directors of Lions Gate Metals Inc. Except as otherwise noted all dollar figures in this report are stated in Canadian dollars, which is the Company's reporting currency.

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

On November 11, 2013 the common shares of the Company were consolidated on the basis of four pre-consolidation common shares for one post-consolidation common share. The Company's options and warrants were also consolidated on the same 4 for 1 basis. In the following discussion the number of options, warrants and common shares issued by the Company is reflected on a post-consolidation basis unless otherwise noted.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

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The following discussion and analysis may contain forward-looking statements which are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth in the following discussion.

The forward-looking information in this MD&A typically includes words and phrases about the future, such as: "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". We can give no assurance that the forward-looking information will prove to be accurate. It is based on a number of assumptions management believes to be reasonable, including but not limited to: no material adverse change in the market price of commodities and exchange rates, permitting timelines, limited volatility in the Company's share price and such other assumptions and factors as set out herein.

It is also subject to risks associated with our business, including but not limited to: risks inherent in the mining and metals business, the success of exploration activities, requirements for additional capital, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and other risks that are set out below.

If our assumptions prove to be incorrect or risks materialize, our actual results and events may vary materially from what we currently expect as set out in this review. We recommend that you review our Annual Filings including this MD&A, which include a discussion of material risks that could cause actual results to differ materially from our current expectations. Forward-looking information is designed to help you understand management's current views of our near and longer term prospects, and it may not be appropriate for other purposes.

## **COMPANY OVERVIEW**

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Lions Gate is currently a Tier 1 TSX Venture Exchange ("TSX-V") public company with common shares listed for trading under the symbol "LGM" but intends to apply to list its shares on the Canadian Securities Exchange ("CSE") in the near future. Lions Gate was incorporated under the Canada Business Corporations Act, and is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource property interests in Canada.

## **CHANGE IN MANAGEMENT AND DIRECTORS**

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Effective January 2, 2013 Sharon Muzzin CA was appointed as CFO replacing Mr. David McAdam. In addition on January 30, 2013, Mr. Richard Schroeder resigned as a director and on January 31, 2013, Mr. Paul Sarjeant stepped down as COO. At the Company's Annual General Meeting held on July 11, 2013, Mr. William Filtness and Mr. Murray Oliver were elected as directors of the Company replacing Mr. Michael Sweatman and Mr. John Tapics. On October 21, 2013, Mr. John Icke resigned as a director and was replaced on December 5, 2013 by Dr. Peter Born. On February 7, 2014 Mr. Alexander Helmelt was appointed as a director of the Company replacing Mr. Oliver.

## **OVERALL PERFORMANCE**

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The European financial crisis has had a major impact on the capital markets and continues to affect Lions Gate by making it difficult to raise funds for exploration operations. As a result, during 2012, the Company released the Kelly Creek and Hudson Bay Mountain mineral properties, withdrew from the ROK Coyote option agreement and optioned off its Poplar copper, gold and silver project which resulted in a non-refundable cash receipt of \$1,000,000.

The Company continues to focus on maintaining its capital structure, conserving cash, managing expenditures, and looking for additional opportunities for expansion featuring geographical and commodity diversification. Accordingly in March, 2013, the Company finalized an option agreement whereby it could earn a 100% interest in the Whitford Lake Uranium Project.

Management continues to believe that the uranium sector will see renewed interest as the market realizes that the supply and demand delta is widening and that projects such as Whitford Lake represent excellent value. However, in September, 2013, the Company took advantage of an opportunity to assign the option in this property to a third party. Pursuant to the terms of this assignment the Company hopes to facilitate further exploration of the

Whitford Lake Project while continuing to maintain a significant upside for its shareholders through its ownership of shares received as partial consideration on assignment of the mineral property.

On October 24, 2013 the Company announced that it had formally ended its option agreement with respect to the Poplar property and it is currently determining other options to advance this project.

## **MINERAL PROPERTIES**

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### **Whitford Lake Mineral Property**

The Whitford Lake Project covers an area of 67ha, some 21km SE of the Cigar Mine on the eastern edge of the Athabasca Basin, the most productive uranium region in the world. Other claimholders in the area include Fission Energy, Purepoint Uranium, Denison Mines and Cameco Corporation. The primary target at Whitford Lake is two northeast, parallel magnetic contacts, between which lies a zone of subsurface resistivity, with a strike of roughly 750m. Drilling at Whitford Lake by Cameco in 1995 identified a zone of altered sandstone, beginning ~30m above the unconformity, enriched with chlorite and illite, which is indicative of hydrothermal activity. In addition, elevated lead levels below the unconformity have also been identified. All of these enrichments are key exploration indicators for uranium exploration in the Athabasca basin.

Pursuant to the terms of an Option Agreement dated February 18, 2013, and amended on August 26, 2013, with St. Jacques Mineral Corp., the Company agreed to acquire an undivided 100% interest in the Whitford Lake Property in exchange for a series of non-refundable cash payments amounting to a total of \$400,000 due by December 31, 2013 and an additional \$750,000 due by February 18, 2017. In settlement of this obligation, during 2013 the Company paid cash of \$300,000 and also issued 625,000 common shares to the Vendor. 125,000 of these shares remain in escrow until September 22, 2014. The additional obligation to pay \$100,000 to the Vendor by December 31, 2013 was transferred to Canadian Uranium Corp. ("CanU") pursuant to the terms of an Option Assignment Agreement as described below.

The Company is also required to incur a total of \$3,000,000 of qualifying exploration expenditures on the property before February 18, 2017 or the equivalent amount is to be paid to the Vendor in cash.

This property is subject to a 1% NSR, one half of which can be purchased by the Company for \$750,000 less any NSR amounts previously paid.

In July and August 2013 the Company conducted mineral exploration work on the property which consisted of data acquisition, inversion, and composite modeling carried out by Discovery International Geophysics Inc. A total of 8.0 km of DC/IP resistivity data were collected over four survey lines on the Whitford grid. This data was used to produce three separate inversions per line of the different array data and to generate 3D images of



anomalously low resistivity zones. Advanced inversion techniques were used to interpret the data in an attempt to refine and explain the response.

On September 13, 2013 the Company announced the receipt of an interpretation report with respect to the work conducted. Mr. Dennis V. Woods, Ph.D., B.Eng. was the geologist responsible for the content of this news release which indicated that the work had identified a moderate low-resistivity feature located at 200 m depth increasing to 340 m depth towards the east and which appeared to form the highest priority target on the project.

While no associated airborne EM conductors have been mapped over the Whitford Lake property, a conductor trend was observed on adjoining claims to the west and northwest, which may indicate a fault zone that appears to cut across the northwest corner of the property, close to the location of the modeled low resistivity zone in the overlying sandstone units. The resulting models show resistivity's ranging from 1700 ohm-m to 2200 ohm-m, which is moderately higher than the typical resistivity's found in alteration zones in the Athabasca Basin. The moderately higher resistivity could be due to increased silica content but further exploration work is required to assess this interpretation. The report recommended that the anomalous low resistivity zone in the northwest corner of the property be drill tested to a depth of 300m to determine if the area has undergone alteration.

In September 2013 Company entered into a Whitford Lake Option Assignment Agreement ("Option Assignment Agreement") with CanU, which was later amended on December 1, 2013, whereby it would transfer its 100% interest in the Whitford Lake Option Agreement to CanU in exchange for 4,500,000 common shares of CanU and a cash aggregate of \$520,000 to be received as certain milestones are achieved. As part of its capitalization strategy, CanU intends to list its shares for trading on the CNSX. In November, 2013, the Company received interim cash payments of \$85,000 and 4,500,000 CanU shares pursuant to the terms of the Option Assignment Agreement. A \$nil value was attributed to these shares on acquisition which is estimated to also approximate fair market value at December 31, 2013. By holding shares in CanU the Company hopes that its shareholders will be able to benefit from any profitable future development of the Whitford Lake mineral property. Although the Company continues to believe in the future recoverable value of its investment in the Whitford Lake mineral property a write down of \$119,000 was recorded during the year ended December 31, 2013 in order to reduce the deferred cost of the mineral property to the value of cash payments to be received.

In March and April, 2014 the Company received additional interim cash payments from CanU amounting to \$130,000.

### **Poplar Mineral Property**

In 2011 the Company completed the updated Resource Estimate for a portion of the 100% owned, 199 claim, 77,914 hectare Poplar Copper-Gold-Silver Porphyry Property (the "Property"), located in west-central British Columbia, 35 kilometers northeast of the Huckleberry copper-molybdenum mine - of which Imperial Metals Corp. holds a 50% interest - between Huckleberry and the mining resource town of Houston. Just six months after the

Company announced a NI 43-101 Resource Estimate of 1.4 billion pounds copper for the Property, it completed a very successful 29 hole, 10,914 metre phase-two drill program, which increased overall confidence in the resource numbers, upgraded a portion of the deposit from Inferred to Indicated status, and introduced compelling gold and silver values.

The work in 2011 culminated in an updated NI 43-101 with the following results: At a 0.15% Cu cut-off, the Property has a new Indicated Resource of 171.3 million tonnes grading 0.28% Cu (1.06 billion pounds), 0.008% Mo, 0.08 g/t Au and 2.30 g/t Ag (0.40% CuEq), plus an Inferred Resource of 209.0 million tonnes grading 0.23% Cu (1.06 billion pounds), 0.004% Mo, 0.06 g/t Au and 3.62 g/t Ag (0.33% CuEq). This new Resource is a significant increase from the aforementioned initial Inferred Resource Estimate of 245.86 million tonnes grading 0.27% Cu (1.4 billion pounds) and 0.007% Mo using a 0.15% Cu cutoff. Andrew Gourlay, P. Geo., is a qualified person pursuant to NI-43-101 and has reviewed and approved the disclosure of technical matters included herein.

On October 16, 2012, the Company entered into a binding Letter of Intent (the "LOI") with Canadian Dehua International Mines Group Inc. ("Dehua"), whereby the Company would grant Dehua an option to acquire a one hundred percent (100%) interest in the Poplar Project in exchange for a non-refundable cash payments of \$15,000,000, including \$1,000,000 received on signing, and exploration work to be completed by Dehua over a two year period. A consultant fee of \$58,000 was paid with respect to this LOI.

On October 24, 2013 the Company announced that it had formally ended its agreement with Dehua and is currently determining other options in order to further advance the Poplar project.

#### **Copperline Mineral Property**

On July 17, 2010 the Company entered into a purchase agreement to acquire a 60% interest in the Copperline mineral property in British Columbia. The Copperline property surrounds Skutsil Knob at the south end of the Driftwood Range, 25 km northwest of Takla Lake, and approximately 120 km northeast of Smithers, B.C. The Copperline property is subject to an underlying NSR of 1.25% for part of the property and 2.0 % for the remainder. The Company can repurchase 1.25% and 0.5% respectively of these royalties with a \$500,000 cash payment.

The Company's interest in this property is carried at a nominal value based on Management's assessment of current recoverable value. The Company continues to ensure that all mineral claims are current and remain in good standing.

## **RESULTS OF OPERATIONS**

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The Company is in the exploration stage and other than minimal interest revenue did not earn any revenue during the fiscal period under review. For the year ended December 31, 2013, the Company had a total comprehensive loss of \$717,210 (loss of \$0.10 per share) compared to \$3,326,031 (loss of \$0.53 per share) for the year ended December 31, 2012. Operating expenditures of \$453,811 for the year ended December 31, 2013 have decreased from the \$1,390,513 comparative amount recorded for the year ended December 31, 2012.

The decrease in comprehensive loss for the year was due to a Management's efforts to conserve cash by reducing discretionary administrative expenses such as office rent, salaries, promotion and travel, consulting fees and share-based compensation expense. The decrease in administrative expenses reflected for 2013 of \$936,702 was offset by an impairment of \$124,026 (2012 - \$49,576) recorded on available-for-sale investments. In addition a fair value loss of \$22,499 (2012 - gain of \$10,616) and a write down of mineral property interests in 2013 of \$119,000 (2012 - \$1,900,310) were recorded in the year ended December 31, 2013.

The Company's cash position at December 31, 2013 was \$19,341 (December 31, 2012 - \$1,004,834) and it reported working capital of \$100,221 (December 31, 2012 - \$1,131,500). The decrease in cash and working capital during the 2013 fiscal year is due to the payment of Whitford Lake acquisition costs and exploration work, and for general operating expenditures.

## SELECTED ANNUAL FINANCIAL INFORMATION

The table below reflects selected financial data for the company's most recently completed fiscal periods as presented in the audited financial statements.

	Year ended December 31, 2013 \$	Year ended December 31, 2012 \$	Year ended December 31, 2011 \$
Comprehensive loss	717,210	3,326,031	3,421,028
Basic and diluted loss per share	0.10	0.53	0.60
Total Assets	5,855,010	6,532,142	9,062,076
Exploration and evaluation assets	5,621,180	5,144,328	7,226,250

The decrease in comprehensive loss during the year ended December 31, 2013 is attributed to the Company's efforts to conserve working capital by reducing the level of services required and relocating to new office premises. The most significant decreases were noted in the following expense categories:

- 1) Consulting fees decreased to \$17,654 (2012: \$270,876)
- 2) Office, rent and administration decreased to \$74,957 (2012: \$198,079)
- 3) Salaries and benefits decreased to \$185,756 (2012: \$374,679)
- 4) Travel, advertising and promotion decreased to \$24,706 (2012: \$206,203)

## FOURTH QUARTER

The Company recorded a comprehensive loss \$234,184 during the most recently completed quarter compared to a loss of \$2,117,508 for the same period during the year ended December 31, 2012. The decrease in comprehensive loss was primarily due to the write down of mineral properties recorded during the year ended December 31, 2012.

## QUARTERLY FINANCIAL REVIEW

The following table is a summary of selected financial data from the Company's unaudited quarterly financial statements. There were no significant revenues, long term liabilities or cash dividends declared in any of the reported periods.

	Dec 31, 2013 \$	Sept 30, 2013 \$	Jun 30, 2013 \$	Mar 31, 2013 \$
Total assets	5,855,010	6,082,053	6,172,480	6,317,996
Working capital	100,221	135,440	420,680	732,488
Increase (decrease) to exploration and evaluation assets	(196,756)	414,021	(138)	259,725
Comprehensive Loss for the period	234,184	90,728	124,384	267,914
Loss per share	0.04	0.01	0.02	0.03

	Dec 31, 2012 \$	Sept 30, 2012 \$	Jun 30, 2012 \$	Mar 31, 2012 \$
Total assets	6,532,142	8,783,994	8,944,572	9,390,330
Working capital	1,131,500	434,899	822,412	1,463,794
Increase (decrease) to exploration and evaluation assets	(2,830,255)	134,144	199,284	414,905
Comprehensive Loss for the period	2,117,508	295,077	495,523	417,923
Loss per share	0.33	0.05	0.08	0.07

### Total Assets and Working Capital

Total assets and working capital decreased during all of the quarterly periods reflected above due to the acquisition of mineral properties, mineral exploration work and general and administrative expenditures, except for during the three months ended December 31, 2012 when cash was received from Dehua pursuant to the terms of the Poplar Option Agreement.

### Comprehensive Loss

The comprehensive loss incurred during each of the three most recently completed quarterly periods of fiscal 2013 is comparable between quarters and reflects a decrease from fiscal 2012 amounts due to Management's efforts to decrease expenditures and mineral property write-downs recorded in 2012 which were not as material in 2013. An impairment of available-for-sale investments was also recorded during some of the above quarterly periods.

### Exploration and evaluation assets

The amount of exploration and evaluation expenditures incurred each quarter will vary depending on the exploration program being conducted during that period. The decrease reflected for the quarter ended December 31, 2013 reflects the cash received pursuant to the

terms of the Whitford Lake Option Assignment Agreement and a write down recorded with respect to this mineral property. The decrease reflected for the quarter ended December 31, 2012 reflects the \$1,000,000 in cash received pursuant to the terms of the Poplar Option Assignment Agreement and a write-down of mineral properties recorded during that period.

## **FINANCING ACTIVITIES**

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On November 11, 2013 the common shares of the Company were consolidated on the basis of four pre-consolidation common shares for one post-consolidation common share. The Company's options and warrants were also consolidated on the same 4 for 1 basis.

The Company did not complete any financings during the year ended December 31, 2013. Pursuant to the Whitford Lake Mineral property Option Agreement the Company issued 625,000 common shares.

## **CAPITAL EXPENDITURES**

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During the year ended December 31, 2013, the Company paid cash of \$300,000 in option payments required under the terms of the Whitford Lake Mineral Property Option Agreement, incurred a small amount of exploration expenditure with respect to transferring data and other miscellaneous work on the Poplar mineral property, and paid cash of \$214,000 for mineral exploration work on the Whitford Lake property.

## **COMMITMENTS**

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Effective January 1, 2013, the Company is committed to a two and one half year office lease. Gross payments required pursuant to the terms of this lease are expected to approximate \$40,740 and \$20,634 for the 2014 and 2015 fiscal years respectively. Of these amounts the Company expects its share, after deducting amounts receivable from cost sharing arrangements currently in place, to approximate \$6,000 and \$3,000 for these years.

The Company also has commitments pursuant to its mineral property option agreements as previously outlined above.

## **LIQUIDITY AND CAPITAL MANAGEMENT**

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The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure that optimizes the costs of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company's aggregate operating, investing and financing activities for the year ended December 31, 2013, resulted in a cash decrease of \$985,493. As at December 31, 2013 the Company had a cash balance of \$19,341 and working capital of \$100,221. In order for the Company to carry out planned exploration and development and pay for administrative costs,

the Company will be required to spend its working capital and proceeds from the assignment of its interest in the Whitford Lake mineral property, and also intends to raise additional amounts externally through debt or equity as needed.

To maintain or adjust capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company is dependent on private investors as its primary source of operating working capital and the Company's capital resources are largely determined by the strength of the junior resource markets, by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not currently subject to any capital requirements imposed by a regulator.

## TRANSACTIONS WITH RELATED PARTIES

Related party transactions for the years ended December 31, 2013 and 2012 are as follows:

	December 31, 2013	December 31, 2012
Professional fees	37,960	55,000
Administrative expense	-	161,103
Consulting fees	-	211,651
Director fees	3,000	22,000
Salaries - Management fees	139,500	240,361
Total	180,460	690,115

Key management of the Company includes the President, CFO and the Directors. For the year ended December 31, 2013, compensation in respect of services provided by key management consists of \$97,500 in management fees paid to the President, directors fees of \$3,000 paid to former directors and \$15,000 in professional fees paid for CFO services to Malaspina Consultants Inc., a Company in which the CFO is an associate.

Compensation paid in the prior year to key management was comprised of \$180,000 in management fees paid to the former President, director fees of \$22,000 paid to former directors, \$55,000 in professional fees paid to the former CFO and consulting fees of \$160,651 paid to a company controlled by the former CEO. Included in share-based compensation is \$Nil (2012:\$81,851) attributed to options issued.

On May 4, 2012, pursuant to a consulting contract, the Company advanced the first \$50,000 tranche of a possible \$200,000 loan to a company controlled by the former CEO, the proceeds of which were used to purchase shares of the Company. The loan bore interest at the 1% CRA prescribed rate for shareholder loans compounded annually, and had a term of two years. On September 13, 2012, the Company terminated the contract and as part of the negotiated settlement, the loan was forgiven in lieu of severance and expensed to consulting fees.

The payment of director fees ceased effective March 31, 2013. There was no other compensation paid or payable to key management for employee services.

In October 2012, the Company received a bridge loan from a company controlled by the President in the amount of \$100,000. Terms of the loan included an interest rate of prime + 9% and the issuance of 150,000 bonus shares to the lender. The loan was repaid in full on December 7, 2012, and the shares were issued on December 18, 2012. \$2,203 of interest expense was recorded with respect to this loan.

Also included in related party transactions are salaries of \$42,000 (2012: \$60,361) paid to the VP Operations, consulting fees of \$Nil (2012:\$51,000) paid to the former VP Operations, accounting fees of \$22,960 (2012:\$Nil) paid to Malaspina Consultants Inc. and \$Nil (2012: \$161,103) in administrative expenses related to cost sharing arrangements for office administration personnel, rent, telephone and other office expenses, paid to companies controlled by former directors or officers.

The amounts due to related parties are non-interest bearing and payable on demand and are comprised of \$3,000 (December 31, 2012: \$Nil) of director fees payable to former directors, \$2,197 (December 31, 2012: \$Nil) of professional fees payable to Malaspina Consultants Inc. and \$Nil (December 31, 2012:\$2,203) of interest payable to a former Officer.

## **FUTURE OUTLOOK**

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As at December 31, 2013 the Company had working capital of \$100,221 which may not be sufficient to finance exploration and operating costs over the next twelve months without additional funding and the ability to complete such financings on terms acceptable to the Company is uncertain.

In November, 2013 the Company received 4,500,000 shares in CanU and cash of \$85,000 pursuant to the terms of the Whitford Lake Option Assignment Agreement. An additional \$130,000 was received from CanU subsequent to December 31, 2013. Receipt of the remaining cash payments due pursuant to the assignment will be dependent upon the ability of CanU to complete additional equity financings. In order to conserve resources Management is currently in the process of applying to trade its shares on the CSE and will also continue to assess and address the implications of recent events in order to ensure that the Company can continue to achieve its long term objectives.

## **CAPITALIZATION**

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### **Share Capital**

As at April 17, 2014, the Company has 7,036,921 common shares issued and outstanding.

## Stock Options

Details of stock options outstanding as at April 17, 2014 are as follows:

Number of Options	Exercise Price \$	Expiry Date	Vesting Provisions
6,250	4.28	September 18, 2014	Vested
12,500	4.40	January 15, 2015	Vested
84,750	3.20	January 3, 2016	Vested
37,750	2.64	April 5, 2017	Vested
141,250			

## Warrants

Details of warrants outstanding as at April 17, 2014 are as follows:

Number of Warrants	Exercise Price	Expiry Date
39,063	\$4.00	July 13, 2015

## SUBSEQUENT EVENTS

Subsequent to December 31, 2013, 6,250 options exercisable at \$2.88, 25,000 options exercisable at \$4.40 and 25,000 options exercisable at \$3.20 were cancelled. There were no other significant subsequent events.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

## CRITICAL ACCOUNTING ESTIMATES

The Company's financial statements are impacted by the accounting policies used, and the estimates and assumptions made, by Management during their preparation. Management considers the areas involving a high degree of judgment or complexity where assumptions and estimates are significant to the financial statements are considered to be determination of going concern, the assessment of carrying value, confirmation of title, and recoverability of mineral properties and the financial instrument classification of its investment in Canadian Uranium Corp. ("CanU").

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and



liabilities, the reported revenue and expenses and the statement of financial position classifications used.

Management has determined the exploration and evaluation costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, the evaluation of permitting and environmental issues and local support for the project, and the ability to find joint venture partners if necessary.

Management reviews the carrying values of its mineral properties on an annual periodic basis to determine whether an impairment of carrying value should be recognized. In addition, it is intended that any capitalized costs relating to abandoned properties will be written off as soon as the abandonment decision is made.

The investment in Canadian Uranium Corp. ("CanU") consists of 4,500,000 common shares received in exchange for the assignment of the Whitford Lake Option (Note 9). Management does not believe that it is able to exert significant influence over the financial and operating policy decisions of CanU and expects its ownership interest to decrease over time as CanU continues to issue more shares. Accordingly the Company has classified the investment as available for sale. If this classification was not appropriate the investment in CanU would be consolidated using the equity method whereby the Company would initially record its investment at cost and record its share of any subsequent profits or losses.

## **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION AND ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

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Any significant changes in accounting policies and initial adoption of accounting standards have been outlined in the audited annual financial statements for the year ended December 31, 2013.

Continuous monitoring of changes in IFRS in future periods will be required. In particular the International Accounting Standards Board is currently working on an extractive industries project, which could significantly impact the Company's financial statements primarily in the areas of capitalization of exploration costs and disclosures.

## **FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK**

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At December 31, 2013 the Company's financial instruments consist of cash, available-for-sale investments, amounts receivable, reclamation deposit, accounts payable and accrued liabilities and due to related parties. The carrying values of these financial instruments other than available for sale investments approximates their fair value because of their short term nature.

The Company has classified the fair value of the financial assets according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments:

Level 1 - Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2 - Values based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.

Level 3 - Values based on prices or valuation techniques that are not based on observable market data.

The Company uses Level 1 inputs to measure available for sale investments except for the shares held in CanU which are measured using Level 3 inputs.

Management believes that as at December 31, 2013, it is not exposed to significant interest rate, currency or credit risks arising from these financial instruments other than available for sale investments. Management continually monitors these investments which are also managed by a professional investment advisor. The Company continues to hold these investments as it believes that the market value of the investments will eventually recover. However it is the Company's intention to decrease over time the amount of available for sale investments held in order to focus its resources on locating, exploring and developing mineral properties.

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they come due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient cash to meet its liabilities when due, under both normal and stressed conditions. As at December 31, 2013 the Company had cash of \$19,341 and working capital of \$100,221. In order to execute its business plan the Company expects that, although cash payments are expected to be received from CanU with respect to the Option Assignment Agreement, future financings will likely be required although the ability to complete such on terms acceptable to the Company is uncertain, in particular in view of recent stock market volatility. In an effort to decrease administrative costs the Company also intends to apply to list its shares on the CNSX in the near future.

## **DISCLOSURE CONTROLS AND PROCEDURES**

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In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the audited consolidated financial statements and this accompanying MD&A as at December 31, 2013 (together the "Annual Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at [www.sedar.com](http://www.sedar.com).

## **RISKS AND UNCERTAINTIES**

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Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks and are outlined in the paragraphs below.

Operational risks include: the Company may not be able to find and develop reserves economically, the Company cannot guarantee title to its properties, the Company may have difficulty in marketing production and services, the Company must manage changing governmental law and regulations, the Company may have difficulty in hiring and retaining skilled employees and contractors, there are significant risks and hazards related to mining that are beyond the Company's control, there is no assurance that the Company will acquire additional mineral properties and any acquisitions may expose the Company to new risks, and the mining industry is intensely competitive for the acquisition of new properties, access to capital and hiring of skilled personnel. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations.

Lions Gate's mineral resources (and any future mineral reserves), to the extent they have been prepared, are estimates, and no assurance can be given that the estimated resources and/or reserves are accurate or that the indicated level of mineral will be produced. Such estimates are expressions of judgment based on drilling results, past experience with mining properties, knowledge, experience, industry practice and many other factors. Estimates, which are valid when made, may change substantially when new information becomes available. Mineral resource and reserve estimation is an interpretive process based on available data and interpretations and thus estimations may prove to be inaccurate.

The actual quality and characteristics of mineral deposits cannot be known with certainty until mining takes place, and will almost always differ from the assumptions used to develop resources. Further, mineral reserves are valued based on future costs and future prices and consequently, the actual mineral reserves and mineral resources may differ from those estimated, which may result in either a positive or negative effect on operations.

Despite the Company's efforts to follow industry "best practices" in consulting with First Nations there is uncertainty and risk with respect to the Company's Poplar Project Mineral Property which is situated in the First Nations Wet'suwet'en traditional territory. Although by law it is the Crown that has the legal duty to consult with First Nations, the Company has proactively endeavored to engage with these First Nations in an effort to build sound relationships and accommodate their rights and interests asserted within their traditional territories. Notwithstanding best practices, there can be no assurance that formal exploration agreements with all the relevant First Nations will be successfully executed, or if they are

successfully executed, there can be no assurance that formal Impact and Benefit Agreements will be executed by the First Nations if a mine proves economically viable. There can be no assurances that a social license to build a mine will be granted by the First Nations.

Financial risks include commodity prices and interest rates, which are beyond the Company's control. Additional financial risks are the Company's ability to raise capital to continue funding its operations.

Regulatory risks include the possible delays in getting regulatory approval to, and permits for, the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the introduction of more complex reporting requirements the cost of which the Company must meet in order to maintain its exchange listing.

#### **ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

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As the Company has not had significant revenue from operations in either of its last two financial periods, the following is a breakdown of the material costs incurred:

	Year Ended December 31,	
	2013	2012
	\$	\$
Deferred exploration expenditures (net of write-downs and cash payments received)	554,000	(2,081,922)
Administrative expense	453,811	1,390,513

Administrative expenses are provided by category of major expense items in the Statements of Comprehensive Loss included in the audited consolidated financial statements for the year ended December 31, 2013.

Other information about the Company and its properties, including the Annual Filings is available at [www.sedar.com](http://www.sedar.com).

**SCHEDULE “C”**

**INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS  
ENDED MARCH 31, 2014**



**Lions Gate Metals Inc.**  
**(An Exploration Stage Company)**

**Condensed Interim Financial Statements**  
**For the three months ended March 31, 2014**  
**(Unaudited - Expressed in Canadian Dollars)**

## **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, 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 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 interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants, for a review of interim financial statements by an entity's auditor.

**Lions Gate Metals Inc.**  
**(An Exploration Stage Company)**  
**Condensed Interim Statements of Financial Position**  
**(Unaudited - Expressed in Canadian Dollars)**

		<b>March 31, 2014</b>	December 31, 2013
	Notes	\$	\$
<b>Assets</b>			
Current assets			
Cash		<b>32,383</b>	19,341
Available-for-sale investments	4	<b>36,997</b>	57,841
Amounts receivable	5	<b>61,146</b>	58,171
Prepaid expenses		<b>12,028</b>	11,223
		<b>142,554</b>	146,576
Non-current assets			
Reclamation deposits		<b>60,724</b>	60,724
Equipment	6	<b>24,590</b>	26,530
Exploration and evaluation assets	7	<b>5,521,180</b>	5,621,180
		<b>5,606,494</b>	5,708,434
Total assets		<b>5,749,048</b>	5,855,010
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		<b>61,042</b>	41,158
Due to related parties	8	<b>11,165</b>	5,197
		<b>72,207</b>	46,355
<b>Equity</b>			
Share capital	9	<b>21,057,337</b>	21,057,337
Share purchase warrants		<b>250,000</b>	250,000
Contributed surplus		<b>5,452,007</b>	5,452,007
Accumulated other comprehensive loss		<b>(28,612)</b>	(22,499)
Deficit		<b>(21,053,891)</b>	(20,928,190)
		<b>5,676,841</b>	5,808,655
Total liabilities and equity		<b>5,749,048</b>	5,855,010

Nature of operations and going concern – Note 1

Commitments – Notes 7, 9 and 12

Events after the reporting date – Notes 7 and 9

Approved on behalf of the Board of Directors on May 29 , 2014:

“Arni Johannson”

Director

“William Filtmess, CA”

Director

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



**Lions Gate Metals Inc.**  
**(An Exploration Stage Company)**  
**Condensed Interim Statements of Loss and Comprehensive Loss**  
**(Unaudited - Expressed in Canadian Dollars)**

		<b>For the three months ended</b>	
		<b>March 31,</b>	<b>March 31,</b>
		<b>2014</b>	<b>2013</b>
	<b>Notes</b>	<b>\$</b>	<b>\$</b>
Operating Expenses			
Amortization	6	<b>1,940</b>	2,628
Finance fees and bank charges		<b>222</b>	176
Consulting fees		<b>5,403</b>	2,779
Director fees		<b>-</b>	3,000
Filing and transfer agent fees		<b>3,181</b>	13,747
Office, rent and administration		<b>7,405</b>	45,446
Professional fees	8	<b>30,367</b>	22,770
Salaries and benefits	8	<b>35,591</b>	70,519
Travel, advertising and promotion		<b>27,653</b>	17,062
Total administrative expenses		<b>(111,762)</b>	(178,127)
Other income (expense)			
Finance income		<b>264</b>	584
Impairment of available-for-sale investments	4	<b>(14,004)</b>	(90,371)
Loss on sale of investments	4	<b>(199)</b>	-
Net loss for the period		<b>(125,701)</b>	(267,914)
Other comprehensive loss			
Fair value loss on available-for-sale investments	4	<b>(6,113)</b>	-
Total comprehensive loss for the period		<b>(131,814)</b>	(267,914)
Basic and diluted loss per share		<b>(0.02)</b>	(0.05)
Weighted average number of shares outstanding		<b>7,036,921</b>	6,481,401

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

**Lions Gate Metals Inc.**  
**(An Exploration Stage Company)**  
**Condensed Interim Statements of Changes in Equity**  
**(Unaudited - Expressed in Canadian Dollars)**

	Number of shares	Share capital \$	Share purchase warrants \$	Contributed surplus \$	Accumulated other comprehensive loss \$	Deficit \$	Total \$
Balance at December 31, 2012	25,647,826	20,932,337	1,863,972	3,838,035	-	(20,233,479)	6,400,865
Loss for the period	-	-	-	-	-	(267,914)	(267,914)
Expiry of warrants	-	-	(1,145,793)	1,145,793	-	-	-
Shares issued for acquisition of mineral property	2,500,000	125,000	-	-	-	-	125,000
Balance at March 31, 2013	28,147,826	21,057,337	718,179	4,983,828	-	(20,501,393)	6,257,951
Loss for the period	-	-	-	-	(22,499)	(426,797)	(449,296)
Expiry of warrants	-	-	(468,179)	468,179	-	-	-
Shares exchanged on a 4:1 basis	(21,110,905)	-	-	-	-	-	-
Balance at December 31, 2013	7,036,921	21,057,337	250,000	5,452,007	(22,499)	(20,928,190)	5,808,655
Loss for the period	-	-	-	-	(6,113)	(125,701)	(131,814)
Balance at March 31, 2014	7,036,921	21,057,337	250,000	5,452,007	(28,612)	(21,053,891)	5,676,841

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

**Lions Gate Metals Inc.**  
**(An Exploration Stage Company)**  
**Condensed Interim Statements of Cash Flows**  
**(Unaudited - Expressed in Canadian Dollars)**

	For the three months ended,	
	<b>March 31,</b>	March 31,
	<b>2014</b>	2013
	\$	\$
<b>Cash flows (used in) provided by:</b>		
<b>Operating activities</b>		
Net loss for the period	(125,701)	(267,914)
Items not affecting cash		
Amortization	1,940	2,628
Impairment of available-for-sale investments	14,004	90,371
Loss on sale of available-for-sale investments	199	-
Changes in non-cash operating working capital:		
Amounts receivable	(2,975)	(6,741)
Prepaid expenses	(805)	50,935
Accounts payable and accrued liabilities	19,884	(16,232)
Due to related parties	5,968	3,000
Net cash used in operating activities	(87,486)	(143,953)
<b>Investing activities</b>		
Exploration and evaluation assets	-	(192,726)
Proceeds from sale of marketable securities	13,125	-
Purchase of marketable securities	(12,597)	-
Cash deposit received on option of mineral property	100,000	-
Net cash from (used in) investing activities	100,528	(192,726)
Increase (decrease) in cash	13,042	(336,679)
Cash at beginning of period	19,341	1,004,834
<b>Cash at end of period</b>	<b>32,383</b>	<b>668,155</b>
<b>Non-cash items excluded from investing and financing activities:</b>		
Change in accrued but unpaid exploration and evaluation expenditures	-	285
Share-based payment on acquisition of mineral property	-	125,000

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

**Lions Gate Metals Inc.**  
**(An Exploration Stage Company)**  
**Notes to the Condensed Interim Financial Statements**  
**For the three months ended March 31, 2014**  
**(Unaudited - Expressed in Canadian dollars)**

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**1. Nature of Operations and Going Concern**

Lions Gate Metals Inc. (the “Company”) was incorporated under the Canada Business Corporations Act on March 28, 1980, and is in the business of acquiring, exploring and developing mineral properties. The Company is listed on the TSX Venture Exchange (“TSX-V”) and is currently in the exploration stage with mineral properties in Canada. The Company’s registered and records office is located at #490 – 580 Hornby Street, Vancouver, British Columbia, Canada, V6C 3B6.

The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, future profitable production or disposition thereof, and the ability of the Company to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

These condensed interim financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. For the three months ended March 31, 2014 the Company incurred a comprehensive loss of \$131,814 (March 31, 2013: \$267,914) and as of that date the Company’s deficit was \$21,053,891 (December 31, 2013: \$20,928,190). As at March 31, 2014 the Company had working capital of \$70,347, which may not be sufficient to finance exploration and operating costs over the next twelve months without additional funding.

These conditions may cast significant doubt on the Company’s ability to continue as a going concern. These condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

**2. Basis of Presentation and Critical Accounting Estimates**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The audited annual consolidated financial statements for the year ended December 31, 2013 included the accounts of the Company, and its inactive wholly-owned subsidiary, Northern Canadian Metals Inc. The condensed interim financial statements of the Company for the three months ended March 31, 2014 are presented on a non-consolidated basis due to dissolution of this subsidiary and have been prepared using the same accounting policies as detailed in the Company’s audited consolidated financial statements for the year ended December 31, 2013. They do not include all the information required for complete annual financial statements in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) and therefore should be read together with the audited annual consolidated financial statements for the year ended December 31, 2013.

**Lions Gate Metals Inc.**  
**(An Exploration Stage Company)**  
**Notes to the Condensed Interim Financial Statements**  
**For the three months ended March 31, 2014**  
**(Unaudited - Expressed in Canadian dollars)**

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These condensed interim financial statements were approved by the Company's Board of Directors for issue on May 29, 2014.

These condensed interim financial statements are presented in Canadian dollars unless otherwise noted.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a high degree of judgment or complexity where assumptions and estimates are significant to the financial statements are considered to be determination of going concern, the assessment of carrying value, confirmation of title, and recoverability of mineral properties and the financial instrument classification of its investment in Canadian Uranium Corp. ("CanU").

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used (Note 1).

Management has determined the exploration and evaluation costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, the evaluation of permitting and environmental issues and local support for the project, and the ability to find joint venture partners if necessary.

The investment in Canadian Uranium Corp. ("CanU") consists of 4,500,000 common shares received in exchange for the assignment of the Whitford Lake Option (Note 7). Management does not believe that it is able to exert significant influence over the financial and operating policy decisions of CanU and expects its ownership interest to decrease over time as CanU continues to issue more shares. Accordingly the Company has classified the investment as available for sale. If this classification was not appropriate the investment in CanU would be accounted for using the equity method whereby the Company would initially record its investment at cost and record its share of any subsequent profits or losses.

**Lions Gate Metals Inc.**  
**(An Exploration Stage Company)**  
**Notes to the Condensed Interim Financial Statements**  
**For the three months ended March 31, 2014**  
**(Unaudited - Expressed in Canadian dollars)**

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**3. Changes in Accounting Policies and Accounting Standards Issued but Not Yet Effective**

Financial instruments

The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments (“IFRS 9”) which is intended to reduce the complexity in the classification and measurement of financial instruments. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

The Company has not early adopted any amendment, standard or interpretation that has been issued but is not yet effective.

**4. Available-For-Sale Investments**

Available-for-sale investments consist of investments in equity shares. The fair value of the publicly traded shares has been determined directly by reference to published price quotations in an active market. For the years ended December 31, 2012 and 2013, the Company noted a significant or prolonged decline in the fair value of investments below cost. As a result of this objective evidence of impairment, the cumulative loss was removed from other comprehensive income and recognized as impairment. A further \$14,004 of impairment has been recognized for the three months ended March 31, 2014. In addition, during the year ended December 31, 2013 \$22,499 was recognized as a fair value loss in other comprehensive income and a further \$6,113 has been similarly recorded for the three months ended March 31, 2014.

	March 31, 2014		December 31, 2013	
Quoted equity shares	# of shares	Cost and Fair Value \$ <sup>1</sup>	# of shares	Cost and Fair Value \$ <sup>1</sup>
Copper One Inc.	20,000	1,200	20,000	1,000
Coventry Resources Inc.	17,600	352	17,600	1,056
Catalyst Copper Corp.	16,700	501	16,700	835
Chalice Gold Mines Ltd. <sup>2</sup>	8,895	1,334	-	-
Wolf Resource Development Corp.	104,166	6,250	104,166	18,750
Touchstone Gold Ltd.	400,000	4,000	400,000	6,000
Archer Petroleum Corp. <sup>3</sup>	146,000	23,360	151,000	30,200
		36,997		57,841

<sup>1</sup> Cost includes original cost less any impairment.

<sup>2</sup> During the three months ended March 31, 2014, Chalice Gold Mines Ltd. (“Chalice”) acquired a 100% interest in a property held by Coventry Resources Inc. (“Coventry”) in exchange for 46,000,000 common shares of Chalice. These shares were distributed directly to Coventry

**Lions Gate Metals Inc.**  
**(An Exploration Stage Company)**  
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shareholders on a pro rata basis. The shares were initially fair valued at \$1,421 being the quoted market price at the date of acquisition.

- <sup>3</sup> During the three months ended March 31, 2014 the Company purchased an additional 61,000 shares of Archer Petroleum Corp. for cash of \$12,597 and sold 66,000 shares for cash proceeds of \$13,125. The Company recorded a loss on the sale of shares in the amount of \$199.

In addition during the year ended December 31, 2013, pursuant to the Whitford Lake Option Assignment Agreement (Note 7), the Company acquired 4,500,000 shares in CanU. A \$nil value was attributed to these shares on acquisition which is estimated to also approximate fair market value at March 31, 2014.

## **5. Amounts Receivable**

Amounts receivable consists of:

	March 31, 2014	December 31, 2013
	\$	\$
GST Recoverable	5,439	5,689
Other Receivables <sup>1</sup>	40,707	37,482
Due from CanU	15,000	15,000
<b>Total</b>	<b>61,146</b>	<b>58,171</b>

- <sup>1</sup> Other receivables include amounts owing for the sub-rental of office premises.

## **6. Equipment**

	Computer Equipment
	\$
<b>Cost at December 31, 2013 and March 31, 2014</b>	<b>56,594</b>
Accumulated Amortization	
At December 31, 2013	30,064
Amortization charge	1,940
At March 31, 2014	32,004
Net book value	
At December 31, 2013	26,530
At March 31, 2014	24,590

**Lions Gate Metals Inc.**  
**(An Exploration Stage Company)**  
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**For the three months ended March 31, 2014**  
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**7. Exploration and Evaluation Assets**

Balance at March 31, 2014				
	Province of British Columbia		Province of Saskatchewan Whitford Lake	Total
	Poplar	Copperline		
	\$	\$	\$	\$
Deferred Acquisition Costs				
Balance at December 31, 2013	1,286,745	1	340,000	1,626,746
Cash received	-	-	(100,000)	(100,000)
Balance at March 31, 2014	1,286,745	1	240,000	1,526,746
Deferred Exploration				
Balance at December 31, 2013				
and March 31, 2014	3,899,434	-	95,000	3,994,434
Total at March 31, 2014	5,186,179	1	335,000	5,521,180
Balance at December 31, 2013				
	Province of British Columbia		Province of Saskatchewan Whitford Lake	Total
	Poplar	Copperline		
	\$	\$	\$	\$
Deferred Acquisition Costs				
Balance at December 31, 2012	1,261,692	1	-	1,261,693
Paid by issue of shares	-	-	125,000	125,000
Paid in cash	-	-	300,000	300,000
Paid in cash re work commitment	25,053	-	-	25,053
Cash received	-	-	(85,000)	(85,000)
Balance at December 31, 2013	1,286,745	1	340,000	1,626,746
Deferred Exploration				
Balance at December 31, 2012	3,882,635	-	-	3,882,635
Consulting	6,861	-	-	6,861
Field Expenditures	-	-	25,000	25,000
Geophysical	9,526	-	189,000	198,526
Miscellaneous	412	-	-	412
Balance at December 31, 2013	3,899,434	-	214,000	4,113,434
Write down of mineral property	-	-	(119,000)	(119,000)
Total at December 31, 2013	5,186,179	1	435,000	5,621,180



**Lions Gate Metals Inc.**  
**(An Exploration Stage Company)**  
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**For the three months ended March 31, 2014**  
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*Poplar mineral property*

In prior years, the Company entered into various option agreements to acquire a 100% interest in certain mineral claims, known as the Poplar mineral property interest ("Poplar 1, 2 and 3"), situated in the Omineca Mining District of B.C. The Company has met all required cash payments and share issuances related to these option agreements, and has staked additional adjacent hectares ("Poplar 4").

The Poplar 2 and 3 properties are subject to a 1% NSR which can be purchased by the Company for \$1,000,000 and \$100,000 respectively less any NSR amounts previously paid. All mineral claims are current and in good standing.

On October 16, 2012, the Company entered into a binding Letter of Intent (the "LOI") with Canadian Dehua International Mines Group Inc. ("Dehua"), whereby the Company would grant Dehua an option to acquire a one hundred percent (100%) interest in the Poplar Project in exchange for a non-refundable cash payment of \$15,000,000, including \$1,000,000 received on signing, and exploration work to be completed by Dehua over a two year period. A consultant fee of \$58,000 was paid with respect to this LOI.

On October 24, 2013 the Company announced that it had formally ended its agreement with Dehua and is currently determining other options in order to further advance the Poplar project.

*Copperline mineral property*

On July 17, 2010 the Company entered into a purchase agreement to acquire a 60% interest in the Copperline mineral property in British Columbia and, in exchange issued 2,700,000 pre-consolidation common shares and undertook to assume all of the vendor's rights and obligations with respect to the property. The Copperline property is subject to an underlying NSR of 1.25% for part of the property and 2.0% for the remainder. The Company can repurchase 1.25% and 0.5% respectively of these royalties with a \$500,000 cash payment.

The Company's interest in this property is carried at a nominal value based on Management's assessment of current recoverable value. The Company continues to ensure that all mineral claims are current and remain in good standing with such costs being charged to operations in the period incurred.

*Whitford Lake mineral property*

Pursuant to the terms of an Option Agreement dated February 18, 2013, and amended on August 26, 2013, with St. Jacques Mineral Corp., the Company has agreed to acquire an undivided 100% interest in the Whitford Lake Property located in the Athabasca Basin in Saskatchewan in exchange for the following:

**Lions Gate Metals Inc.**  
**(An Exploration Stage Company)**  
**Notes to the Condensed Interim Financial Statements**  
**For the three months ended March 31, 2014**  
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Non-refundable cash payments required:

- 1) \$25,000 due February 18, 2013 (paid)
- 2) An additional \$75,000 due within five days of receipt of regulatory approval ("approval date") (paid)
- 3) An additional \$200,000 due by September 3, 2013 (paid)

Non-refundable cash payments required with obligation transferred pursuant to Option Assignment Agreement with CanU (below):

- 4) An additional \$100,000 due by December 31, 2013 (paid by CanU)
- 5) An additional \$750,000 due by February 18, 2017

Share issuances required:

2,500,000 pre-consolidated common shares to be issued within five days of the approval date (issued).

Exploration expenditures required:

\$3,000,000 of qualifying exploration expenditures to be incurred on the property before February 18, 2017 or the equivalent amount to be paid to the Vendor in cash.

This property is subject to a 1% NSR one half of which can be purchased by the Company for \$750,000 less any NSR amounts previously paid.

In September 2013, the Company entered into a Whitford Lake Option Assignment Agreement with CanU, which was later amended on December 1, 2013, whereby it would transfer all of its interest in the Whitford Lake Option Agreement to CanU in exchange for the following:

Non-refundable cash payments required:

- 1) \$60,000 due on or before December 3, 2013 (received)
- 2) \$200,000 due within 2 days following CanU completing any equity offering generating gross proceeds in excess of \$600,000 (\$125,000 received at March 31, 2014 and \$30,000 subsequent to that date); and
- 3) \$260,000 due within 5 days following CanU completing the listing of its shares on a recognized stock exchange.

Share issuances required:

- 1) 4,500,000 common shares of CanU (shares received – Note 4)

Additionally CanU would assume all of the Company's obligations, liabilities and responsibilities required under the original Whitford Lake option agreement and the additional addendum dated August 26, 2013 including the cash payment of \$100,000 required on or before December 31,

**Lions Gate Metals Inc.**  
**(An Exploration Stage Company)**  
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2013. As at December 31, 2013 the Company has recorded a write down of \$119,000 with respect to the Whitford Lake mineral property.

During the three months ended March 31, 2014 the President and CEO of the Company became a director of CanU.

## **8. Related Party Transactions**

Related party transactions for the three months ended March 31, 2014 and 2013 are as follows:

	March 31, 2014	March 31, 2013
Professional fees	12,392	5,805
Director fees	-	3,000
Salaries and Management fees	33,000	40,500
Total	45,392	49,305

Key management of the Company includes the President, CFO and the Directors. For the three months ended March 31, 2014, compensation in respect of services provided by key management consists of \$22,500 (March 31, 2013: \$30,000) in management fees paid to the President and \$3,900 (March 31, 2013: \$3,600) in professional fees paid for CFO services to Malaspina Consultants Inc., a Company in which the CFO is an associate.

Also included in related party transactions during the three months ended March 31, 2014 are salaries of \$10,500 (March 31, 2013: \$10,500) paid to the Exploration Manager (formerly VP Exploration) and accounting fees of \$8,492 (March 31, 2013: \$2,205) paid to Malaspina Consultants Inc.

The amounts due to related parties are non-interest bearing and payable on demand and are comprised of \$3,000 (December 31, 2013: \$3,000) for director fees payable to former directors, \$1,321 payable to a director for travel expense incurred on behalf of the Company (December 31, 2013: \$Nil) and \$6,844 (December 31, 2013: \$2,197) for professional fees payable to Malaspina Consultants Inc.

## **9. Share Capital**

On November 11, 2013 the common shares of the Company were consolidated on the basis of four pre-consolidation common shares for one post-consolidation common share. The Company's options and warrants were also consolidated on the same 4 for 1 basis. All shares are reflected on a post-consolidation basis unless otherwise noted.

### **Common Shares**

- i) Authorized - unlimited number of common shares without par value
- ii) Issued and outstanding – 7,036,921 (December 31, 2013: 7,036,921) common shares

**Lions Gate Metals Inc.**  
**(An Exploration Stage Company)**  
**Notes to the Condensed Interim Financial Statements**  
**For the three months ended March 31, 2014**  
**(Unaudited - Expressed in Canadian dollars)**

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(a) Flow-through Obligation

Flow through share arrangements involve resource expenditure deductions for income tax purposes which are renounced to purchasers of common shares in accordance with income tax legislation. Each flow through share entitles the holder to a 100% tax deduction in respect of qualifying Canadian Exploration Expenses (“CEE”) as defined. The Company was required to incur a total of \$459,000 of eligible CEE by December 31, 2013 with respect to the flow through shares issued for the period ended December 31, 2012. As at December 31, 2013, the Company believes it has fulfilled this requirement.

(b) Share Purchase Warrants

The following is a summary of changes in warrants:

	Number of Warrants	Weighted Average Exercise Price \$
Balance December 31, 2012	5,500,000	1.19
Expired	(5,344,500)	1.19
Warrants exchanged on a 4:1 basis	(117,187)	1.00
Balance December 31, 2013 and March 31, 2014	39,063	4.00

As at March 31, 2014 the Company had outstanding warrants as follows:

Number of Warrants	Exercise Price	Expiry Date
39,063	\$ 4.00	July 13, 2015

(c) Stock options

The Company has a Rolling Incentive Stock Option Plan (“the Plan”) under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or consultants of the Company. A maximum of 10% of the issued and outstanding common shares of the Company may be reserved for issuance pursuant to the exercise of stock options. Terms of the Plan, considered to be the most significant, provide that the Directors have the right to grant options to acquire common shares of the Company at a price not less than the closing market price of the shares on the date the Company grants the option, less any discount permitted by the TSX-V, at terms of up to ten years. The majority of stock options vest immediately on the date of grant unless otherwise required by the TSX-V or the Board of Directors.

**Lions Gate Metals Inc.**  
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**(Unaudited - Expressed in Canadian dollars)**

The following is a summary of changes in stock options:

	Number of Options	Weighted Average Price \$	Weighted Average Remaining Contractual Life
Balance December 31, 2012	1,611,000	0.83	3.2 years
Cancelled	(821,000)	0.82	
Options exchanged on a 4:1 basis	(592,500)	0.84	
Balance, December 31, 2013	197,500	3.34	1.97 years
Cancelled	(50,000)	4.40	
Balance, March 31, 2014	147,500	3.19	1.87 years

Details of stock options outstanding and exercisable as at March 31, 2014 are as follows:

Number of Options	Exercise Price \$	Expiry Date	Vesting Provisions
6,250	2.88	April 1, 2014	Vested
6,250	4.28	September 18, 2014	Vested
12,500	4.40	January 15, 2015	Vested
84,750	3.20	January 3, 2016	Vested
37,750	2.64	April 4, 2017	Vested
147,500			

Subsequent to March 31, 2014, 6,250 options exercisable at \$2.88 expired unexercised.

## **10. Financial Instruments and Risk Management**

### **a) Fair value of financial instruments**

At March 31, 2014 the Company's financial instruments consist of cash, available-for-sale investments, amounts receivable, reclamation deposit, accounts payable and accrued liabilities and due to related parties. The carrying values of these financial instruments other than available for sale investments approximates their fair value because of their short term nature.

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

**Lions Gate Metals Inc.**  
**(An Exploration Stage Company)**  
**Notes to the Condensed Interim Financial Statements**  
**For the three months ended March 31, 2014**  
**(Unaudited - Expressed in Canadian dollars)**

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Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

The Company uses Level 1 inputs to measure available for sale investments except for the shares held in CanU which are measured using Level 3 inputs.

**b) Financial instrument risk**

The Company's financial instruments are exposed in varying degrees to a variety of financial risks. The Board approves and monitors the risk management processes:

*Credit risk*

Credit risk exposure primarily arises with respect to the Company's cash, other receivables and due from related party. The Company places its instruments in banks of high credit worthiness within Canada and continuously monitors the collection of other receivables.

*Liquidity risk*

Liquidity risk is the risk that the Company cannot meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to settle liabilities and obligations when they become due. As at March 31, 2014 the Company had sufficient cash and available-for-sale investments of \$69,380 to settle current liabilities excluding amounts payable to related parties of \$61,042 which primarily consisted of short term accounts payable settled within 30 days.

*Market risk*

Market risk consists of currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns. The Company has no foreign exchange rate risk as all amounts are denominated in Canadian dollars. Other than available for sale investments it also holds no financial instruments that expose it to other price risk.

*Interest rate and commodity price risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company is not significantly exposed to interest rate or commodity price risk.

**11. Segmented Reporting**

The Company operates in one reportable operating and geographic segment, being the exploration and evaluation of mineral properties in Canada.

**Lions Gate Metals Inc.**  
**(An Exploration Stage Company)**  
**Notes to the Condensed Interim Financial Statements**  
**For the three months ended March 31, 2014**  
**(Unaudited - Expressed in Canadian dollars)**

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**12. Commitment**

Effective January 1, 2013, the Company committed to a two and one half year office lease. Gross payments required pursuant to the terms of this lease are expected to approximate \$40,740 and \$20,634 for the 2014 and 2015 fiscal years respectively. Of these amounts the Company expects its share, after deducting amounts receivable from cost sharing arrangements currently in place, to approximate \$4,500 for the remainder of fiscal 2014 and \$3,000 in fiscal 2015.

**13. Comparative Amounts**

Certain amounts from the prior year have been reclassified to conform with the presentation basis adopted for the current year.

**SCHEDULE “D”**

**MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS  
ENDED MARCH 31, 2014**





Lions Gate Metals Inc.  
Management Discussion and Analysis  
For the three months ended March 31, 2014

Report dated May 29, 2014

## INTRODUCTION

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This Management Discussion and Analysis of the Financial Position and Results of Operations for Lions Gate Metals Inc. (the "Company" or "Lions Gate"), prepared as of May 29, 2014 ("MD&A"), should be read in conjunction with the unaudited condensed interim financial statements for the three months ended March 31, 2014 ("Interim Financial Statements"), as well as the audited Consolidated Financial Statements and MD&A for the year ended December 31, 2013 ("Annual Filings"). This MD&A is the responsibility of management and has been reviewed and approved by the Board of Directors of Lions Gate. Except as otherwise noted all dollar figures in this report are stated in Canadian dollars, which is the Company's reporting currency.

The Company's Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting using the same accounting policies as detailed in the Company's audited Consolidated Financial Statements for the year ended December 31, 2013.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

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The following discussion and analysis may contain forward-looking statements which are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth in the following discussion.

The forward-looking information in this MD&A typically includes words and phrases about the future, such as: "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". We can give no assurance that the forward-looking information will prove to be accurate. It is based on a number of assumptions management believes to be reasonable, including but not limited to: no material adverse change in the market price of commodities and exchange rates, permitting timelines, limited volatility in the Company's share price and such other assumptions and factors as set out herein.

It is also subject to risks associated with our business, including but not limited to: risks inherent in the mining and metals business, the success of exploration activities, requirements for additional capital, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and other risks that are set out below.

If our assumptions prove to be incorrect or risks materialize, our actual results and events may vary materially from what we currently expect as set out in this review. We recommend that you review our Interim Filings including this MD&A, which include a discussion of material

risks that could cause actual results to differ materially from our current expectations. Forward-looking information is designed to help you understand management's current views of our near and longer term prospects, and it may not be appropriate for other purposes.

## **COMPANY OVERVIEW**

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Lions Gate is currently a Tier 1 TSX Venture Exchange ("TSX-V") public company with common shares listed for trading under the symbol "LGM" but intends to apply to list its shares on the Canadian Securities Exchange ("CSE") in the near future. Lions Gate was incorporated under the Canada Business Corporations Act, and is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource property interests in Canada.

## **CHANGE IN MANAGEMENT AND DIRECTORS**

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On February 7, 2014 Mr. Alexander Helmelt was appointed as a director of the Company replacing Mr. Murray Oliver.

## **OVERALL PERFORMANCE**

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The uncertainty experienced by capital markets continues to affect Lions Gate by making it difficult to raise funds for exploration operations. The Company continues to focus on maintaining its capital structure, conserving cash, managing expenditures and facilitating further exploration of the Whitford Lake Project. It also continues to pursue other options to advance the Poplar project as well as actively investigating other possible acquisitions of assets or companies which it believes make good economic sense for the Company to further pursue.

## **MINERAL PROPERTIES**

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### **Whitford Lake Mineral Property**

The Whitford Lake Project covers an area of 67ha, some 21km SE of the Cigar Mine on the eastern edge of the Athabasca Basin, the most productive uranium region in the world. Other claimholders in the area include Fission Energy, Purepoint Uranium, Denison Mines and Cameco Corporation. The primary target at Whitford Lake is two northeast, parallel magnetic contacts, between which lies a zone of subsurface resistivity, with a strike of roughly 750m. Drilling at Whitford Lake by Cameco in 1995 identified a zone of altered sandstone, beginning ~30m above the unconformity, enriched with chlorite and illite, which is indicative of hydrothermal activity. In addition, elevated lead levels below the unconformity have also been identified. All of these enrichments are key exploration indicators for uranium exploration in the Athabasca basin.

Pursuant to the terms of an Option Agreement dated February 18, 2013, and amended on August 26, 2013, with St. Jacques Mineral Corp., the Company agreed to acquire an undivided 100% interest in the Whitford Lake Property in exchange for a series of non-refundable cash payments amounting to a total of \$400,000 due by December 31, 2013 and an additional

\$750,000 due by February 18, 2017. In settlement of this obligation, during 2013 the Company paid cash of \$300,000 and also issued 625,000 common shares to the Vendor. 125,000 of these shares remain in escrow until September 22, 2014. The additional obligation to pay \$100,000 to the Vendor by December 31, 2013 was transferred to Canadian Uranium Corp. ("CanU") pursuant to the terms of an Option Assignment Agreement as described below.

The Company is also required to incur a total of \$3,000,000 of qualifying exploration expenditures on the property before February 18, 2017 or the equivalent amount is to be paid to the Vendor in cash.

This property is subject to a 1% NSR, one half of which can be purchased by the Company for \$750,000 less any NSR amounts previously paid.

In July and August 2013 the Company conducted mineral exploration work on the property which consisted of data acquisition, inversion, and composite modeling carried out by Discovery International Geophysics Inc. A total of 8.0 km of DC/IP resistivity data were collected over four survey lines on the Whitford grid. This data was used to produce three separate inversions per line of the different array data and to generate 3D images of anomalously low resistivity zones. Advanced inversion techniques were used to interpret the data in an attempt to refine and explain the response.

On September 13, 2013 the Company announced the receipt of an interpretation report with respect to the work conducted. Mr. Dennis V. Woods, Ph.D., B.Eng. was the geologist responsible for the content of this news release which indicated that the work had identified a moderate low-resistivity feature located at 200 m depth increasing to 340 m depth towards the east and which appeared to form the highest priority target on the project.

While no associated airborne EM conductors have been mapped over the Whitford Lake property, a conductor trend was observed on adjoining claims to the west and northwest, which may indicate a fault zone that appears to cut across the northwest corner of the property, close to the location of the modeled low resistivity zone in the overlying sandstone units. The resulting models show resistivity's ranging from 1700 ohm-m to 2200 ohm-m, which is moderately higher than the typical resistivity's found in alteration zones in the Athabasca Basin. The moderately higher resistivity could be due to increased silica content but further exploration work is required to assess this interpretation. The report recommended that the anomalous low resistivity zone in the northwest corner of the property be drill tested to a depth of 300m to determine if the area has undergone alteration.

In September 2013 Company entered into a Whitford Lake Option Assignment Agreement ("Option Assignment Agreement") with CanU, which was later amended on December 1, 2013, whereby it would transfer its 100% interest in the Whitford Lake Option Agreement to CanU in exchange for 4,500,000 common shares of CanU and a cash aggregate of \$520,000 to be received as certain milestones are achieved. As part of its capitalization strategy, CanU intends to list its shares for trading on the CNSX. In November, 2013, the Company received interim cash payments of \$85,000 and 4,500,000 CanU shares pursuant to the terms of the

Option Assignment Agreement. A \$nil value was attributed to these shares on acquisition and it is estimated to also approximate fair market value at March 31, 2014. By holding shares in CanU the Company hopes that its shareholders will be able to benefit from any profitable future development of the Whitford Lake mineral property. Although the Company continues to believe in the future recoverable value of its investment in the Whitford Lake mineral property a write down of \$119,000 was recorded during the year ended December 31, 2013 in order to reduce the deferred cost of the mineral property to the value of cash payments to be received.

During the three months ended March 31, 2014 the Company received an additional \$100,000 interim cash payment from CanU and subsequent to that date received an additional cash payment of \$30,000.

### **Poplar Mineral Property**

In 2011 the Company completed the updated Resource Estimate for a portion of the 100% owned, 199 claim, 77,914 hectare Poplar Copper-Gold-Silver Porphyry Property (the "Property"), located in west-central British Columbia, 35 kilometres northeast of the Huckleberry copper-molybdenum mine - of which Imperial Metals Corp. holds a 50% interest - between Huckleberry and the mining resource town of Houston. Just six months after the Company announced a NI 43-101 Resource Estimate of 1.4 billion pounds copper for the Property, it completed a very successful 29 hole, 10,914 metre phase-two drill program, which increased overall confidence in the resource numbers, upgraded a portion of the deposit from Inferred to Indicated status, and introduced compelling gold and silver values.

The work in 2011 culminated in an updated NI 43-101 with the following results: At a 0.15% Cu cut-off, the Property has a new Indicated Resource of 171.3 million tonnes grading 0.28% Cu (1.06 billion pounds), 0.008% Mo, 0.08 g/t Au and 2.30 g/t Ag (0.40% CuEq), plus an Inferred Resource of 209.0 million tonnes grading 0.23% Cu (1.06 billion pounds), 0.004% Mo, 0.06 g/t Au and 3.62 g/t Ag (0.33% CuEq). This new Resource is a significant increase from the aforementioned initial Inferred Resource Estimate of 245.86 million tonnes grading 0.27% Cu (1.4 billion pounds) and 0.007% Mo using a 0.15% Cu cutoff. Andrew Gourlay, P. Geo., is a qualified person pursuant to NI-43-101 and has reviewed and approved the disclosure of technical matters included herein.

On October 16, 2012, the Company entered into a binding Letter of Intent (the "LOI") with Canadian Dehua International Mines Group Inc. ("Dehua"), whereby the Company would grant Dehua an option to acquire a one hundred percent (100%) interest in the Poplar Project in exchange for a non-refundable cash payments of \$15,000,000, including \$1,000,000 received on signing, and exploration work to be completed by Dehua over a two year period. A consultant fee of \$58,000 was paid with respect to this LOI.

On October 24, 2013 the Company announced that it had formally ended its agreement with Dehua and is currently continuing to pursue other options in order to further advance the Poplar project.

### **Copperline Mineral Property**

On July 17, 2010 the Company entered into a purchase agreement to acquire a 60% interest in the Copperline mineral property in British Columbia. The Copperline property surrounds Skutsil Knob at the south end of the Driftwood Range, 25 km northwest of Takla Lake, and approximately 120 km northeast of Smithers, B.C. The Copperline property is subject to an underlying NSR of 1.25% for part of the property and 2.0 % for the remainder. The Company can repurchase 1.25% and 0.5% respectively of these royalties with a \$500,000 cash payment.

The Company's interest in this property is carried at a nominal value based on Management's assessment of current recoverable value. The Company continues to ensure that all mineral claims are current and remain in good standing.

### **RESULTS OF OPERATIONS**

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The Company is in the exploration stage and other than minimal interest revenue did not earn any revenue during the fiscal period under review. For the three months ended March 31, 2014, the Company had a total comprehensive loss of \$131,814 (loss of \$0.02 per share) compared to \$267,914 (loss of \$0.05 per share) for the three months ended March 31, 2013.

Operating expenditures of \$111,762 for the three months ended March 31, 2014 have decreased from the \$178,127 comparative amount recorded for the three months ended March 31, 2013. The decrease in operating expenditures during the period was due to Management's efforts to conserve cash by reducing discretionary administrative expenses such as office rent and salaries. Travel expense increased from \$17,062 to \$27,653 due primarily to travel required for purposes of investigating a possible business acquisition.

The Company also recorded a loss of \$14,004 (March 31, 2013 - \$90,371) and other comprehensive loss of \$6,113 (March 31, 2013 - \$Nil) from impairment of available-for-sale investments.

The Company's cash position at March 31, 2014 was \$32,383 (December 31, 2013 - \$19,341) and it reported working capital of \$70,347 (December 31, 2013 - \$100,221). The increase in cash during the period is as due to interim cash payments from CanU relating to the Whitford Lake option assignment. The decrease in working capital is a result of impairments to available-for-sale investments and administrative expenditures.

### **QUARTERLY FINANCIAL REVIEW**

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The following table is a summary of selected financial data from the Company's unaudited quarterly financial statements. There were no significant revenues, long term liabilities or cash dividends declared in any of the reported periods.

	Mar 31, 2014 \$	Dec 31, 2013 \$	Sept 30, 2013 \$	Jun 30, 2013 \$
Total assets	5,749,048	5,855,010	6,082,053	6,172,480
Working capital	70,347	100,221	135,440	420,680
Increase (decrease) to exploration and evaluation assets	(100,000)	(196,756)	414,021	(138)
Comprehensive Loss for the period	131,814	234,184	90,728	124,384
Loss per share	0.02	0.04	0.01	0.02

	Mar 31, 2013 \$	Dec 31, 2012 \$	Sept 30, 2012 \$	Jun 30, 2012 \$
Total assets	6,317,996	6,532,142	8,783,994	8,944,572
Working capital	732,488	1,131,500	434,899	822,412
Increase (decrease) to exploration and evaluation assets	259,725	(2,830,255)	134,144	199,284
Comprehensive Loss for the period	267,914	2,117,508	295,077	495,523
Loss per share	0.05	0.33	0.05	0.08

### **Total Assets and Working Capital**

Total assets decreased during all of the quarterly periods reflected above due to the acquisition of mineral properties, mineral exploration work and general and administrative expenditures. Working capital similarly decreased for these reasons, except for during the three months ended December 31, 2012 when cash was received from Dehua pursuant to the terms of the Poplar Option Agreement.

### **Comprehensive Loss**

The comprehensive loss incurred during the three months ended March 31, 2014 is comparable to the quarterly periods in fiscal 2013 and reflects a decrease from fiscal 2012 amounts due to Management's efforts to decrease expenditures. An impairment of available-for-sale investments was also recorded during some of the above quarterly periods. The comprehensive loss for the quarter ended December 31, 2012 is greater than other periods due to a significant write-down of mineral properties.

### **Exploration and evaluation assets**

The amount of exploration and evaluation expenditures incurred each quarter will vary depending on the exploration program being conducted during that period. The decrease reflected for the quarters ended March 31, 2014 and December 31, 2013 reflects the cash received pursuant to the terms of the Whitford Lake Option Assignment Agreement and a write down recorded with respect to this mineral property recorded during fiscal 2013. The decrease reflected for the quarter ended December 31, 2012 reflects the \$1,000,000 in cash received pursuant to the terms of the Poplar Option Assignment Agreement and a write-down of mineral properties recorded during that period.

## **FINANCING ACTIVITIES**

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On November 11, 2013 the common shares of the Company were consolidated on the basis of four pre-consolidation common shares for one post-consolidation common share. The Company's options and warrants were also consolidated on the same 4 for 1 basis.

The Company did not complete any financings during the three months ended March 31, 2014.

## **CAPITAL EXPENDITURES**

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During the three months ended March 31, 2014 the Company did not incur any capital expenditures.

## **COMMITMENTS**

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Effective January 1, 2013, the Company is committed to a two and one half year office lease. Gross payments required pursuant to the terms of this lease are expected to approximate \$40,740 and \$20,634 for the 2014 and 2015 fiscal years respectively. Of these amounts the Company expects its share, after deducting amounts receivable from cost sharing arrangements currently in place, to approximate \$4,500 for the remainder of fiscal 2014 and \$3,000 for 2015.

The Company also has commitments pursuant to its mineral property option agreements as previously outlined above.

## **LIQUIDITY AND CAPITAL MANAGEMENT**

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The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure that optimizes the costs of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

To maintain or adjust capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company is dependent on private investors as its primary source of operating working capital and the Company's capital resources are largely determined by the strength of the junior resource markets, by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not currently subject to any capital requirements imposed by a regulator and there were no changes to the Company's management of capital during the three months ended March 31, 2014.

The Company's aggregate operating, investing and financing activities for the three months ended March 31, 2014, resulted in a cash increase of \$13,042. As at March 31, 2014 the Company had a cash balance of \$32,383 and working capital of \$70,347. In order for the



Company to carry out planned exploration and development and pay for administrative costs, the Company will be required to spend its working capital and proceeds from the assignment of its interest in the Whitford Lake mineral property, and also intends to raise additional amounts externally through debt or equity as needed.

## TRANSACTIONS WITH RELATED PARTIES

Related party transactions for the three months ended March 31, 2014 and 2013 are as follows:

	March 31, 2014	March 31, 2013
Professional fees	12,392	5,805
Director fees	-	3,000
Salaries - Management fees	33,000	40,500
Total	45,392	49,305

Key management of the Company includes the President, CFO and the Directors. For the three months ended March 31, 2014, compensation in respect of services provided by key management consists of \$22,500 (March 31, 2013: \$30,000) in management fees paid to the President and \$3,900 (March 31, 2013: \$3,600) in professional fees paid for CFO services to Malaspina Consultants Inc., a Company in which the CFO is an associate.

Also included in related party transactions during the three months ended March 31, 2014 are salaries of \$10,500 (March 31, 2013: \$10,500) paid to the Exploration Manager and accounting fees of \$8,492 (March 31, 2013: \$2,205) paid to Malaspina Consultants Inc.

The amounts due to related parties are non-interest bearing and payable on demand and are comprised of \$3,000 (December 31, 2013: \$3,000) for director fees payable to former directors, \$1,321 payable to a director for travel expense incurred on behalf of the Company (December 31, 2013: \$Nil) and \$6,844 (December 31, 2013: \$2,197) for professional fees payable to Malaspina Consultants Inc.

## FUTURE OUTLOOK

As at March 31, 2014 the Company had working capital of \$70,347 which may not be sufficient to finance exploration and operating costs over the next twelve months without additional funding and the ability to complete such financings on terms acceptable to the Company is uncertain.

In November, 2013 the Company received 4,500,000 shares in CanU and cash of \$85,000 pursuant to the terms of the Whitford Lake Option Assignment Agreement with an additional \$130,000 received during 2014. Receipt of the remaining cash payments due pursuant to the assignment will be dependent upon the ability of CanU to complete additional equity financings. In order to conserve resources Management is currently in the process of applying to trade its shares on the CSE and will also continue to assess and address the implications of recent events in order to ensure that the Company can continue to achieve its long term

objectives. Management continues to actively investigate other possible acquisitions of assets or companies which make good economic sense for the Company to pursue.

## **CAPITALIZATION**

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### **Share Capital**

As at May 29, 2014, the Company has 7,036,921 common shares issued and outstanding.

### **Stock Options**

Details of stock options outstanding as at May 29, 2014 are as follows:

Number of Options	Exercise Price \$	Expiry Date	Vesting Provisions
6,250	4.28	September 18, 2014	Vested
12,500	4.40	January 15, 2015	Vested
84,750	3.20	January 3, 2016	Vested
37,750	2.64	April 4, 2017	Vested
141,250			

During the three months ended March 31, 2014, 50,000 options exercisable at \$4.40 per share were cancelled and no options were granted.

### **Warrants**

Details of warrants outstanding as at May 29, 2014 are as follows:

Number of Warrants	Exercise Price	Expiry Date
39,063	\$4.00	July 13, 2015

## **SUBSEQUENT EVENTS**

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Subsequent to March 31, 2014, 6,250 options exercisable at \$2.88 expired unexercised. There were no other significant subsequent events.

## **OFF-BALANCE SHEET ARRANGEMENTS**

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The Company has not entered into any off-balance sheet arrangements.

## **CRITICAL ACCOUNTING ESTIMATES**

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The Company's financial statements are impacted by the accounting policies used, and the estimates and assumptions made, by Management during their preparation. Management considers the areas involving a high degree of judgment or complexity where assumptions and estimates are significant to the financial statements are considered to be determination of going concern, the assessment of carrying value, confirmation of title, and recoverability of mineral properties and the financial instrument classification of its investment in Canadian Uranium Corp. ("CanU"). These factors are more fully described in the condensed interim financial statements for the three months ended March 31, 2014.

## CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION AND ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

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The IASB intends to replace IAS 39 - Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 - Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

The Company has not early adopted any amendment, standard or interpretation that has been issued but is not yet effective.

## FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK

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At March 31, 2014 the Company's financial instruments consist of cash, available-for-sale investments, amounts receivable, reclamation deposit, accounts payable and accrued liabilities and due to related parties. The carrying values of these financial instruments other than available for sale investments approximates their fair value because of their short term nature.

The Company has classified the fair value of the financial assets according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments:

Level 1 - Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2 - Values based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.

Level 3 - Values based on prices or valuation techniques that are not based on observable market data.

The Company uses Level 1 inputs to measure available-for-sale investments except for the shares held in CanU which are measured using Level 3 inputs.

Management believes that as at March 31, 2014, it is not exposed to significant interest rate, currency or credit risks arising from these financial instruments other than available for sale investments. Management continually monitors these investments which are also managed by a professional investment advisor. The Company continues to hold these investments as it believes that the market value of the investments will eventually recover. However it is the Company's intention to decrease over time the amount of available for sale investments held in order to focus its resources on meeting its long term business objectives. These risks are

more fully described in the condensed interim financial statements for the three months ended March 31, 2014.

In order to execute its business plan the Company expects that, although cash payments are expected to be received from CanU with respect to the Option Assignment Agreement, future financings will likely be required although the ability to complete such on terms acceptable to the Company is uncertain, in particular in view of recent stock market volatility. In an effort to decrease administrative costs the Company also intends to apply to list its shares on the CNSX in the near future.

## **DISCLOSURE CONTROLS AND PROCEDURES**

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In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited condensed interim financial statements and this accompanying MD&A as at March 31, 2014 (together the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim and Annual Filings on SEDAR at [www.sedar.com](http://www.sedar.com).

## **RISKS AND UNCERTAINTIES**

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Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks and are outlined in the paragraphs below.

Operational risks include: the Company may not be able to find and develop reserves economically, the Company cannot guarantee title to its properties, the Company may have difficulty in marketing production and services, the Company must manage changing governmental law and regulations, the Company may have difficulty in hiring and retaining skilled employees and contractors, there are significant risks and hazards related to mining that are beyond the Company's control, there is no assurance that the Company will acquire additional mineral properties and any acquisitions may expose the Company to new risks, and the mining industry is intensely competitive for the acquisition of new properties, access to capital and hiring of skilled personnel. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations.

Lions Gate's mineral resources (and any future mineral reserves), to the extent they have been prepared, are estimates, and no assurance can be given that the estimated resources and/or reserves are accurate or that the indicated level of mineral will be produced. Such estimates are expressions of judgment based on drilling results, past experience with mining properties, knowledge, experience, industry practice and many other factors. Estimates,

which are valid when made, may change substantially when new information becomes available. Mineral resource and reserve estimation is an interpretive process based on available data and interpretations and thus estimations may prove to be inaccurate.

The actual quality and characteristics of mineral deposits cannot be known with certainty until mining takes place, and will almost always differ from the assumptions used to develop resources. Further, mineral reserves are valued based on future costs and future prices and consequently, the actual mineral reserves and mineral resources may differ from those estimated, which may result in either a positive or negative effect on operations.

Despite the Company's efforts to follow industry "best practices" in consulting with First Nations there is uncertainty and risk with respect to the Company's Poplar Project Mineral Property which is situated in the First Nations Wet'suwet'en traditional territory. Although by law it is the Crown that has the legal duty to consult with First Nations, the Company has proactively endeavored to engage with these First Nations in an effort to build sound relationships and accommodate their rights and interests asserted within their traditional territories. Notwithstanding best practices, there can be no assurance that formal exploration agreements with all the relevant First Nations will be successfully executed, or if they are successfully executed, there can be no assurance that formal Impact and Benefit Agreements will be executed by the First Nations if a mine proves economically viable. There can be no assurances that a social license to build a mine will be granted by the First Nations.

Financial risks include commodity prices and interest rates, which are beyond the Company's control. Additional financial risks are the Company's ability to raise capital to continue funding its operations.

Regulatory risks include the possible delays in getting regulatory approval to, and permits for, the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the introduction of more complex reporting requirements the cost of which the Company must meet in order to maintain its exchange listing.

## **ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

As the Company has not had significant revenue from operations in either of its last two financial periods, the following is a breakdown of the material costs incurred:

	Three Months Ended March 31,	
	2014	2013
	\$	\$
Deferred exploration expenditures (net of write-downs and cash payments received)	(100,000)	134,725
Administrative expense	111,762	178,127

Administrative expenses are provided by category of major expense items in the Statements of Comprehensive Loss included in the unaudited condensed interim financial statements for the three months ended March 31, 2014.

Other information about the Company and its properties, including the Interim and Annual Filings is available at [www.sedar.com](http://www.sedar.com).

## CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, (full legal name of the Issuer), hereby applies for the listing of the above mentioned securities on CSE. The foregoing contains full, true and plain disclosure of all material information relating to (full legal name of the Issuer). It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia

this 17<sup>th</sup> day of June, 2014.

Arni Johansson (signed)

Chief Executive Officer

Sharon Muzzin (signed)

Chief Financial Officer

William Filtness (signed)

Director

Alexander Helmelt (signed)

Director