GSV Gold Standard
VENTURES CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

EXPRESSED IN CANADIAN DOLLARS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of
Gold Standard Ventures Corp.

We have audited the accompanying consolidated financial statements of Gold Standard Ventures Corp., which comprise the consolidated statements of financial position as at December 31, 2013 and 2012 and the consolidated statements of comprehensive loss, cash flows and changes in shareholders' equity for the years 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 as issued by the International Accounting Standards Board, 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). 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 audits is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Gold Standard Ventures Corp. as at December 31, 2013 and 2012 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 material uncertainties that raise substantial doubt about Gold Standard Ventures Corp.'s ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

March 28, 2014

GOLD STANDARD VENTURES CORP.

(An Exploration Stage Company)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	December 31, 2013	December 31, 2012
	$	$
Assets		
Current		
Cash and cash equivalents (Note 3)	1,221,192	10,785,758
Receivables	15,248	102,953
Prepaid expenses (Note 4)	152,240	85,948
	1,388,680	10,974,659
Property and equipment (Note 5)	25,273	41,652
Exploration and evaluation assets (Note 6)	53,089,035	42,165,595
Reclamation bonds (Note 7)	468,298	300,658
	54,971,286	53,482,564
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 8)	1,933,958	1,838,851
Shareholders' equity		
Capital stock (Note 9)	65,327,042	60,102,516
Reserves (Note 9)	4,843,150	4,316,102
Deficit	(17,132,864)	(12,774,905)
	53,037,328	51,643,713
	54,971,286	53,482,564

Nature and Continuance of Operations (Note 1), **Commitments** (Note 15) and **Subsequent Events** (Note 16)

These consolidated financial statements are authorized for issuance by the Board of Directors on March 28, 2014.

On Behalf of the Board of Directors:

“Jonathan Awde”	“Richard Silas”
Jonathan Awde, Director	Richard Silas, Director

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

GOLD STANDARD VENTURES CORP.
(An Exploration Stage Company)
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	For the year ended December 31,	
	2013	2012
	$	$
Expenses		
Advertising and promotion	33,772	97,756
Bank charges and interest	50,609	17,383
Consulting fees	565,954	186,472
Depreciation (Note 5)	17,359	17,260
Foreign exchange loss	7,443	522,946
Insurance	102,839	50,857
Investor relations	99,670	255,974
Management fees	688,550	675,712
Office	172,299	219,801
Professional fees	368,168	493,239
Regulatory and shareholders service	117,922	263,726
Rent	132,652	126,354
Share-based compensation (Note 9)	1,194,056	1,340,120
Travel and related	377,957	780,266
Wages and salaries	334,352	223,650
	(4,263,602)	(5,271,516)
Write down of exploration and evaluation assets (Note 6)	(133,189)	-
Interest income	38,832	78,292
Loss and comprehensive loss for the year	(4,357,959)	(5,193,224)
Basic and diluted loss per share	(0.05)	(0.07)
Weighted average number of common shares outstanding	87,125,176	75,049,087

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

GOLD STANDARD VENTURES CORP.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the year ended December 31,	
	2013	2012
	$	$
Cash flows used in operating activities		
Net loss for the year	(4,357,959)	(5,193,224)
Items not affecting cash and cash equivalents:		
Depreciation	17,359	17,260
Share-based compensation	1,194,056	1,340,120
Write down of exploration and evaluation assets	133,189	-
Changes in non-cash working capital items		
Decrease (increase) in receivables	87,705	(9,357)
(Increase) in prepaid expenses	(66,292)	(14,440)
Increase (decrease) in accounts payable	401,357	(21,075)
	(2,590,585)	(3,880,716)
Cash flows used in investing activities		
Reclamation bonds, net	(167,640)	(225,451)
Acquisition of property and equipment	(980)	-
Exploration and evaluation assets expenditures	(11,362,879)	(24,389,995)
	(11,531,499)	(24,615,446)
Cash flows from financing activities		
Proceeds from share issuances	5,000,000	20,514,000
Share issuance costs	(442,482)	(1,863,253)
Proceeds from exercise of warrants	-	12,078,559
Proceeds from exercise of stock options	-	667,750
Shareholders' loan repayment	-	(2,005)
	4,557,518	31,395,051
Net change in cash and cash equivalents	(9,564,566)	2,898,889
Cash and cash equivalents, beginning of year	10,785,758	7,886,869
Cash and cash equivalents, end of year	1,221,192	10,785,758
Non-cash transactions		
Exploration and evaluation assets expenditures in accounts payable and accrued liabilities at year end	1,253,548	1,559,798
Reclassification of expired compensatory warrants from reserves to share capital	667,008	-

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

GOLD STANDARD VENTURES CORP.
(An Exploration Stage Company)
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Number of Shares Issued	Capital Stock	Reserves	Deficit	Total Shareholders' Equity
		$	$	$	$
Balance at December 31, 2011	60,676,852	27,828,590	3,852,852	(7,581,681)	24,099,761
Shares issued for cash	10,000,000	20,514,000	-	-	20,514,000
Share issuance costs	-	(1,863,253)	-	-	(1,863,253)
Warrants exercised	12,193,257	12,386,529	(307,970)	-	12,078,559
Stock options exercised	950,000	1,236,650	(568,900)	-	667,750
Share-based compensation	-	-	1,340,120	-	1,340,120
Net loss for the year	-	-	-	(5,193,224)	(5,193,224)
Balance at December 31, 2012	**83,820,109**	**60,102,516**	**4,316,102**	**(12,774,905)**	**51,643,713**
Shares issued for cash	7,936,509	5,000,000	-	-	5,000,000
Share issuance costs	-	(442,482)	-	-	(442,482)
Warrants expired	-	667,008	(667,008)	-	-
Share-based compensation	-	-	1,194,056	-	1,194,056
Net loss for the year	-	-	-	(4,357,959)	(4,357,959)
Balance at December 31, 2013	**91,756,618**	**65,327,042**	**4,843,150**	**(17,132,864)**	**53,037,328**

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

NOTE 1 - Nature and Continuance of Operations

Gold Standard Ventures Corp. (the "Company") was incorporated on February 6, 2004 under the Business Corporations Act of British Columbia and is listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol V.GSV. On June 12, 2012, the Company began to trade on the NYSE MKT under the symbol "GSV".

The Company's head office, principal address and registered and records office is located at Suite 610 – 815 West Hastings Street, Vancouver, British Columbia, Canada, V6C 1B4.

The Company's exploration and evaluation assets are at the exploration stage and are without a known body of commercial ore. The business of exploring for minerals involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities. The amounts shown as exploration and evaluation assets costs represent acquisition, holding and deferred exploration costs and do not necessarily represent present or future recoverable values. The recoverability of the amounts shown for exploration and evaluation assets costs is dependent upon the Company obtaining the necessary financing to complete the exploration and development of the properties, the discovery of economically recoverable reserves and future profitable operations.

These consolidated financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at December 31, 2013, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. The Company may require additional financing for the upcoming fiscal year in order to maintain its operations and exploration activities. These material uncertainties cast substantial doubt on the Company's ability to continue as a going concern.

NOTE 2 - Significant Accounting Policies and Basis of Preparation

The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements.

Statement of compliance
These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of presentation
These consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Basis of consolidation
These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, JKR Gold Resources Inc., JKR Gold Resources (USA) Inc., JMD Exploration Corp. and Gold Standard Ventures (US) Inc. The Company's Canadian subsidiaries are holding companies while its US subsidiaries are operating companies. All significant intercompany accounts and transactions between the Company and its subsidiaries have been eliminated upon consolidation.

NOTE 2 - Significant Accounting Policies and Basis of Preparation

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and each of its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than Canadian dollars are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in comprehensive loss.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

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

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of exploration and evaluation assets, valuation of share-based compensation, and recognition of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Economic recoverability and probability of future economic benefits of exploration and evaluation assets

Management has determined that exploration, evaluation, and related 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, evaluation of permitting and environmental issues and local support for the project.

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company’s earnings and equity reserves.

NOTE 2 - Significant Accounting Policies and Basis of Preparation – (continued)

Use of estimates (continued)
Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Cash and cash equivalents
The Company considers all highly liquid instruments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value to be cash equivalents.

Exploration and evaluation assets
Pre-exploration costs are expensed as incurred.

Costs directly related to the acquisition and exploration of exploration and evaluation assets are capitalized once the legal rights to explore the exploration and evaluation assets are acquired or obtained. When the technical and commercial viability of a mineral resource has been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Exploration and evaluation assets are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

Restoration and environmental obligations
The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as the related assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in amount and timing of the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

As at December 31, 2013 and 2012, there were no significant restoration and environmental obligations.

NOTE 2 - Significant Accounting Policies and Basis of Preparation – (continued)

Share-based compensation
The Company operates an employee stock option plan. Share-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Financial instruments
Financial assets
The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss. The Company classifies cash and cash equivalents as fair value through profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment. The Company classifies receivables and reclamation bonds as loans and receivables.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in the statements of comprehensive loss.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after 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.

Financial liabilities
The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method, and includes accounts payable and accrued liabilities.

As at December 31, 2013, the Company does not have any derivative financial assets and liabilities.

NOTE 2 - Significant Accounting Policies and Basis of Preparation – (continued)

Property and equipment
Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the fiscal period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation is calculated using a straight-line method to write off the cost of the assets. The depreciation rates applicable to each category of property and equipment are as follows:

Asset	Basis	Period
Furniture and Fixtures	Straight-line	5 years
Leasehold Improvements	Straight-line	Remaining lease term

Income taxes
Current income tax:
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:
Deferred income tax is provided for, based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

NOTE 2 - Significant Accounting Policies and Basis of Preparation – (continued)

Impairment of non-financial assets
The carrying amount of the Company's assets (which include property and equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. 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 whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of an asset is the greater of an asset's fair value less cost 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 the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Loss per share
Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. Potentially dilutive options and warrants excluded from diluted loss per share totalled 5,975,000 (2012 – 5,000,526).

Accounting pronouncements not yet adopted
A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the year ended December 31, 2013 and have not been applied in preparing these financial statements. The Company is currently considering the possible effects of the new and revised standards which will be effective to the Company's financial statements for the year ending December 31, 2014 or later:

a) IFRS 10 – Consolidated Financial Statements amendment provides clarification on investment entities. The amendments are effective for annual periods beginning on or after January 1, 2014. The Company does not expect any effect on the Company's financial statements.

b) IAS 27 – Separate Financial Statements amendment provides clarification on investment entities. The amendments are effective for annual periods beginning on or after January 1, 2014. The Company does not expect any effect on the Company's financial statements.

c) IAS 32 – Financial Instruments: Presentation amendment provides clarification on the application of offsetting rules. The amendments are effective for annual periods beginning on or after January 1, 2014. The Company does not expect any effect on the Company's financial statements.

(Expressed in Canadian Dollars)

NOTE 3 – Cash and Cash Equivalents

	December 31, 2013	December 31, 2012
	$	$
Cash at bank	906,310	2,137,699
Cash held in lawyers' trust account	22,587	90,894
Cash equivalents	292,295	8,557,165
	1,221,192	**10,785,758**

NOTE 4 – Prepaid Expenses

	December 31, 2013	December 31, 2012
	$	$
Prepaid expenses	139,952	79,791
Deposits	12,288	6,157
	152,240	**85,948**

NOTE 5 - Property and Equipment

	Leasehold improvements	Furniture and fixtures	Total
	$	$	$
Cost:			
At December 31, 2012	65,275	21,028	86,303
Additions	-	980	980
At December 31, 2013	65,275	22,008	87,283
Depreciation:			
At December 31, 2012	32,639	12,012	44,651
Charge for the year	13,056	4,303	17,359
At December 31, 2013	45,695	16,315	62,010
Net book value:			
At December 31, 2012	32,636	9,016	41,652
At December 31, 2013	**19,580**	**5,693**	**25,273**

	Leasehold improvements	Furniture and fixtures	Total
	$	$	$
Cost:			
At December 31, 2011 and 2012	65,275	21,028	86,303
Depreciation:			
At December 31, 2011	19,583	7,808	27,391
Charge for the year	13,056	4,204	17,260
At December 31, 2012	32,639	12,012	44,651
Net book value:			
At December 31, 2011	45,692	13,220	58,912
At December 31, 2012	**32,636**	**9,016**	**41,652**

(Expressed in Canadian Dollars)

NOTE 6 – Exploration and Evaluation Assets

Expenditures for the fiscal period related to exploration and evaluation assets located in Nevada, USA are as follows:

	Crescent Valley	Railroad	Pinion	Camp Douglas	Total
	$	$	$	$	$
Balance as at December 31, 2011	**1,930,084**	**14,746,190**	**92,452**	**357,724**	**17,126,450**
Property acquisition and staking costs	47,827	-	-	-	47,827
Exploration expenses					
Claim maintenance fees	176,121	55,651	10,784	41,476	284,032
Consulting	62,786	1,044,743	26,254	146,924	1,280,707
Data analysis	4,598	141,786	-	10,863	157,247
Drilling	448,837	14,685,461	-	1,600,491	16,734,789
Equipment	8,777	182,629	-	17,187	208,593
Geological	9,849	88,201	-	48,636	146,686
Lease payments	189,282	164,115	1,385,260	54,714	1,793,371
Sampling and processing	142,073	749,969	-	104,859	996,901
Site development	22,806	567,964	-	-	590,770
Supplies	11,044	2,185,516	-	482,830	2,679,390
Travel	1,408	103,390	-	14,034	118,832
	1,125,408	19,969,425	1,422,298	2,522,014	25,039,145
Balance as at December 31, 2012	**3,055,492**	**34,715,615**	**1,514,750**	**2,879,738**	**42,165,595**
Exploration expenses					
Claim maintenance fees	124,125	94,884	11,258	45,034	275,301
Consulting	35,501	992,660	57,610	25,093	1,110,864
Data analysis	-	58,328	34,118	287	92,733
Drilling	-	6,134,695	427,755	-	6,562,450
Equipment	-	58,322	5,853	-	64,175
Geological	11,597	55,898	-	28,214	95,709
Lease payments	181,463	206,450	291,171	62,316	741,400
Sampling and processing	8,766	641,968	40,707	-	691,441
Site development	-	487,139	18,212	-	505,351
Supplies	695	785,224	40,908	-	826,827
Travel	-	90,378	-	-	90,378
	362,147	9,605,946	927,592	160,944	11,056,629
Write down of exploration and evaluation assets	(133,189)	-	-	-	(133,189)
Balance as at December 31, 2013	**3,284,450**	**44,321,561**	**2,442,342**	**3,040,682**	**53,089,035**

(Expressed in Canadian Dollars)

NOTE 6 - Exploration and Evaluation Assets – (continued)

Crescent Valley North Project

In September 2009, the Company entered into an option agreement to acquire a 100% interest in four lease agreements, collectively known as the Crescent Valley North property ("CVN") from Aurelio Resources Corporation ("Aurelio"). In order to earn the interest, the Company must complete the following by August 2012:

- Pay Aurelio US$100,000 and reimbursement of US$16,567 of closing costs (paid)
- Issue 600,000 common shares to Aurelio (issued at a value of $228,000)
- Pay Aurelio US$100,000 on or before August 31, 2010 (paid)
- Incur exploration expenditures of US$1,500,000 on or before August 31, 2012, with the Company having the option of making a cash payment to Aurelio of any shortfall (incurred)
- Assume the obligations on each of the four underlying lease agreements

The underlying lease agreements consist of the Mathewson Lease ("Mathewson"), the WFW Lease ("WFW"), the KM/IC Lease ("KM/IC"), and the KM/RC Lease ("KM/RC"). The annual lease payments in US$ are as follows:

Lessor	Mathewson	WFW	KM/IC	KM/RC	Total	
Year						
2009	$ 35,000	$ 12,500	$ 25,000	$ 25,000	$ 97,500	*(Paid)*
2010	40,000	12,500	30,000	30,000	112,500	*(Paid)*
2011	45,000	12,500	35,000	35,000	127,500	*(Paid)*
2012	50,000	17,500	40,000	40,000	147,500	*(Paid)*
2013	55,000	17,500	45,000	-	117,500	*(Paid)*
2014	60,000	17,500	50,000	-	127,500	
Onward	60,000	17,500	50,000	-	127,500	

Aurelio also has a 1% net smelter royalty ("NSR") on each of the four properties. The Mathewson lease, KM/IC lease and KM/RC lease are each subject to a 4% NSR, of which 2% can be bought down on a sliding scale dependent on the price of gold.

The WFW lease is subject to a 3% NSR, of which 2% can be bought down on a sliding scale dependent on the price of gold.

The Mathewson lease, KM/IC lease and KM/RC lease are held by an officer and director of the Company.

In August 2013, the Company terminated the KM/RC lease agreement. As a result, the Company recorded a write down of exploration and evaluation assets of $133,189 (US$130,000).

(Expressed in Canadian Dollars)

NOTE 6 - Exploration and Evaluation Assets – (continued)

Crescent Valley North Project (continued)

In August 2011, the Company entered into two mining lease agreements to acquire a 100% interest in certain claims contiguous with the Crescent Valley North property for a lease term of ten years subject to total annual lease payments in US$ as follows:

Year		
2011	$20,000	*(Paid)*
2012	20,000	*(Paid)*
2013	30,000	*(Paid)*
2014	40,000	
2015	50,000	
2016-2020	60,000	

Each lease has an option to purchase prior to commencement of any mining activities for US$1,500,000 and is subject to a 3% NSR with a buy-down right of 1% for US$300,000 at any time. The lease payments are required to be paid on each agreement's anniversary date to keep the exploration rights in effect.

In April 2012, the Company entered into a surface use agreement with a primary term of 10 years, but will continue thereafter as long as the Company owns or controls properties within a two mile radius of the surface tracts. The surface use agreement is subject to an annual lease payment of US$2,483.

In July 2012, the Company entered into a mining lease agreement to lease a 100% right in certain unpatented mining claims for a period of 10 years. The Company paid US$20,000 upon execution of the agreement and is required to make annual lease payments of US$25,000 (paid) on the first anniversary and then increasing to US$50,000 in years six to nine. The Company has the option to purchase the property for US$2,000,000 and must purchase the property prior to commencing production. The lease agreement is subject to a 3% NSR with a buy-down option of 1% for US$1,000,000 in year five and a further 1% for US$2,000,000 in year eight. The Company has the option to extend the lease for an additional 10 years with annual lease payments of US$60,000 increasing to US$100,000.

Railroad Project

In August 2009, the Company entered into an agreement to acquire a 100% interest in certain claims comprising the Railroad Property in Nevada from Royal Standard Minerals, Inc ("RSM") and its subsidiaries. The Railroad property is subject to three underlying lease agreements as follows:

a. Aladdin Sweepstakes Consolidated Mining Company ("Aladdin") Lease/Purchase Agreement dated August 1, 2002; whereby RSM was granted the option to purchase the property on or before August 1, 2009 for a lump sum payment of US$2,000,000 less any lease payments as credits towards the payment, subject to a retained 1% NSR. As of August 2009, RSM had made total lease payments of $235,000.
b. Tomera Mining Lease dated January 22, 2003, which is subject to annual lease payments and expiring in January 2011. This lease is also subject to a 5% NSR. The lease was not extended in January 2011 but was replaced with five separate leases which were entered into in September 2010 as described below.
c. Sylvania Mining Lease Agreement dated December 1, 2005 which is subject to annual lease payments and expiring in December 2021. This lease is also subject to a 5 % NSR.

(Expressed in Canadian Dollars)

NOTE 6 - Exploration and Evaluation Assets – (continued)

Railroad Project (continued)

To acquire the interest in the Railroad property, the Company must:

- Pay the remaining balance of US$1,765,000 to Aladdin (paid)
- Pay US$1,200,000 to RSM (paid)
- Pay the final lease payment of US$31,800 on the Tomera Mining Lease (paid)
- Pay the 2009 lease payment of US$8,000 on the Sylvania Mining Lease (paid)
- Pay the 2010 lease payment of US$8,000 on the Sylvania Mining Lease (paid)
- Pay future annual lease payments under the Sylvania Mining Lease of US$20,000 per annum until 2020.

RSM will retain a 1% NSR on the entire property and certain claims are subject to a 1.5% Mineral Production Royalty payable to Kennecott Holdings Corporation.

In September 2010, the Company entered into five mining lease agreements to acquire additional parcels of private surface and mineral rights properties contiguous with the Railroad property subject to total annual lease payments in US$ as follows:

Year		
2010	$70,040	*(Paid)*
2011	70,040	*(Paid)*
2012	70,040	*(Paid)*
2013	78,588	*(Paid)*
2014	78,588	
2015	87,137	
2016	87,137	
Onward	96,887	

Of the five mining lease agreements, three lease agreements are subject to a 5% NSR. One of these three lease agreements has a buy-down right of 1% for US$1,000,000 in year five and a further 2% for US$3,000,000 in year eight. The lease payments are required to be paid on each agreement's anniversary date to keep the exploration rights in effect.

In April 2011, the Company entered into a minerals lease and agreement with Newmont USA Limited ("Newmont") to lease four sections and acquire a 100% right to prospect and explore for minerals on and beneath the leased lands. Two of the four sections are staked public lands, which carry no underlying royalty. The other two sections are private surface and minerals lands subject to a total annual lease payment of US$39,680 and an underlying 5% net smelter royalty. Under the terms of the agreement, the Company is required to spend a minimum of US$100,000 on exploration before the second anniversary date (incurred) and to maintain the lease. The Company will be subject to escalating yearly work commitments in the aggregate amount of US$2,500,000 as follows:

Year		
2013	US$100,000	*(Incurred)*
2014	200,000	
2015	450,000	
2016	750,000	
2017	1,000,000	

Beginning in 2018, the Company will be subject to an annual work commitment of US$300,000, or the Company will be required to pay an annual rental payment of US$33,600 to Newmont.

NOTE 6 - Exploration and Evaluation Assets – (continued)

Railroad Project (continued)

Newmont has a first back-in right on or before delivery of a positive feasibility study, enabling Newmont to earn a 51% interest in the lease by incurring expenditures totaling 150% of the expenditures made by the Company. If Newmont elects not to exercise the back-in right, Newmont will deed the claims and assign the leases on the leased lands to the Company in exchange for the Company's executing a royalty deed conveying a 3% NSR on the claims and a 1% NSR on the leased lands to Newmont. If Newmont exercises its first back-in right, it has a second back-in right to earn an additional 19% interest in the lease by expending an additional 100% of the expenditures made by the Company. The project would then revert to a joint venture between Newmont (70%) and the Company (30%).

In October 2012, the Company entered into a letter of intent to lease a 100% right in certain patented mining claims for a primary period of 10 years located in Elko County, Nevada. The Company paid US$15,000 upon execution of the agreement and is required to make annual lease payments of US$15,000 on the first anniversary and then increasing to US$50,000 in years six to nine. The Company has the option to purchase the property for US$1,500,000 and must purchase the property prior to commencing production. The lease agreement is subject to a 4% NSR. The Company has the option to extend the lease for an additional 10 years with annual lease payments of US$75,000 per year, with provisions for extension after that. If the Company exercises the purchase option, all initial lease payments paid will be credited against future NSR payments.

In December 2012, the Company entered into a mining lease and option to purchase agreement to lease a 100% right in certain patented mining claims for a primary period of 10 years located in Elko County, Nevada. The Company paid US$20,000 upon execution of the agreement and is required to make annual lease payments of US$20,000 on the first anniversary and then increasing to US$35,000 in years six to nine. The Company has the option to purchase the property for US$1,000,000 and must purchase the property prior to commencing production. The lease agreement is subject to a 4% NSR with a buy-down option of 2% for US$2,000,000 and a further 1% for US$1,500,000. The Company has the option to extend the lease for an additional 10 years with annual lease payments of US$50,000 per year, with provisions for extension after that. If the Company exercises the purchase option, all initial lease payments will be credited against future NSR payments.

In July 2013, the Company entered into a letter of intent to lease a 100% right in certain patented mining claims for a primary period of 10 years located in Elko County, Nevada. The Company paid US$25,000 upon execution of the agreement and is required to make annual lease payments of US$25,000 on the first anniversary and then increasing to US$43,750 in years six to nine. The Company has the option to purchase the property for US$1,250,000 and must purchase the property prior to commencing production. The lease agreement is subject to a 4% NSR with a buy-down option of 2% for US$2,000,000 and a further 1% for US$1,000,000. The Company has the option to extend the lease for an additional 10 years with annual lease payments of US$62,500 per year, with provisions for extension after that. If the Company exercises the purchase option, all initial lease payments will be credited against future NSR payments.

Camp Douglas Project

In August 2010, the Company entered into a mining lease and option to purchase agreement with Diversified Inholdings, LLC, a US company, to acquire, subject to a 4% net smelter royalty, a 100% interest in the Camp Douglas project consisting of certain unpatented mineral claims in Mineral County, Nevada. Under the terms of the agreement, the Company is to pay cumulative lease payments of US$550,000 and incur exploration expenditures of US$900,000 by August 2018. As at December 31, 2013, the Company had paid US$210,000 in lease payments and fulfilled the accumulated work commitment of US$900,000 in exploration expenditures. Further lease payments and annual expenditures after 2018 will be subject to negotiation.

The Company has the option to purchase a 100% interest in the property for an amount of US$100,000. The Company may exercise the option only after it commits to commence development of a mine or mining on the property and completes a feasibility study for development of a mine or mining on the property.

(Expressed in Canadian Dollars)

NOTE 6 - Exploration and Evaluation Assets – (continued)

Pinion Project (formerly South Railroad Project)

Between October 2011 to May 2012, the Company entered into various mining lease agreements to acquire a 100% interest in certain claims, collectively known as the Pinion project ("Pinion"), for a lease term of ten years with an option to extend the lease term for an additional ten years. These leases are subject to total annual lease payments in US$ as follows:

Year		
2011	$ 63,522	*(Paid)*
2012	72,236	*(Paid)*
2013	72,236	*(Paid)*
2014	84,940	
2015	86,683	
2016	99,387	
2017	101,130	
2018	113,834	
2019	115,577	
2020	115,577	
2021 and onward	125,829	

The lease payment will be cumulatively credited to the Company's account and will be applied against the Company's obligation to pay the NSR payment up to 80% of the total lease payment. In addition to the lease payments, the Company paid total signing bonuses of US$53,000 with respect to the signing of the leases. Each lease is subject to a 5% NSR. The lease payments are required to be paid on each agreement's anniversary date to keep the exploration rights in effect.

In October 2012, the Company entered into a surface use agreement with a primary term of 10 years, with provisions for extension after that. The surface use agreement is subject to an annual lease payment of US$20,103. The Company has the option to purchase the property for US$8,934,640 and must purchase the property prior to commencing production.

In November 2012, the Company entered into a mining lease agreement to lease a 100% interest in certain mineral rights for a period of 12 years. The Company paid an initial amount of US$1,000,000 and annual lease payments of US$175,000 upon execution of the agreement. The annual lease payments increase by 5% each year. Under the terms of the agreement, the Company is required to spend a minimum of US$500,000 on exploration during the first year of the lease term (incurred), US$750,000 during the second year of the lease term, and US$1,000,000 per year for the remainder of the lease term, with the option of making a cash payment to the vendor of any shortfall. The lease agreement is subject to a 5% NSR with a buy-down option of 3% for US$3,500,000 in year one through six or for US$7,000,000 in year seven through twelve. The Company, prior to commencing production on the property and after having exercised its buy-down option of the NSR, has an option to purchase the property for an amount of US$25,000,000. If the Company exercises the purchase option, 70% of the initial amount will be credited towards the purchase price and 70% of all annual lease payments will be credited against future NSR payments. The Company has the option to extend the lease for an additional 10 years by paying US$1,000,000 and making annual lease payments of US$500,000 per year, increasing annually in the amount of 5% of the previous year's annual lease payment. After the third anniversary, the Company can terminate this agreement by making a cash payment equal to the lease payments for the following two years of the lease term.

NOTE 7 - Reclamation Bonds

In relation to its exploration and evaluation assets, the Company has posted reclamation bonds of $468,298 (US$473,406) (December 31, 2012 - $300,658 (US$301,696)).

(Expressed in Canadian Dollars)

NOTE 8 – Accounts Payable and Accrued Liabilities

	December 31, 2013	December 31, 2012
	$	$
Accounts payable	1,567,417	1,702,930
Accrued liabilities	366,541	135,921
	1,933,958	**1,838,851**

NOTE 9 - Share Capital and Reserves

Authorized Share Capital

Unlimited number of common shares without par value.

Issued Share Capital

In June 2012, the Company closed a private placement whereby 10,000,000 shares at US$2.00 (equivalent to $2.0514) per share were issued for proceeds of $18,650,747 net of cash commissions and expenses of $1,863,253.

In August 2013, the Company closed a private placement whereby 7,936,509 shares at $0.63 per share were issued for proceeds of $4,557,518 net of cash commissions and expenses of $442,482.

Share Purchase Warrants

During the year ended December 31, 2012, 12,193,257 warrants were exercised for proceeds of $12,078,559.

A summary of share purchase warrant activities are as follows:

	Number of warrants	Weighted average exercise price
		$
Outstanding at December 31, 2011	12,973,783	0.99
Exercised	(12,193,257)	0.99
Outstanding at December 31, 2012	780,526	0.95
Expired	(780,526)	0.95
Outstanding at December 31, 2013	-	-

Stock Options

On June 26, 2013, the shareholders of the Company approved the Company’s Stock Option Plan. The maximum number of common shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSX-V). Options may be granted for a maximum term of ten years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company and, in the case of death, expire within one year thereafter. Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option.

(Expressed in Canadian Dollars)

NOTE 9 - Share Capital and Reserves – (continued)

Stock Options (continued)

In February 2012, the Company granted 740,000 stock options for a period of five years, valued at $0.98 per option for a total of $724,722 calculated using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk free rate of 1.63%, a forfeiture rate of 0%, and volatility of 125%.

In March 2012, the Company granted 150,000 stock options for a period of five years, valued at $1.54 per option for a total of $230,486 calculated using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk free rate of 1.63%, a forfeiture rate of 0%, and volatility of 125%.

In June 2012, the Company granted 25,000 stock options for a period of five years, valued at $2.21 per option for a total of $55,223 calculated using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk free rate of 1.21%, a forfeiture rate of 0%, and volatility of 115%.

In August 2012, the Company granted 50,000 stock options for a period of five years, valued at $1.42 per option for a total of $71,153 calculated using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk free rate of 1.38%, a forfeiture rate of 0%, and volatility of 126%.

In September 2012, the Company granted 20,000 stock options for a period of five years, valued at $1.42 per option for a total of $28,452 calculated using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk free rate of 1.31%, a forfeiture rate of 0%, and volatility of 126%.

In September 2012, the Company granted 150,000 stock options for a period of five years, valued at $1.53 per option for a total of $230,084 calculated using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk free rate of 1.31%, a forfeiture rate of 0%, and volatility of 126%.

In March 2013, the Company granted 50,000 stock options for a period of five years, valued at $0.89 per option for a total of $44,557 calculated using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk free rate of 1.29%, a forfeiture rate of 0%, and volatility of 132%.

In May 2013, the Company granted 1,705,000 stock options for a period of five years, valued at $0.67 per option for a total of $1,149,499 calculated using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk free rate of 1.63%, a forfeiture rate of 0%, and volatility of 140%.

During the year ended December 31, 2012, 950,000 stock options were exercised for proceeds of $667,750.

A summary of stock options activities are as follows:

	Number of options	Weighted average exercise price
		$
Outstanding at December 31, 2011	4,035,000	0.83
Granted	1,135,000	1.40
Exercised	(950,000)	0.70
Outstanding at December 31, 2012	4,220,000	1.01
Granted	1,755,000	0.77
Outstanding at December 31, 2013	5,975,000	0.94

(Expressed in Canadian Dollars)

NOTE 9 - Share Capital and Reserves – (continued)

Stock Options (continued)

A summary of the stock options outstanding and exercisable at December 31, 2013 is as follows:

Exercise Price	Number Outstanding	Number Exercisable	Expiry Date
$			
0.65	1,305,000	1,305,000	July 13, 2015
0.82	200,000	200,000	October 6, 2015
0.71	700,000	700,000	January 25, 2016
1.27	400,000	400,000	March 17, 2016
1.40	350,000	350,000	April 5, 2016
1.26	155,000	155,000	June 29, 2016
1.16	715,000	715,000	February 2, 2017
1.82	150,000	150,000	March 29, 2017
2.73	25,000	25,000	June 1, 2017
1.68	50,000	50,000	August 30, 2017
1.68	20,000	20,000	September 4, 2017
1.81	150,000	150,000	September 5, 2017
1.03	50,000	50,000	March 1, 2018
0.76	1,705,000	1,705,000	May 23, 2018
	5,975,000	5,975,000	

The stock option reserve records items recognized as share-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If vested options expire unexercised or are forfeited, the amount recorded is transferred to deficit.

NOTE 10 - Segmented Information

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

	As at December 31, 2013		
	Canada	**US**	**Total**
	$	**$**	**$**
Reclamation bonds	-	468,298	468,298
Property and equipment	20,520	4,753	25,273
Exploration and evaluation assets	-	53,089,035	53,089,035
	20,520	**53,562,086**	**53,582,606**

	As at December 31, 2012		
	Canada	**US**	**Total**
	$	**$**	**$**
Reclamation bonds	-	300,658	300,658
Property and equipment	33,730	7,922	41,652
Exploration and evaluation assets	-	42,165,595	42,165,595
	33,730	**42,474,175**	**42,507,905**

(Expressed in Canadian Dollars)

NOTE 11 - Related Party Transactions

During the year ended December 31, 2013, the Company entered into the following transactions with related parties, not disclosed elsewhere in these financial statements:

i. Incurred rent expense of $nil (December 31, 2012 - $73,575) to a company controlled by a director and officer of the Company.

ii. As at December 31, 2013, $111,012 (December 31, 2012 - $6,867) was included in accounts payable and accrued liabilities owing to companies controlled by directors and officers of the Company.

iii. As at December 31, 2013, $33,000 (December 31, 2012 - $nil) was included in accounts payable and accrued liabilities owing to a director and officer of the Company.

Summary of key management personnel compensation:

	For the year ended December 31,	
	2013	2012
	$	$
Management fees	688,550	675,712
Professional fees	-	12,000
Exploration and evaluation assets expenditures	226,578	281,664
Wages and salaries	33,000	14,577
Share-based compensation	715,990	832,722
	1,664,118	1,816,675

In March 2011, the Company granted to a director and officer an NSR of 0.5% to 1% on all properties staked by him and acquired by the Company subject to certain provisions including a buy-down provision of $500,000 per 0.5%.

NOTE 12 - Capital Disclosure and Management

The Company considers its capital structure to include the components of shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As an exploration stage company, the Company is currently unable to self-finance its operations.

Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable.

The Company's share capital is not subject to any external restrictions and the Company did not change its approach to capital management during the period.

(Expressed in Canadian Dollars)

NOTE 13 – Income Taxes

The reconciliation of the combined Canadian federal and provincial income tax rate to the income tax recovery presented in the accompanying statements of comprehensive loss is provided below:

	Years ended December 31,	
	2013	2012
	$	$
Loss before income taxes	(4,357,959)	(5,193,224)
Combined federal and provincial statutory income tax rate	25.75%	25.00%
Expected income tax recovery at statutory tax rates	(1,122,000)	(1,298,000)
Impact of different statutory tax rates on earnings of subsidiaries	(301,000)	(186,000)
Non-deductible expenditures	317,000	477,000
Impact of future income tax rates applied versus current statutory rate	(164,000)	-
Share issuance costs	(114,000)	(466,000)
Change in unrecognized deductible temporary differences and others	1,384,000	1,473,000
Total	-	-

The Canadian income tax rate declined during the year due to changes in the law that reduced corporate income tax rates in Canada.

Significant components of deferred tax assets that have not been set up are as follows:

	As of December 31,	
	2013	2012
	$	$
Share issuance costs	523,000	603,000
Non-capital losses	4,819,000	3,211,000
Capital assets	14,000	5,000
Exploration and evaluation assets	1,172,000	1,127,000
Total	6,528,000	4,946,000

Significant components of unrecognized deductible temporary differences and unused tax losses that have not been included on the statements of financial position are as follows:

	As of December 31,			
	2013	Expiry dates	2012	Expiry dates
	$		$	
Share issuance costs	2,013,000	2014 to 2017	2,410,000	2013 to 2016
Non-capital losses	16,242,000	2014 to 2033	11,679,000	2014 to 2032
Capital assets	51,000	No Expiry	19,000	No Expiry
Exploration and evaluation assets	4,507,000	No Expiry	4,507,000	No Expiry

Tax attributes are subject to review, and potential adjustment, by tax authorities.

NOTE 14 - Financial Instruments and Risk Management

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

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

The Company's financial instruments consist of cash and cash equivalents, receivables, reclamation bonds, and accounts payable and accrued liabilities. The fair value of these financial instruments, other than cash and cash equivalents, approximates their carrying values due to the short-term nature of these instruments. Cash and cash equivalents are measured at fair value using level 1 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and commodity price risk.

a) Currency risk

The Company conducts exploration and evaluation activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates for the Canadian and US dollars. As at December 31, 2013, the Company had a net monetary liability position of US$952,883. Each 1% change in the US dollar relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately $9,500.

b) Credit risk

Credit risk is risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash and cash equivalents is held in large Canadian financial institutions and is not exposed to significant credit risk.

c) Interest rate 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. The Company is exposed to limited interest rate risk as it only holds cash and highly liquid short-term investments and does not have any interest bearing debt.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments. As at December 31, 2013, the Company had a working capital deficit of $545,278, however, subsequent to year-end the Company raised proceeds of $10,940,000 (Note 16) pursuant to a private placement.

e) Commodity price risk

The ability of the Company to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of gold. The Company monitors gold prices to determine the appropriate course of action to be taken.

(Expressed in Canadian Dollars)

NOTE 15 - Commitments

a) On January 1, 2010, the Company entered into a sublease agreement for an office space in Vancouver, B.C. for a term of 4 years and 3 months expiring March 31, 2014 and incurring monthly rent payments of $6,867 per month. In November 2012, the Company assumed the lease and became the primary lessee, and the term was extended to October 31, 2014.

b) On September 1, 2011, the Company entered into a commercial lease agreement for an office space in Elko, Nevada for a term of 36 months expiring August 30, 2014, incurring a monthly rent payment of US$4,400. As at December 31, 2013, a security deposit of US$2,400 was paid and is included in prepaid expenses.

Summary of commitment to office leases:

	Vancouver Office	Elko Office	Total
	$	**$**	**$**
Payable not later than one year	68,670	37,439	106,109
Payable later than one year and not later than five years	-	-	-
Payable later than five years	-	-	-
Total	68,670	37,439	106,109

c) In March 2011, the Company signed four separate consulting agreements with consultants, officers, and directors of the Company to provide management consulting and exploration services to the Company for an indefinite term effective January 1, 2011 and one consulting agreement with an officer and director of the Company to provide management consulting services to the Company for an indefinite term effective February 1, 2011. The agreements require total combined payments of $52,500 per month. Included in each agreement is a provision for a two year payout in the event of termination without cause and three year payout in the event of a change in control. During 2012, the Board of Directors approved amendments to these consulting agreements whereby the total combined payment increased to approximately $72,583 per month.

NOTE 16 – Subsequent Events

a) In March 2014, the Company entered into an agreement with Scorpio Gold Corp. ("Scorpio") to acquire certain portion of the Pinion Gold Deposit ("Pinion Gold Deposit"), which is contiguous to the south of the Company's flagship Railroad Gold Project in Elko County, Nevada.

Total consideration consisted of:

(1) An upfront $250,000 non-refundable deposit (paid);
(2) A cash payment of $5,750,000 payable upon closing (paid);
(3) Share consideration of 5,500,000 common shares of the Company payable upon closing (issued);
(4) A cash payment of $2,500,000 payable one year from closing (secured by Pinion Gold Deposit);
(5) Upon delivering a NI 43-101-compliant resource exceeding 1 million ounces of gold at the Pinion Gold Deposit, the Company will issue to Scorpio a further 1,250,000 common shares;
(6) Additional cash consideration of $1,500,000 to $3,000,000 will be payable by the Company if the Company enters into a transaction whereby it sells a majority of the Company for consideration exceeding $100,000,000.

NOTE 16 – Subsequent Events (continued)

b) In March 2014, the Company completed a private placement of 15,188,495 units at a price of $0.72 per unit for aggregate gross proceeds of $10.94 million. Each unit comprises one common share of the Company and one-half of one common share purchase warrant. Each whole warrant will entitle its holder to subscribe to one common share for a period of 24 months following the closing of the offering, at a price of $1.00.

c) In March 2014, the Company granted 2,179,000 stock options exercisable at $0.79 per option for a period of four years.