

**AUGUSTINE VENTURES INC.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE NINE MONTH PERIOD**  
**ENDED AUGUST 31, 2013**

(UNAUDITED – PREPARED BY MANAGEMENT)

Notice to Reader

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

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

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

# AUGUSTINE VENTURES INC.

## Condensed Interim Statements of Financial Position (unaudited)

(Expressed in Canadian Dollars)

	As at August 31 2013	As at November 30 2012
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents (note 4)	\$ 32,800	\$ 78,177
Sundry receivables and prepaids (note 5)	50,192	23,561
	82,992	101,738
Property and equipment (note 6)	91,328	111,191
Oil and gas interests (note 7)	1	1
Mining properties and expenditures (note 8)	2,786,693	2,579,880
	\$ 2,961,014	\$ 2,792,810
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 326,989	\$ 222,806
Due to related parties (note 9)	535,096	504,180
	862,085	726,986
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 10)	3,447,705	3,071,510
Reserves for warrants (note 10)	1,950,114	2,091,014
Reserves for share-based payments (note 10)	1,110,813	762,122
Deficit	(4,409,703)	(3,858,822)
	2,098,929	2,065,824
	\$ 2,961,014	\$ 2,792,810

Basis of preparation and going concern assumption (note 2)  
Commitments (note 14)

Approved by the Board:

"Robert Dodds"

Director

"Dexter John"

Director

**AUGUSTINE VENTURES INC.****Condensed Interim Statements of Comprehensive Loss (unaudited)**

(Expressed in Canadian Dollars)

	3 months ended		9 months ended	
	August 31	August 31	August 31	August 31
	2013	2012	2013	2012
<b>Expenses</b>				
Depreciation (note 6)	\$ 6,621	\$ 1,970	\$ 19,863	\$ 5,911
Directors fees (note 9)	15,250	16,500	47,250	50,000
General and administrative	16,446	9,957	57,409	39,055
Interest expense (note 9)	1,690	-	3,726	-
Management fees (note 9)	30,000	76,750	150,000	221,250
Professional fees	7,500	5,000	23,310	18,540
Rent and occupancy costs (notes 9, 14)	11,983	25,701	31,386	70,701
Salaries and benefits	21,216	35,918	59,360	105,149
Shareholder services and public company costs	18,926	8,880	57,922	60,609
Share based payments (note 11)	3,878	14,040	100,655	326,650
Less: interest income (note 9)	-	(7,537)	-	(7,537)
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (133,510)</b>	<b>\$ (187,179)</b>	<b>\$ (550,881)</b>	<b>\$ (890,328)</b>
<b>Loss per common share (basic and fully diluted) (note 12)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>	<b>\$ (0.03)</b>
<b>Weighted average number of common shares outstanding (note 12)</b>	<b>39,559,399</b>	<b>32,076,790</b>	<b>36,350,513</b>	<b>31,184,972</b>

# AUGUSTINE VENTURES INC.

## Condensed Interim Statements of Cash Flows (unaudited)

(Expressed in Canadian Dollars)

	9 months ended	
	August 31 2013	August 31 2012
<b>Cash provided by (used in) operating activities</b>		
Net loss for the period	\$ (550,881)	\$ (890,328)
Share based payments	100,655	326,650
Depreciation	19,863	5,911
Changes in non-cash working capital items		
Sundry receivables	(26,631)	26,498
Accounts payable	104,183	24,875
Due to related parties	30,916	139,312
	<u>(321,895)</u>	<u>(367,082)</u>
<b>Cash provided by (used in) investing activities</b>		
Advances to related party	-	30,086
Acquisition of property and equipment	-	(95,500)
Acquisition of mining properties	(36,413)	(35,534)
Mining property exploration expenses	(170,400)	(142,342)
	<u>(206,813)</u>	<u>(243,290)</u>
<b>Cash provided by (used in) financing activities</b>		
Share capital	483,331	523,360
Increase (decrease) in cash and cash equivalents	(45,377)	(87,012)
Cash and cash equivalents, beginning of the period	78,177	100,426
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 32,800</b>	<b>\$ 13,414</b>
<b>Cash and cash equivalents consists of:</b>		
Cash	\$ 22,800	\$ 3,414
Short-term investments (note 4)	10,000	10,000
	<u>\$ 32,800</u>	<u>\$ 13,414</u>
<b>Supplementary information:</b>		
Interest paid	\$ 3,726	\$ -
Interest received	-	7,537
Income taxes paid	-	-

**Augustine Ventures Inc.**  
**Condensed Interim Statements of Changes in Shareholders' Equity (unaudited)**  
(Expressed in Canadian Dollars)

	Common shares	Reserves			Total
		Share-based payments	Warrants	Deficit	
Balances, December 1, 2011	\$ 2,752,194	\$ 306,304	\$ 1,992,996	\$ (2,594,482)	\$ 2,457,012
Private placements	530,000	-	-	-	530,000
Issued for mineral property	60,000	-	-	-	60,000
Exercise of options	30,000	-	-	-	30,000
Fair value of options exercised	6,256	(6,256)	-	-	-
Warrant valuation	(256,375)	-	256,375	-	-
Costs of issue - cash	(31,640)	-	-	-	(31,640)
Costs of issue - compensation warrants	(18,925)	18,925	-	-	-
Share-based payments	-	284,792	-	-	284,792
Expiry of warrants	-	158,357	(158,357)	-	-
Net loss for the year	-	-	-	(1,264,340)	(1,264,340)
Balances, November 30, 2012	3,071,510	762,122	2,091,014	(3,858,822)	2,065,824
Private placements	540,000	-	-	-	540,000
Warrant valuation	(98,400)	-	98,400	-	-
Costs of issue - cash	(56,669)	-	-	-	(56,669)
Costs of issue - compensation warrants	(8,736)	8,736	-	-	-
Share-based payments	-	100,655	-	-	100,655
Expiry of warrants	-	239,300	(239,300)	-	-
Net loss for the period	-	-	-	(550,881)	(550,881)
Balances, August 31, 2013	\$ 3,447,705	\$ 1,110,813	\$ 1,950,114	\$ (4,409,703)	\$ 2,098,929

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

# AUGUSTINE VENTURES INC.

Notes to Condensed Interim Financial Statements (unaudited)

August 31, 2013 and 2012

(Expressed in Canadian Dollars)

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## 1. Corporate information

Augustine Ventures Inc. ("Augustine" or the "Company") was established on May 7, 1997 as Black Mountain Minerals Inc. by statutory amalgamation of Triangle Capital Energy Corp. and Per-X Minerals Inc. pursuant to the provisions of the *Business Corporations Act* (Ontario). The Company engages in the exploration and evaluation of mining properties in Canada. To date, the Company has not earned any significant revenues from its mining properties and is considered to be in the development stage. The Company is listed on the Canadian National Stock Exchange (CNSX) under the symbol WAW. The primary office of the Company is located at 130 King Street West, Suite 720, Toronto, Ontario, Canada, M5X 1A2.

## 2. Basis of preparation and summary of significant accounting policies

These condensed interim financial statements of the Company for the nine month period ended August 31, 2013 have been prepared in accordance with IAS 34 Interim Financial Reporting.

These condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended November 30, 2012 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The condensed interim financial statements have been prepared using accounting policies consistent with those used in the Company's November 30, 2012 annual financial statements.

The condensed interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The condensed interim financial statements were authorized for issue by the Board of Directors on October 30, 2013.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the condensed interim financial statements are disclosed in note 3.

### *Going concern of operations*

The Company is in the exploration stage and has not yet determined whether its mineral properties contain reserves that are economically recoverable. The continued operations of the Company and the recoverability of amounts shown for mineral properties is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its mineral properties.

The amount shown for mineral properties and expenditures does not necessarily represent its present or future value. Changes in future conditions could require a material change in the amount recorded for mining properties. These condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company has a working capital deficiency as at August 31, 2013 and will need to raise additional capital in the near term to fund its ongoing operations and exploration activities. As a result of these circumstances, there are material uncertainties which cast significant doubt as to the appropriateness of the going concern presumption. These condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the

# AUGUSTINE VENTURES INC.

## Notes to Condensed Interim Financial Statements (unaudited)

August 31, 2013 and 2012

(Expressed in Canadian Dollars)

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reported expenses and classifications in the statement of financial position that may be necessary were the Company unable to continue as a going concern and these adjustments could be material.

### *Basis of measurement*

These condensed interim financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified as at fair value through profit or loss, which are measured at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

### *Significant accounting judgments and estimates*

The preparation of these condensed interim financial statements 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 reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### *Recent accounting pronouncements*

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after November 30, 2012. Many are not applicable or do not have a significant impact on the Company and so have been excluded from the list below. The following have not yet been adopted and are being evaluated to determine their impact on the Company:

- (i) *IFRS 9 Financial Instruments* ("IFRS 9") - was issued by the IASB in October 2010 and will replace *IAS 39 Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. Management has not yet determined the potential impact the adoption of IFRS 9 will have on the Company's financial statements.
- (ii) *IFRS 13 Fair Value Measurement* - On May 12, 2011, the IASB issued *IFRS 13 Fair Value Measurement* (IFRS 13). IFRS 13, which is to be applied prospectively, is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.  
  
IFRS 13 defines fair value, provides a framework for measuring fair value and includes disclosure requirements for fair value measurements. IFRS 13 will be applied in cases when another IFRS requires (or permits) fair value measurement. Management has not yet determined the potential impact that the adoption of IFRS 13 will have on the Company's financial statements.
- (iii) *IFRIC 20, 'Stripping costs in the production phase of a surface mine'* sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. The interpretation may

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## Notes to Condensed Interim Financial Statements (unaudited)

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require mining entities reporting under IFRS to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body. The Company is assessing the impact of IFRIC 20 on its consolidated financial statements. IFRIC 20 is effective for annual reporting periods beginning on or after January 1, 2013, with early adoption permitted.

- (iv) IAS 27, 'Separate Financial Statements' was reissued in May 2011 and effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. As the consolidation guidance will now be included in IFRS10, IAS 27 will only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when the entity prepares separate financial statements. IAS 27 requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. The Company is currently evaluating the impact of the reissued IAS 27 on its financial statements.

- (v) Other

In June 2011, the IASB issued amendments to IFRS 7 Financial Instruments: Disclosures. The Company does not believe the changes resulting from these amendments are relevant to its financial statements.

In May 2011, the IASB issued IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, and IAS 28 Investments in Associates and Joint Ventures. The Company does not believe the changes resulting from these new standards are relevant to its financial statements.

In June 2011, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 19 Employee Benefits, primarily related to accounting for defined benefit pension plans. The Company does not believe the changes resulting from these amendments will have an impact on its financial statements.

### 3. Critical accounting estimates and judgments

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- (i) the recoverability of sundry receivables that are included in the statement of financial position;
- (ii) the recoverability of exploration and evaluation expenditures incurred on the Company's property interests;
- (iii) although the Company has taken steps to verify title to mining properties in which it has an interest, these procedures do not guarantee the Company's title and such properties may be subject to prior agreements or transfers and title may be affected by undetected issues;
- (iv) the estimated useful lives and residual value of property and equipment which are included in the financial statements and the related depreciation included in profit or loss;
- (v) the inputs used in accounting for share based payment transactions and in valuation of warrants included in financial assets at fair value through profit or loss;
- (vi) management's position that there is no income tax considerations required within these unaudited condensed interim financial statements; and



# AUGUSTINE VENTURES INC.

Notes to Condensed Interim Financial Statements (unaudited)

August 31, 2013 and 2012

(Expressed in Canadian Dollars)

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(vii) management's judgment in determining the functional currency of the Company as Canadian Dollars.

## *Critical accounting judgments*

### *Income taxes and recovery of deferred tax assets*

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

### *Restoration, rehabilitation and environmental obligations*

Management's assumption of no material restoration, rehabilitation and environmental exposure, is based on the facts and circumstances that existed in the current and prior periods.

## **4. Restricted cash**

The Company has one credit card with a major financial institution with an aggregate credit limit of \$10,000. The financial institution holds \$10,000 in a Guaranteed Investment Certificate as collateral on the credit amount as long as the credit card is active. The restricted cash amount would change if there were any change in the credit limit on the card.

## **5. Sundry receivables and prepaids**

	As at August 31, 2013 (\$)	As at November 30, 2012 (\$)
Harmonized sales tax recoverable	10,827	17,559
Prepaids and sundry receivables	39,365	6,002
	<u>50,192</u>	<u>23,561</u>

# AUGUSTINE VENTURES INC.

## Notes to Condensed Interim Financial Statements (unaudited)

August 31, 2013 and 2012

(Expressed in Canadian Dollars)

### 6. Property and equipment

	Office equipment (\$)	Mining equipment (\$)	Computer equipment (\$)	Vehicles (\$)	Totals (\$)
<b>Cost:</b>					
Balance, December 1, 2011	-	-	13,358	20,545	33,903
Additions	65,500	5,000	20,000	5,000	95,500
Balance, November 30, 2012	65,500	5,000	33,358	25,545	129,403
Additions	-	-	-	-	-
Balance, August 31, 2013	65,500	5,000	20,000	25,545	129,403
<b>Depreciation and impairment losses:</b>					
Balance, December 1, 2011	-	-	3,006	4,622	7,628
Depreciation for the year	1,638	125	3,856	4,965	10,584
Balance, November 30, 2012	1,638	125	6,862	9,587	18,212
Depreciation for the period	9,579	731	5,962	3,591	13,242
Balance, August 31, 2013	11,217	856	12,824	13,178	31,454
<b>Carrying amounts:</b>					
At December 1, 2011	-	-	10,352	15,923	26,275
At November 30, 2012	63,862	4,875	26,496	15,958	111,191
At August 31, 2013	54,283	4,144	20,534	12,367	91,328

### 7. Oil and gas interests

The Company held a 75% interest in certain oil and gas leases located in Camden Gore Township, Kent County, Ontario. The interest is subject to 25% gross overriding royalties. These oil and gas interests are being carried at the nominal value of \$1.

### 8. Mining properties and expenditures

As at August 31, 2013, the carrying value of the Company's mining properties and expenditures was as follows:

	Surluga (\$)	Oakley (\$)	Brackin (\$)	Total (\$)
Balance, December 1, 2011	1,774,929	470,000	1	2,244,930
Acquisition costs	95,534	-	-	95,534
Exploration costs	231,266	8,150	-	239,416
Balance, November 30, 2012	2,101,729	478,150	1	2,579,880
Acquisition costs	36,413	-	-	36,413
Exploration costs	170,400	-	-	170,401
Balance, August 31, 2013	2,308,542	478,150	1	2,786,693

# AUGUSTINE VENTURES INC.

Notes to Condensed Interim Financial Statements (unaudited)

August 31, 2013 and 2012

(Expressed in Canadian Dollars)

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## *Wawa properties*

### Surluga

Pursuant to the terms of an option agreement dated September 22, 2010 (the "Option Agreement"), as amended by an amending agreement dated November 25, 2010, entered into between the Company, Delta Uranium Inc. ("Delta") and Delta Precious Metals (Ontario) Inc. ("DPMI") and also pursuant to the terms of an assignment agreement dated September 15, 2010 (the "Assignment Agreement") entered into between the Company, Delta, DPML, Citadel Gold Mines Inc. ("Citadel") and Citabar Limited Partnership ("Citabar"), the Company acquired an option to earn a 60% interest in the Surluga Property, which encompasses 172 mineral claims in McMurray Township, southeast of the town of Wawa, Ontario.

Pursuant to the terms of the Assignment Agreement, Citabar and Citadel consented to Delta and DPML assigning their rights under an option agreement dated April 16, 2009, as amended, (the "Delta Option Agreement") whereby Delta and DPML granted DPML the exclusive right to earn an undivided 60% interest in the Surluga Property. In consideration for Citabar's consent for the assignment, the Company agreed to issue an aggregate of 1,000,000 common shares to Citabar as follows:

- (1) 250,000 common shares on November 10, 2010, being the date that the Ontario Ministry of Northern Development, Mines and Forestry consents to the transfer of the Surluga Property from Citadel to Citabar (the "Consent Date"), of which the said 250,000 common shares have been issued on December 22, 2010; and
- (2) an additional 250,000 common shares on each of the first, second and third year anniversaries of the Consent Date. The 250,000 common shares pertaining to each of the first and second anniversaries were issued.

Pursuant to the Option Agreement, the Company has agreed to pay Delta an aggregate of \$100,000 and issue an aggregate of 3,810,000 common shares of which the \$100,000 has been paid during the fiscal year ended November 30, 2010 and the 3,810,000 common shares later issued on December 22, 2010. This transaction is considered a related party transaction because Delta and the Company have common officers, a director and that Delta is a significant shareholder of the Company after they received shares from the option agreement.

Due to the provisions of the above noted agreements and pursuant to the original agreements between the original property owner and Citadel, the Company was also committed to make an additional cash payment to the original property vendor in the amount of \$35,000 US on or before February 1, 2013, which payment was made during the current fiscal year.

Pursuant to an Amending Agreement dated October 12, 2012 with Citabar Limited Partnership ("Citabar") and Delta, certain terms to earn a 60% interest in the Wawa Gold Project have been amended to provide that the date to have spent an additional \$1,500,000 in eligible property expenditures by November 10, 2012 (for an aggregate of \$2,000,000 of eligible property expenditures) has been extended to June 30, 2013. For consideration of Citabar entering into the Amending Agreement, the Company issued an additional 500,000 common shares in the capital of the Company to Citabar.

On March 18, 2013, the Company reached a further amending agreement ("Second Amending Agreement") with Citabar to amend the Option Agreement. Under the Second Amending Agreement, the Company has an option to earn an undivided 60% interest in the Surluga Property from Citabar by expending an aggregate of \$4.0 million in eligible expenditures on or before November 30, 2013. Under the Second Amending Agreement, the Company also shall have the right to acquire an additional undivided 15% ownership interest on the Wawa Gold Project by expending an additional \$4.0 million in eligible expenditures (for an aggregate total of \$8.0 million in eligible expenditures) on or before June 30, 2015.

# AUGUSTINE VENTURES INC.

## Notes to Condensed Interim Financial Statements (unaudited)

August 31, 2013 and 2012

(Expressed in Canadian Dollars)

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In consideration for amending the Option Agreement, the Company shall, upon the closing of the recent announced \$3.5 million private placement, issue to Citabar such number of common shares of the Company that would result in Citabar owning, in the aggregate, 30% of the issued and outstanding common shares of the Company, excluding shares that Citabar or its affiliates own prior to the \$3.5 million private placement.

The following table summarizes the Company's requirements as at August 31, 2013, updated to reflect the Second Amending Agreement to earn its 75% interest in the Surluga property:

	Cash payments (\$)	Number of common shares	Exploration expenditures (\$)
Paid on signing	100,000		
Consent date (issued December 22, 2010)		250,000	
November 10, 2011 (completed)		250,000	500,000
February 1, 2012 (\$35,000 US - paid)	35,534		
November 10, 2012 (issued)		250,000	
February 1, 2013 (\$35,000 US - paid)	36,413		
November 30, 2013		250,000	3,500,000
June 30, 2015			4,000,000
		1,000,000	8,000,000

As at August 31, 2013, the Company had expended a total of approximately \$1,612,910 in exploration expenditures.

### Additional staked claims

In March 2011 and April 2012, the Company staked an additional 5 mining claims contiguous to the Surluga property.

### Oakley Lake

On September 27, 2011, the Company purchased 22 mining claims comprising 161 claim units located in McMurray and Naveau Townships southeast of Wawa, Ontario (the "Oakley Lake Property").

Under the terms of the agreement, the Company acquired a 100% undivided interest in and to the Oakley Lake Property subject to a royalty of 2% of Net Smelter Returns ("Net Smelter Royalty") for and in consideration of \$30,000 cash (paid during fiscal 2011) and the issuance of 2,000,000 shares in the capital stock of the Company, which shares were issued at a value of \$0.22 per common share (being \$440,000 in the aggregate), based on the average closing price of the Company's common shares as traded on the Canadian National Stock Exchange at that time. The Company also has the option to purchase one-half of the Net Smelter Royalty (i.e. 1% of Net Smelter Returns) at any time up to the commencement of commercial production from the Oakley Lake Property for the price of \$1,000,000. This transaction was at arm's length to the Company.

### Brackin Township

The Company holds a 100% interest in 4 patented mining claims located in Brackin Township, Ontario. These claims are being carried at the nominal value of \$1.

# AUGUSTINE VENTURES INC.

## Notes to Condensed Interim Financial Statements (unaudited)

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### 9. Related party transactions and balances

During the period ended August 31, 2013, the Company entered into the following transactions with related parties:

- (a) The Company paid or accrued fees to its current and former senior officers totaling \$150,000 (2012 - \$221,250). Included in due to related parties are amounts of \$412,750 (year ended November 30, 2012 - \$322,690) due to the senior officers with respect of such fees. These amounts are non-interest bearing and are due on demand.
- (b) The Company accrued directors fees totaling \$47,250 (2012 - \$50,000) to directors of the Company for their services as directors. Included in due to related parties are amounts of \$142,350 (year ended November 30, 2012 - \$112,850) due to current and former directors as a group with respect of such fees. These amounts are non-interest bearing and are due on demand.
- (c) During the fiscal year ended November 30, 2012, the Company received an aggregate of \$48,000 (the "Principal") in loans. The loans are evidenced by convertible promissory notes (the "CP Notes") that were due on January 31, 2013 (the "Due Date") and for which the Company has granted general security agreements in favour of the lenders. Pursuant to the terms of the CP Notes, the holders may elect to convert some or all of the Principal outstanding on or before the Due Date into units of the Company comprised of one common share and one common share purchase warrant. On the Due Date, the holders of the CP Notes elected to continue to receive interest on the CP Notes and not convert into units.

One of the CP Notes, in the amount of \$13,000, is being held by the President and Chief Executive Officer of the Company and as such, is a related party to the Company. The remainder of the CP Notes totaling \$35,000 is being held by two holders who are shareholders of the Company.

As at August 31, 2013, included in due to related parties are the following amounts for the outstanding CP Notes:

	<b>Amounts (\$)</b>
Principal	48,000
Accrued interest	4,367
	<u>52,367</u>

- (d) Key management personnel compensation during the period is comprised of:

	<b>August 31, 2013 (\$)</b>	<b>August 31, 2012 (\$)</b>
Management fees	150,000	221,250
Directors' fees	47,250	50,000
Share based payments	80,647	230,372

- (e) From January 1, 2011 to July 31, 2012, the Company subleased its office space from Delta on a month to month basis at a rate of \$7,500 per month. Effective August 1, 2012, the Company entered into a tenancy agreement whereby it agreed to assume the entire office space and therefore all obligations with respect to the office lease at a rate of \$10,701 per month. The office obligation was until July 31, 2013, at which time the Company would have the option to extend the office lease for a further five years at a rate

# AUGUSTINE VENTURES INC.

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to be agreed upon between the Company and the landlord. Effective December 1, 2012, the Company entered into a sublease arrangement with an unrelated third party for the third party to occupy and therefore assume the remaining lease obligations at those premises (see note 14 - commitments).

- (f) In August 2012, the Company purchased office, computer and mining equipment from Delta for a purchase price of \$95,500, all of which the Company was already using for its head office and exploration activities. The purchase price was negotiated by independent directors of the Company and Delta and which was deducted from the balance of the Secured Promissory Note due to the Company from Delta (see paragraph (g) below).
- (g) The Company extended a demand loan to Delta, which indebtedness was unsecured, non-interest bearing and due on demand. On June 20, 2012, the Company received a Secured Promissory Note (the "Note") in the principal amount of \$306,415 from Delta, which Note formally acknowledged Augustine's loans to Delta. The Note bore interest at the rate of 12% per annum and was repayable on demand. The principal and accrued interest payable under the Note was secured by a pledge by Delta with a first priority of 3,810,000 common shares of Augustine held by Delta.

During the fiscal year ended November 30, 2012, the Company received payments of principal and interest from the Note as follows:

	<b>Amounts (\$)</b>
Principal	306,415
Interest	11,780
	<u>318,195</u>

As at November 30, 2012, all payments pertaining to the Note has been paid in full and the Company has released Delta of all obligations pertaining to the Note.

- (h) During the fiscal year ended November 30, 2012, the Company accrued a \$200,000 severance as a result of the termination of employment agreement with the former CEO of the Company. This amount is included as part of the overall compensation to the management and officer of the Company disclosed in part (a) above. The severance payment will occur in eighteen consecutive monthly installments of \$11,111 and will begin immediately following the Company's capital raise of \$2.5 million dollars. As a result of the termination, the Company also settled a debt owed to the former CEO and a \$28,996 gain from settlement of debt was recognized.
- (i) During the fiscal period ended August 31, 2013, directors and officers of the Company subscribed for a total of 2,700,000 units at the price of \$0.05 per unit for gross proceeds of \$135,000 (see note 10 - share capital and reserves).

All transactions were in the normal course of operations and were recorded at exchange values established, which the consideration is agreed upon by the related parties.

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### 10. Share capital and reserves

#### Common shares summary

The Company is authorized to issue an unlimited number of common shares without par value. The holders of the common shares are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

The following is a summary of changes in common share capital from December 1, 2011 to August 31, 2013:

Date		Number of Shares	Amount (\$)
December 1, 2011	Balances	29,251,790	2,754,194
December 29, 2011	Private placement (1)	1,075,000	215,000
January 3, 2012	Exercise of options (2)	250,000	25,000
March 22, 2012	Private placement (3)	1,000,000	200,000
July 16, 2012	Private placement (4)	1,000,000	115,000
October 15, 2012	Issued for mining property (5)	500,000	45,000
November 9, 2012	Issued for mining property (6)	250,000	15,000
November 9, 2012	Exercise of options (7)	50,000	5,000
	Fair value of options exercised		6,256
	Warrant valuation		(256,375)
	Costs of issue - cash		(31,640)
	Costs of issue - compensation warrants		(18,925)
November 30, 2012	Balances	33,376,790	3,071,510
February 7, 2013	Private placement (8)	1,200,000	120,000
February 28, 2013	Private placement (9)	1,200,000	120,000
July 4, 2013	Private placement (10)	6,000,000	300,000
	Warrant valuation		(98,400)
	Cost of issue - cash		(56,669)
	Cost of issue - compensation warrants		(8,736)
August 31, 2013	Balances	41,776,790	3,447,705

- (1) Financing for 1,075,000 Flow Through Units at the price of \$0.20 per Unit for gross proceeds of \$215,000. Each Flow Through Unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.50 expiring on December 29, 2013. The value of the associated warrants was estimated to be \$91,375 using the Black-Scholes pricing option model and was disclosed as a separate component of shareholders' equity (see "Warrants summary" below). As a result of this private placement, the Company paid cash commissions of \$10,500 and issued 52,500 compensation warrants (see "Compensation warrants summary" in note 11).
- (2) Exercise of 250,000 options at an exercise price of \$0.10 per common share.
- (3) Financing for 1,000,000 Non Flow Through Units at the price of \$0.20 per Unit for gross proceeds of \$200,000. Each Unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.25 expiring on March 21, 2016. The value of the associated warrants was estimated to be \$165,000 using the Black-Scholes pricing option model and was disclosed as a separate component of shareholders' equity (see "Warrants summary" below). As a result of this private placement the Company paid cash commissions of \$21,140 and issued 80,000 compensation warrants (see "Compensation warrants summary" in note 11).

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- (4) Non-brokered private placement of 1,000,000 common shares at the price of \$0.115 per common share in the capital of the Company for gross proceeds of \$115,000. The financing was completed at arm's length and no commissions were paid.
- (5) Issuance of 500,000 common shares at the price of \$0.09 per common share for consideration of the extension of a work commitment on the Wawa property option.
- (6) Issuance of 250,000 common shares at the price of \$0.06 per common share with regard to the Delta Option Agreement.
- (7) Exercise of 50,000 options at an exercise price of \$0.10 per common share.
- (8) Financing for 800,000 Flow Through Units and 400,000 Non Flow Through Units at the price of \$0.10 per Unit for gross proceeds of \$120,000. Each Flow Through Unit consisted of one common share and one-half of one common share purchase warrant and Non Flow Through Unit consisted of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$0.20 expiring on February 7, 2015. The value of the associated warrants was estimated to be \$26,000 using the Black-Scholes pricing option model and was disclosed as a separate component of shareholders' equity (see "Warrants summary" below). As a result of this private placement, the Company paid cash commissions of \$19,600 and issued 96,000 compensation warrants (see "Compensation warrants summary" in note 11).
- (9) Financing for 1,200,000 Flow Through Units at the price of \$0.10 per Unit for gross proceeds of \$120,000. Each Flow Through Unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$0.20 expiring on February 28, 2015. The value of the associated warrants was estimated to be \$17,400 using the Black-Scholes pricing option model and was disclosed as a separate component of shareholders' equity (see "Warrants summary" below). No commissions were paid as a result of this private placement.
- (10) Financing for 1,000,000 Flow Through Units and 5,000,000 Non Flow Through Units at the price of \$0.05 per Unit for gross proceeds of \$300,000. Each Flow Through Unit consisted of one common share and one-half of one common share purchase warrant and Non Flow Through Unit consisted of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$0.10 expiring on July 4, 2015. The value of the associated warrants was estimated to be \$55,000 using the Black-Scholes pricing option model and was disclosed as a separate component of shareholders' equity (see "Warrants summary" below). As a result of this private placement, the Company paid cash commissions of \$37,068 and issued 480,000 compensation warrants (see "Compensation warrants summary" in note 11).



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### Warrants summary

The Company issued warrants in connection with private placements and is disclosed as a separate component of shareholders' equity. The following summarizes changes in warrants from December 1, 2011 to August 31, 2013:

Grant Date	Expiry Date	Exercise Price (\$)	Opening Balance	Granted	Exercised	Expired	Closing Balance
Nov. 1, 2010	Nov. 1, 2012	0.20	2,639,290	-	-	(2,639,290)	-
Dec. 22, 2010	Dec. 22, 2013 (b)	0.40	5,075,000	-	-	-	5,075,000
Feb. 8, 2011	Feb. 8, 2014 (b)	0.40	3,512,500	-	-	-	3,512,500
Mar. 23, 2011	Mar. 23, 2014 (b)	0.40	2,300,000	-	-	-	2,300,000
Apr. 27, 2011	Apr. 27, 2013	0.40	761,250	-	-	(761,250)	-
June 13, 2011	June 13, 2013	0.40	526,875	-	-	(526,875)	-
July 28, 2011	July 28, 2013	0.40	345,000	-	-	(345,000)	-
Dec. 29, 2011	Dec. 29, 2013	0.50	-	1,075,000	-	-	1,075,000
Mar. 22, 2012	Mar. 21, 2016	0.25	-	1,000,000	-	-	1,000,000
Feb. 7, 2013	Feb. 7, 2015	0.20	-	1,000,000	-	-	1,000,000
Feb. 28, 2013	Feb. 28, 2015	0.20	-	600,000	-	-	600,000
July 4, 2013	July 4, 2015	0.10	-	5,500,000	-	-	5,500,000
			15,159,915	9,175,000	-	(4,272,415)	20,062,500
Weighted average exercise price (\$)			0.37	0.18	-	0.28	0.30

The fair values of the associated warrants were estimated on their dates of issue using the Black-Scholes option pricing model and the following assumptions:

Issue Date	Expiry Date	Exercise Price (\$)	Market Price (\$)	Risk Free Interest Rate (%)	Expected Volatility Range (%)	Average Expected Life (years)	Expected Dividend Yield (%)	Fair Values (\$)
Nov. 1, 2010	Nov. 1, 2012 (a)	0.20	0.10	1.41	147	2	0	158,357
Dec. 22, 2010	Dec. 22, 2013 (b)	0.40	0.20	1.66	190	2	0	766,326
Feb. 8, 2011	Feb. 8, 2014 (b)	0.40	0.20	1.88	180	2	0	509,313
Mar. 23, 2011	Mar. 23, 2014 (b)	0.40	0.20	1.68	172	2	0	319,700
Apr. 27, 2011	Apr. 27, 2013 (a)	0.40	0.20	1.66	190	2	0	114,949
June 13, 2011	June 13, 2013 (a)	0.40	0.20	1.88	180	2	0	76,396
July 28, 2011	July 28, 2013 (a)	0.40	0.20	1.68	172	2	0	47,955
Dec. 29, 2011	Dec. 29, 2013	0.50	0.15	0.95	160	2	0	91,375
Mar. 22, 2012	Mar. 21, 2016	0.25	0.18	1.71	179	4	0	165,000
Feb. 7, 2013	Feb. 7, 2015	0.20	0.05	1.16	155	2	0	26,000
Feb. 28, 2013	Feb. 28, 2015	0.20	0.055	0.99	155	2	0	17,400
July 4, 2013	July 4, 2015	0.10	0.02	1.20	155	2	0	55,000
								2,189,414

(a) These warrants expired unexercised.

(b) On December 7, 2012, the Company extended the expiry date of these warrants by one year; the dates above reflect the amended expiry dates.

The expected price volatility was based on the historic volatility (based on the remaining life of the warrants), adjusted for any expected changes to future volatility due to publicly available information.

# AUGUSTINE VENTURES INC.

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### *Reserves for share-based payments summary:*

	<b>Amounts (\$)</b>
Balance, December 1, 2011	306,304
Share-based payment (note 11)	284,791
Fair value of compensation warrants (note 11)	18,925
Fair value of stock options exercised	(6,256)
Reallocation of value from expired warrants	158,358
Balance, November 30, 2012	762,122
Share based payment	96,777
Fair value of compensation warrants	2,976
Reallocation of value from expired warrants	239,300
Balance, August 31, 2013	1,110,813

## **11. Share based payments**

### *Stock option plan details*

The Company has an incentive stock option plan (the "Plan") enabling the Board of Directors to grant options to employees, directors and officers of the Company and persons providing ongoing services to the Company. The purpose of the Plan is to attract, retain and motivate management, staff, consultants and other qualified individuals by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and benefit from its growth.

As at August 31, 2013, the maximum number of common shares which may be set aside for issue under the Plan was 7,119,581 common shares, provided that the Board has the right, from time to time, to increase such number subject to the approval of the shareholders of the Company. Any shares subject to an option which for any reason is cancelled or terminated prior to exercise will be available for a subsequent grant under the Plan. The option price of any common shares cannot be less than the closing price of the shares on the day immediately preceding the day upon which the option is granted. Options granted under the Plan may be exercised during a period not exceeding ten (10) years, subject to earlier termination upon the optionee ceasing to be an employee, senior officer, director or consultant of the Company or any of its affiliates, as applicable, or upon the optionee retiring, becoming permanently disabled or dying. The options are non-transferable. The Plan contains provisions for adjustment in the number of shares issuable thereunder in the event of a subdivision, consolidation, reclassification or change of the common shares, a merger or other relevant changes in the Company's capitalization. The Board of Directors may from time to time amend or revise the terms of the Plan or may terminate the Plan at any time.

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### Stock options granted

The following summarizes changes in stock options from December 1, 2011 to August 31, 2013:

Grant Date	Expiry Date	Exercise Price (\$)	Opening Balance	Granted	Exercised	Expired / Forfeited	Closing Balance	Vested and Exercisable	Unvested
Nov. 24, 2009	Nov. 24, 2014	0.10	367,196	-	(133,598)	(173,598)	60,000	60,000	-
Nov. 10, 2010	Nov. 11, 2012	0.10	491,402	-	(306,402)	(185,000)	-	-	-
Apr. 25, 2011	Apr. 1, 2013	0.20	865,000	-	-	(865,000)	-	-	-
Jan. 12, 2012	Oct. 1, 2013	0.20	-	1,055,000	-	(215,000)	840,000	840,000	-
Jan. 12, 2012	Jan. 1, 2014	0.20	-	527,500	-	(107,500)	420,000	420,000	-
Jan. 12, 2012	June 1, 2014	0.20	-	1,030,000	-	(105,000)	925,000	925,000	-
Jan. 25, 2013	Jan. 24, 2015 (a)	0.10	-	330,000	-	-	330,000	165,000	165,000
Apr. 30, 2013	Apr. 30, 2016	0.10	-	2,600,000	-	-	2,600,000	2,600,000	-
			1,723,598	5,542,500	(440,000)	(1,401,098)	5,425,000	5,260,000	165,000
Weighted average exercise price (\$)			0.15	0.15	0.10	0.17	0.14	0.15	0.10

- (a) On January 25, 2013, the Company engaged Investor Cubed Inc. ("ICI") for certain consulting services. Pursuant to the provisions of the Company's stock option plan, the Company granted ICI a non-assignable option to purchase up to 330,000 common shares of the Corporation at the exercise price of \$0.10 per share to expire on January 24, 2015, such option to vest in quarterly instalments.

The Company applies the fair value method of accounting for stock-based compensation awards. For valuation purposes, the fair values of options granted were estimated on their dates of grant using the Black-Scholes option pricing model and the following assumptions:

Grant Date	Expiry Date	Exercise Price (\$)	Market Price (\$)	Risk Free Interest Rate (%)	Expected Volatility Range (%)	Average Expected Life (years)	Expected Dividend Yield (%)	Fair Values (\$)
Nov. 24, 2009	Nov. 24, 2014	0.10	0.054	2.54	100	5	0	13,219
Nov. 10, 2010	Nov. 11, 2012	0.10	0.04	1.57	114	2	0	7,221
Apr. 25, 2011	Apr. 1, 2013	0.20	0.20	1.83	171	2	0	130,975
Jan. 12, 2012	Oct. 1, 2013	0.20	0.16	0.99	155	1.72	0	106,925
Jan. 12, 2012	Jan. 1, 2014	0.20	0.16	0.99	154	1.97	0	54,482
Jan. 12, 2012	June 1, 2014	0.20	0.16	0.99	165	2.39	0	155,620
Jan. 25, 2013	Jan. 24, 2015	0.10	0.07	1.14	154	2	0	3,878
Apr. 30, 2013	Apr. 30, 2016	0.10	0.035	0.97	154	3	0	65,000

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### Compensation warrants summary

The Company issued compensation warrants in connection with private placements (see note 10 - share capital and reserves). The following summarizes changes in compensation warrants granted from December 1, 2011 to August 31, 2013:

Issue Date	Expiry Date	Exercise Price (\$)	Opening Balance	Granted	Exercised	Expired	Closing Balance
Dec. 22, 2010	note (a)	0.20	492,000	-	-	-	492,000
Feb. 8, 2011	note (a)	0.20	312,000	-	-	-	312,000
Mar. 23, 2011	note (a)	0.20	216,000	-	-	-	216,000
Dec. 29, 2011	Dec. 29, 2013	0.20	-	52,500	-	-	52,500
Mar. 22, 2012	Mar. 21, 2016	0.25	-	80,000	-	-	80,000
Feb. 7, 2013	Feb. 7, 2015	0.10	-	96,000	-	-	96,000
July 4, 2013	July 4, 2015	0.05	-	480,000	-	-	480,000
			1,020,000	228,500	-	-	1,728,500
Weighted average exercise price (\$)			0.20	0.09	-	-	0.16

For valuation purposes, the fair values of compensation warrants granted were estimated on their dates of issue using the Black-Scholes option pricing model and the following assumptions:

Issue Date	Expiry Date	Exercise Price (\$)	Market Price (\$)	Risk Free Interest Rate (%)	Expected Volatility Range (%)	Average Expected Life (years)	Expected Dividend Yield (%)	Fair Values (\$)
Dec. 22, 2010	note (a)	0.20	0.20	1.66	190	2	0	81,180
Feb. 8, 2011	note (a)	0.20	0.20	1.88	180	2	0	49,920
Mar. 23, 2011	note (a)	0.20	0.20	1.68	172	2	0	33,696
Dec. 29, 2011	Dec. 29, 2013	0.20	0.15	0.95	160	2	0	5,565
Mar. 22, 2012	Mar. 21, 2016	0.20	0.18	1.71	179	4	0	13,360
Feb. 7, 2013	Feb. 7, 2015	0.10	0.055	0.99	155	2	0	2,976
July 4, 2013	July 4, 2015	0.05	0.02	1.20	155	2	0	5,760

- (a) In addition to the cash commissions paid in items (1), (2) and (3) described in note 10 - common shares summary, the Company issued at arm's length an aggregate of 1,020,000 compensation warrants. Each compensation warrant entitles the holder thereof to acquire one Unit at an exercise price of \$0.20 per Unit (the "Unit") for a period of two years from the date that the Company completes either: (i) a distribution to the public of common shares in Canada pursuant to a prospectus and the concurrent listing of the common shares for trading on a recognized stock exchange, or (ii) another transaction as a result of which all outstanding common shares, or the securities of another issuer issued in exchange for all such outstanding common shares, are traded on a recognized stock exchange and are freely tradable (subject to control block restrictions) (the "Liquidity Event").

Each Unit is comprised of one common share and one common share purchase warrant of the Company. Each warrant entitles the holder to purchase one additional common share of the Company at \$0.40 expiring two years from the Liquidity Event.

The expected price volatilities were based on the average historic volatility of three similar companies, the historical price data for Augustine is insufficient (based on the remaining life of the stock and compensation options), adjusted for any expected changes to future volatility due to publicly available information.

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### 12. Basic and diluted loss per share

Basic loss per share is calculated by dividing the net loss by the weighted average number of common shares outstanding during the period.

	August 31, 2013	August 31, 2012
Loss attributable to common shareholders	\$ 550,881	\$ 890,328
Weighted average number of common shares	36,350,513	31,184,972
Basic and diluted loss per share	\$ 0.01	\$ 0.03
Weighted average number of common shares:		
Balance, December 1, 2012 and 2011	33,376,790	29,251,790
Effect of common shares issued for private placements	6,182,609	1,714,091
Effect of stock options exercised	-	219,091
Balance, August 31, 2013 and 2012	39,559,399	31,184,972

The basic and diluted loss per share is the same as the outstanding options and warrants are anti-dilutive.

### 13. Segmented information

The Company's operations comprise a single reporting operating segment engaged in resource exploration through investing in resource properties. As the operations comprise a single reporting segment, amounts disclosed in the financial statements for loss for the period also represent segment amounts. All of the Company's operations and assets are situated in Canada.

### 14. Commitments

#### *Office leases*

Effective August 1, 2012, with regard to its former office premises at 56 Temperance Street in Toronto ("56 Temperance"), the Company entered into a tenancy agreement with Delta Uranium Inc. ("Delta"), whereby the Company agreed to assume the entire office space and therefore all obligations with respect to the office lease at 56 Temperance until July 31, 2013 (the lease expiry date).

Effective December 1, 2012, the Company entered into a sublease arrangement with an unrelated third party for the third party to occupy and therefore assume the remaining lease obligations at 56 Temperance to the landlord. As a result, the Company moved to occupy new office premises at 130 King Street West ("130 King") at a lower cost and subsequently entered into a sublease agreement until October 31, 2013. The Company remains liable to the landlord at 56 Temperance should the third party default on the lease obligations, however, the third party is well funded, has not defaulted to date and the Company has no reason to believe that it will be required to make any payments in event of default.

As at August 31, 2013 and as a result of these agreements, the Company was committed to rent payments on office space as follows:

	Amount (\$)
To July 31, 2013 - 56 Temperance ***	-
To October 31, 2013 - 130 King	10,000

\*\*\* Payable only if sublessee defaults on their obligations

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## *Wawa property*

Pursuant to the acquisition agreements of the Surluga property in 2010 (see note 8 - mining properties and expenditures) and after giving effect to amendments to the Wawa Gold Property agreements (see note 15 - subsequent events below), the Company has the following remaining commitments to earn its interest in the property:

	<b>Common shares to be issued</b>	<b>Exploration expenditures (\$)</b>	<b>Cumulative interest earned</b>
Upon completion of financing	note (b)		
November 30, 2013 (a) (b)	250,000	2,422,500	60%
June 30, 2015		4,000,000	75%
	<b>250,000</b>	<b>6,422,500</b>	

- (a) The requirement to spend an additional \$1,500,000 in exploration expenditures (for a cumulative total of \$2,000,000) was extended from November 10, 2012 to June 30, 2013 in accordance with an Amending Agreement of October 12, 2012. The Company issued an additional 500,000 common shares to the optionor for amending the Option Agreement.
- (b) The Company reached a further amending agreement dated March 18, 2013 (the "Second Amending Agreement") with Citabar Limited Partnership ("Citabar") to amend the previous Option Agreement. Under the Second Amending Agreement, the Company has an option to earn an undivided 60% interest in the Surluga Property from Citabar by expending an aggregate of \$4.0 million in eligible expenditures on or before November 30, 2013. Under the Second Amending Agreement, the Company also shall have the right to acquire an additional undivided 15% ownership interest on the Wawa Gold Project by expending an additional \$4.0 million in eligible expenditures (for an aggregate total of \$8.0 million in eligible expenditures) on or before June 30, 2015. In consideration for amending the Option Agreement, the Company shall, upon the closing of the recent announced \$3.5 million private placement, issue to Citabar such number of common shares of the Company that would result in Citabar owning, in the aggregate, 30% of the issued and outstanding common shares of the Company, excluding shares that Citabar and its affiliates already own. The issuance of the shares to Citabar are subject to any and all necessary regulatory and other approvals.