ARCHEAN STAR RESOURCES INC.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

ARCHEAN STAR RESOURCES INC.
CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
FOR THE NINE MONTHS ENDED September 30, 2013 AND December 31, 2012
(Expressed in Canadian dollars)
(Unaudited)

	September 30, 2013 ($) (Unaudited)	December 31, 2012 ($)
ASSETS		
Current Assets		
Cash	565,096	297,274
HST / GST receivable & other receivable (Note 7)	51,078	15,425
Prepaid expenses (Note 7)	85,855	23,077
Advances (Note 6)	576	33,811
	702,605	369,587
Non-Current Assets		
Due from Kent Exploration Inc. (Note 6(d))	111,668	29,142
Mineral property (Note 4, 5)	3,657,414	3,657,414
	3,769,082	3,686,556
	4,471,687	4,056,143
LIABILITIES		
Current Liabilities		
Accounts payable (Note 6)	192,274	24,877
Accrued liabilities	-	54,600
Shareholder Loan (Note 14)	-	1,756
	192,274	81,233
EQUITY		
Issued capital (Note 8)	8,892,017	6,612,517
Contributed surplus (Note 8)	447,904	447,904
Deficit	(5,060,508)	(3,085,511)
	4,279,413	3,974,910
	4,471,687	4,056,143

Nature of operations and going concern (Note 1)
Commitments (Note 9)
Events after the reporting period (Note 15)

"Aidan Nania", Director
Aidan Nania

"Evan Jones", Director
Evan Jones

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

ARCHEAN STAR RESOURCES INC.
CONSOLIDATED INTERIM STATEMENT OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)
(Unaudited)

	For the three months ended September 30, 2013 $	For the three months ended September 30, 2012 $	For the nine months ended September 30, 2013 $	For the nine months ended September 30, 2012 $
MINERAL PROPERTY EXPENSES (Note 5 and 6)	235,768	116,434	880,672	537,666
ADMINISTRATION EXPENSES				
Bank charges	8,232	535	4,161	1,237
Corporate communications	58,717	19,545	104,086	56,538
Consulting Fees	(9,359)	-	90,546	-
Foreign Exchange	189,614	-	189,614	-
Filing fees	34,092	4,739	70,969	27,529
Interest Expense	-	-	-	-
Management fees (Note 6)	28,000	39,000	46,000	81,000
Miscellaneous	-	(32)	-	-
Office (Note 6)	24,387	13,999	84,617	55,258
Professional fees (Note 6)	167,172	1,852	453,269	82,007
Promotion	-	81	1,441	26,298
Travel	3,163	1,737	49,622	24,130
Total administration expenses	504,018	81,456	1,094,325	353,997
Loss before other items	739,786	197,888	1,974,997	891,663
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	739,786	197,888	1,974,997	891,663
Basic and diluted loss per common share	0.01	0.00	0.03	0.02
Weighted average number of common shares	74,197,333	53,150,989	67,708,381	53,150,989

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

ARCHEAN STAR RESOURCES INC.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)

	Issued Capital		Contributed Surplus	Deficit	Equity
	Shares	Amount ($)	($)	($)	($)
Balance, December 31, 2011	**44,654,323**	**5,588,385**	**240,291**	**(1,780,167)**	**4,048,509**
Shares issued for cash	8,496,666	523,103	-	-	523,103
Shares issuance costs	-	(240,719)	-	-	(240,719)
Loss and comprehensive loss for the period	-	-	-	(891,663)	(891,663)
Balance, September 30, 2012	**53,150,989**	**5,870,769**	**240,291**	**(2,671,830)**	**3,439,230**
Balance, December 31, 2012	**63,700,322**	**6,612,517**	**447,904**	**(3,085,511)**	**3,974,910**
Shares issued for cash	10,000,000	2,000,000	-	-	2,000,000
Share issuance costs		(140,000)	-	-	(140,000)
Share issued for warrants and options	3,050,000	364,500	-	-	364,500
Share issued for acquisition	1,000,000	55,000	-	-	55,000
Loss and comprehensive loss for the year	-	-	-	(1,974,997)	(1,974,997)
Balance, September 30 2013	**77,750,322**	**8,892,017**	**447,904**	**(5,060,508)**	**4,279,413**

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

ARCHEAN STAR RESOURCES INC.
CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(Unaudited)

	For the three month ended September 30, 2013 ($)	For the three month ended September 30, 2012 ($)	For the nine month ended September 30, 2013 ($)	For the nine month ended September 30, 2012 ($)
OPERATING ACTIVITIES				
Loss for the period	(739,786)	(197,888)	(1,974,997)	(891,663)
Adjustment for non-cash items:				
Share-based payments	-	-	-	-
Shares issued for property acquisition expenses	-	-	55,000	-
Net changes in non-cash working capital items:				
HST / GST receivable and other receivable	175,747	61,816	(35,653)	(85,551)
Accounts payable and accrued liabilities	(68,644)	(52,974)	111,041	117,273
Prepaid expenses	124,387	-	(62,778)	(11,231)
Foreign exchange differential	-	-	-	-
Advances	20,461	-	33,235	24,068
Monies held in trust	-	-	-	(11,647)
Net operating cash flows	(487,835)	(189,046)	(1,874,152)	(858,751)
INVESTING ACTIVITY				
Monies in trust	-	-	-	-
FINANCING ACTIVITIES				
Changes in Due to Kent Exploration Inc.	(43,929)	(30,610)	(82,526)	20,498
Shares issued for cash or exercise of warrants and options	15,000	-	2,364,500	482,146
Reserves	-	-	-	-
Due to related parties	-	-	-	-
Share issuance costs	(140,000)	(40,957)	(140,000)	
Net financing cash flows	(168,929)	(71,567)	2,141,974	502,644
Increase/(Decrease) in cash	(656,764)	(260,613)	267,822	(356,107)
Cash, beginning of period	1,221,860	243,702	297,274	339,196
Cash, end of period	565,096	(16,911)	565,096	(16,911)

1. NATURE OF OPERATIONS AND GOING CONCERN

Archean Star Resources Inc. (the "Company") was amalgamated under the Business Corporations Act (British Columbia) on January 28, 2011 as a result of an amalgamation under the Arrangement Agreement (the "Arrangement") (Note 9(a)). These consolidated financial statements include the records of the Company's wholly owned Australian-based subsidiary, Archean Star Resources Australia Pty Ltd ("ASA").

The Company is engaged in the acquisition and exploration of mineral property interests. The Company's head and registered office is located at Suite 800, 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company's continued existence is dependent upon its ability to raise additional capital, the continuing support of its creditors, and ultimately the attainment of profitable operations and positive cash flows. Failure to obtain sufficient financing or other appropriate arrangements would have an adverse effect on the financial position of the Company and its ability to continue as a going concern. These financial statements do not give effect to adjustments that might be necessary to the carrying values, classification of assets and liabilities, and the reported operating results should the Company be unable to continue as a going concern. For the period ended September 30, 2013 the Company incurred an operating loss of $1,974,997 (September 2012 - $891,663)

Management's plan includes continuing to pursue additional sources of financing through equity offerings, and where practical, reducing overhead costs.

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standard ("IFRS") as issued by International Accounting Standards Board ("IASB"), and interpretations of the IFRS Interpretations Committee ("IFRIC"). Therefore, these financial statements comply with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in Notes 3(d) and 3 (e).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were authorized for issue on November 28, 2013 by the directors of the Company.

The consolidated interim financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments, and the value assigned to mineral properties acquired.

The Company's principal accounting policies are outlined below:

(a) Basis of Consolidation

These consolidated interim financial statements incorporate the financial statements of the Company and the entity controlled by the Company (its 100% owned Australian subsidiary). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions, balances and any unrealized gains and losses from intercompany transactions are eliminated in preparing the consolidated financial statements.

(b) Foreign Currency Translation

The interim financial statements for the Company and its subsidiary are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The presentation currency of the Company is the Canadian dollar. The functional currency of all companies in the group is the Canadian dollar.

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in the consolidated income statements.

(c) Share Based Payments

The Company may grant stock options to buy common shares of the Company to directors, officers, employees, and consultants. The board of directors grants such options exercisable over periods of up to ten years to buy shares at a price not less than the market price prevailing on the date the options are granted less applicable discount permitted by the Exchange Policies and approved by the Board.

The fair value of these options is measured at the grant date, using the Black-Scholes option pricing model, and is recognized over the period that the options are vested. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of options expected to vest.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Critical Accounting Estimates

Critical accounting estimates are estimates and assumptions used by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.

(i) Impairment of non financial assets

Please refer to Note 3(l).

(ii) Rehabilitation provision

Once an economically commercial deposit has been determined the Company will provide for the environmental rehabilitation of the deposit. Key factors used to determine the future value of this provision would include:

- an estimated rate of inflation, and
- an assumed mine life,

At this early stage of exploration there is limited surface disturbance and environmental costs. Therefore, the Company has not provided for rehabilitation at this time.

(e) Critical Accounting Judgments

Critical accounting judgments are accounting policies that have been identified as being complex on involving subjective judgments or assessments.

(i) Determination of functional currency

In accordance with IAS 21 The Effects of Changes in Foreign Currency Rates, management has determined that the functional currencies of the Company and its Australian subsidiary is the Canadian dollar.

(f) Environmental Rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of the mineral property when those obligations result from the acquisition, development or normal operations of the assets. The net present value of future rehabilitation cost estimates arising from decommissioning a site and other work is capitalized to resource assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation 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 resource assets with a corresponding entry to the rehabilitation provision. The Company's estimates are renewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Environmental Rehabilitation (continued)

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charges 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 the income statement in the period incurred.

The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provisions as incurred. The cost of ongoing current programs to prevent and control pollution is charged against profit and loss and incurred.

(g) Mineral Property

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activity includes: 1) researching and analysing historical exploration data 2) gathering exploration data through topographical, geochemical and geophysical studies 3) exploratory drilling, trenching and sampling 4) determining and examining the volume and grade of the resource 5) surveying transportation and infrastructure requirements 6) conducting market and finance studies. Exploration and evaluation costs are charged to the income statement as incurred except for expenditures associated with the acquisition of exploration and evaluation assets through a business combination or an asset acquisition. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit and loss in the consolidated statements of comprehensive income or loss.

Capitalized costs, being acquisition costs, including general and administrative costs, are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

(h) Income Taxes

Deferred income tax is provided on all temporary differences at the Statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Income Taxes (continued)

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venturer and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilized, except

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and.

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income taxes are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each Statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Statement of financial position date.

(i) Loss per Share

Loss per share is computed by dividing the net loss by the weighted average number of outstanding shares in issue during the reporting period. Diluted loss per share is computed similar to basic loss except that the weighted average number of outstanding shares 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 the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. In a loss reporting period, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilute.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Comprehensive Income (Loss)

Comprehensive income (loss) is defined as the change in net assets that results from transactions and other events from non-owner sources and includes items that are not included in net profit (loss), such as unrealized gains and losses related to available for sale securities, gains and losses on certain derivative instruments and foreign currency and gains and losses resulting from the translation of self-sustaining foreign operations.

The Company has no items that are required to be reported in comprehensive income. Accordingly, net loss equals comprehensive loss.

(k) Financial instruments

Financial assets and financial liabilities are recognised on the Company's Interim Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. The Company shall offset financial assets and financial liabilities if the Company has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis.

Financial assets and financial liabilities, except for certain non-current other receivables, other current investments and derivative financial instruments, are measured initially at fair value, plus directly attributable transaction costs, and thereafter at amortized cost. Certain non-current other receivables comprise available-for-sale investments which are measured at market prices where available. Where quoted market prices in an active market are not available, and where fair value cannot be reliably measured, unquoted equity instruments are measured at cost less impairment. Other current investments (classified under other financial assets) are designated as at fair value through profit and loss because they are managed and their performance is evaluated on a fair value basis in accordance with the Company's risk management and investment strategy.

Financial assets are classified into one of four categories:

- Fair value through profit or loss ("FVTPL")
- Held to maturity ("HTM")
- Available for sale ("AFS")
- Loans and receivables.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

(i) FVTPL financial assets

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (continued)

A financial asset is classified as held for trading if:

- It has been accumulated principally for the purpose of selling in the near future;
- It is a part of an identified portfolio of financial instruments that the Company manages and has as an actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in the profit and loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company does not have any assets classified as FVTPL financial assets.

(ii) HTM investments

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as HTM investments.

(iii) AFS financial assets

Short-term investments and other assets held by the Company are classified as AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognized directly in equity in the investments revaluation reserve. The Company does not have any assets classified as AFS financial assets.

(iv) Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at period end. Bad debts are written off during the period in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(v) Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (continued)

(vi) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit and loss. On the date of impairment reversal, the carrying amount of the financial asset can not exceed its amortized cost had impairment not been recognized.

(vii) De-recognition of financial assets

A financial asset is derecognized when:

- The contractual right to the asset's cash flow expire, or
- If the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

(l) Impairment of Non-Financial Assets

At each Statement of financial position date, in accordance with IAS 36 "Impairment of Assets", the Company assesses whether there is any indication that any of those assets have suffered an impairment loss. If any indication exists, the Company estimates the asset's recoverable amount.

3. SUMMARY OF SIGNIFICANT Accounting Policies (continued)

(l) Impairment of Non-Financial Assets (continued)

An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit ("CGU"), exceeds its recoverable amount. Impairment losses are recognized in profit and loss for the reporting period. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to those units, and then to reduce the carrying amount of other assets in the unit on a pro-rata basis.

An impairment loss for an individual asset or CGU shall be reversed if there has been a change in estimates used to determine the recoverable amount since the last impairment loss was recognised and is only reversed to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

The recoverable amount is the greater of an asset's or CGU fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. For an asset that does not generate largely independent cash inflows, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

As at September 30, 2013, there are no indications of impairment.

(m) Warrants

The Company uses the residual method for accounting for warrants. Under this method warrants are assigned a value equal to the excess of the unit purchase price over the then prevailing market price of the Company's shares. When the units are price at or below market there is no excess and the warrants are valued at nil.

(n) Segment Reporting

A reportable segment, as defined by 'IFRS 8 Operating Segments', is a distinguishable business or geographical component of the Company, which are subject to risks and rewards that are different from those of other segments. The Company considers its primary reporting format to be business segments. The Company considers that it has only one reportable segment, being the mineral exploration segment. As the political risks, likelihood of positive results, assets, liabilities and cash flows of the mineral exploration segment are substantially the same to those of the consolidated Company, no separate analysis has been provided.

(o) Comparative Figures

Certain comparative figures may have been reclassified to conform with current year's presentation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Accounting standards issued but not yet effective

Unless otherwise noted, the following revised standards and amendments are effective for the Company for annual periods beginning on or after January 1, 2013 (unless otherwise noted) with earlier application permitted. The Company has not yet assessed the impact of these standards and amendments or determined whether it will early adopt them.

(i) IFRS 7, Financial Instruments Disclosures (Amendment), increases the disclosure with regards to the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period. The amended standard is effective for annual periods on or after January 1, 2012.

(ii) IFRS 9, Financial Instruments, was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely. Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. This standard is effective for annual periods beginning on or after January 1, 2015.

(iii) IFRS 10, Consolidated Financial Statements, builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

(iv) IFRS 11, Joint Arrangements, describes the accounting for arrangements in which there is joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities — Non-Monetary Contributions by Ventures.

(v) IFRS 13, Fair Value Measurement, is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and does not always reflect a clear measurement basis or consistent disclosures.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Accounting standards issued but not yet effective (continued)

(vi) IAS 1, Presentation of Financial Statements, has been amended to require entities to separate items presented in OCI into two groups, based on whether or not items may be recycled in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately.

(vii) IAS 28, Investments in Associates and Joint Ventures (Amendment), is effective for annual periods beginning April 1, 2013 with early adoption permitted. Amendments to IAS 28 provide additional guidance applicable to accounting for interests in joint ventures or associates when a portion of an interest is classified as held-for-sale or when the Company ceases to have joint control or significant influence over an associate or joint venture.

When joint control or significant influence over an associate or joint venture ceases, the Company will no longer be required to re-measure the investment at that date. When a portion of interest in a joint venture or associate is classified as held-for-sale, the portion not classified as held-for-sale shall be accounted for using the equity method of accounting until the sale is completed, at which time the interest is reassessed for prospective accounting treatment.

(viii) IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine, sets out principles for the recognition of production stripping costs in the balance sheet. The interpretation recognizes that some production stripping in surface mining activity will benefit future periods and sets out criteria for capitalizing such costs.

4. ACQUISITION OF SUBSIDIARY

By the Arrangement Agreement (the “Arrangement”) dated March 12, 2010, effectively closing on January 28, 2011, the Company acquired a 100% interest of ASA, an Australian subsidiary of Kent Exploration Inc. (“Kent”), for the issuance of 15,313,295 common shares at fair value of $0.15 to Kent’s shareholders on a basis of 4:1(Note 7 (b) (i)). As part of the Arrangement, Kent also agreed to receive 1,000,000 common shares of the Company to settle ASA’s shareholder loan in the amount of $164,833 (Note 9(a)) and 7(b)(ii)).

The transaction has been accounted for using the purchase method of accounting as an acquisition of assets by the Company. The allocation of the purchase price is based on the assets acquired and liabilities assumed measured at the carrying values, which approximated their fair values, at the date of the acquisition.
The allocation of the purchase price to the assets and acquired and liabilities assumed is as follows:

	($)
Cash	199,452
Accounts receivable	35,263
Prepaid expenses	23,635
Mineral property	3,657,414
Accounts payable and accrued liabilities	(176,448)
Due to Kent Exploration Inc.	(1,442,322)
Net assets	2,296,994

4. ACQUISITION OF SUBSIDIARY (continued)

Transactions undertaken by ASA are included in the consolidated financial statements from January 28, 2011.

5. MINERAL PROPERTIES

	2012 ($)	2011 ($)
Gnaweeda Gold Project		
Acquisition costs	3,657,414	3,657,414

(a) Gnaweeda Gold Project

On November 4, 2009, the Company's newly acquired subsidiary ASA and Teck Australia Pty Ltd. entered into an Option Agreement whereby the Company can earn 100% of Teck's interest in the following Chalice Gold Mines Ltd.'s ("Chalice") tenements ("Gnaweeda Gold Property") located in Western Australia:

(i) E51 – 926
(ii) E51 – 927

Upon Teck acquiring a 70% interest in the Gnaweeda Project, Chalice chose to become a joint venture participant with Teck. However, Chalice will not contribute to the exploration program and its interest in the joint venture will therefore dilute. Teck has earned an 88% interest in the tenements.

At any time after ASA exercises the option, Teck has the option to earn back a 75% interest provided that it delivers a notice to ASA and incurs aggregate expenditures of AUD$7.5 million before the fourth anniversary of such notice. If Teck exercises its option, ASA and Teck will form a joint venture to further develop the tenements and share the expenditures (ASA -25% and Teck – 75%). Should Teck elect not to form such a joint venture, it will be entitled to a 10% net profits interest royalty on the tenements.

In order to earn the interest, the Company has to spend AUD$3,000,000 over a four year period as follows:

(i) AUD$200,000 on or before March 31, 2010 (completed)
(ii) AUD$750,000 (including Phase I) on or before the 1st anniversary, November 4, 2010 (completed)
(iii) AUD$750,000 on or before the 2nd anniversary, November 4, 2011 (completed)
(iv) AUD$750,000 on or before the 3rd anniversary, November 4, 2012 (completed)
(v) AUD$750,000 on or before the 4th anniversary, November 4, 2013 (completed)

As at September 30, 2013, ASA spent AUD$2,856,878 (December 31, 2012 - AUD$2,474,336), before 12% charges on the expenditures for administrative services, on the Gnaweeda Gold Property (see Consolidated Schedule of Exploration Expenses for details). After the addition of the Allowable 12% administration charges, ASA has spent AUD$3,199,703 (December 31, 2012 – AUD$2,771,256) and has completed the property expenditure requirement for the third anniversary payment.

5. MINERAL PROPERTIES (CONTINUED)

(a) Gnaweeda Gold Project (continued)

By completing in excess of AUD$3,200,000 in property expenditures, including the permitted 12% administration fee, on the Gnaweeda Gold Project within the time period as outlined in the Archean Option Agreement, entered into between the Company and Teck Australia Pty. Ltd ("Teck"), the Company has earned Teck's approximately 87.97% interest in Gnaweeda, subject to a 75% back in right by Teck, and the Company has provided Teck with a Notice of Exercise of the Option.

The value assigned to the acquisition of Gnaweeda in the amalgamation process was CDN$3,657,414, and was based on the past five years historical costs plus CDN$1,360,420, representing the difference between the value paid for the subsidiary and the fair value of the net assets of the subsidiary acquired.

During the three months ended September 30, 2013 the Company completed a diamond drill program on its Gnaweeda Gold Project in Western Australia. The diamond drill program, which was co-funded by the Western Australia Department of Mines and Petroleum, was conducted at the Far East and Bunarra zones, and consisted of four diamond drill holes totaling 829 meters. Two holes were drilled at Far East zone and two holes were drilled at Bunarra Central.

(b) Monitor Property, Idaho

The Company entered into an option and joint venture agreement with American Cordillera Mining Corporation ("AMCOR"), and Northern Adventures LLC ("NALLC") whereby it has the right to earn 80% of AMCOR's 100% leasehold Interest in a Purchase Option Mining Lease Agreement between AMCOR and NALLC on the Monitor Property. In order for the Company to earn the 80% interest in the Monitor Property, subject to certain underlying royalties, the Company must:

(i) pay US$25,000 in cash, (paid)

(ii) incur property expenditures of US$2.1 million over three years, of which US$700,000 is a firm commitment; and

(iii) issue 3,000,000 common shares of the Company in stages, of which 1,000,000 common shares were issued upon TSX-V acceptance (issued), a further 1,000,000 million common shares on the first anniversary of the Agreement, and the final 1,000,000 common shares on the second anniversary of the Agreement.

(c) Financing agreement with Element Capital Partners

The Company entered into an exclusive financing agreement with Element Capital Partners Limited ("Element") for 25,000,000 common shares of the Company at AUD$0.20 per share for gross proceeds of AUD$5 million dollars. Finder fees may be payable in accordance with the policies of the TSX Venture. A quarterly advisory fee of AUD$10,000 per month for 24 months will be payable to Element upon completion of the financing.

5. MINERAL PROPERTY (CONTINUED)

(d) Proposed Australian listing

During the three months ended September 30, 2013, the Company submitted with the Australian Securities Investment Commission along with a concurrent listing application in order to list the Company's common shares on the Australian Stock Exchange. However, during the same period the Company has withdrawn its prospectus and will not be accepting applications for CDIs until a new prospectus has been prepared and lodged with the ASIC that reflects the change in management and directors and current information, including updated financial statements.

Mineral property expenses are as follows:

	For the Period Ended September 30, 2013			
	Gnaweeda Gold Project ($)	**Monitor Property ($)**	**Other ($)**	**Total ($)**
Acquisition and holding costs	47,031	89,053	-	136,084
Assays and analysis	29,409	15,216	-	44,625
Consultants and casual labour	-	-	-	-
Drilling contractor	108,680	-	-	108,680
Equipment rental	-	-	-	
Field costs	61,981	144,476	-	206,457
Geologists, geophysical contractors, geotechnician	76,035	136,086	-	212,121
Haulage	-	-	-	-
Insurance	8,410	-	-	8,410
Management Fees	-	49,000	-	49,000
Mobilization	576	23,393	-	23,969
Other	-	-	-	-
Other Rentals	15,135	-	-	15,135
Shipping	2,627	-	-	2,627
Supplies	3,930	-	-	3,930
Travel, accommodation and fuel	13,694	55,940	-	69,634
Total	**367,508**	**513,164**	**-**	**880,672**

5. MINERAL PROPERTY (CONTINUED)

	For the Period Ended September 30, 2012			
	Gnaweeda Gold Project ($)	**Monitor Property ($)**	**Other ($)**	**Total ($)**
Acquisition and holding costs	44,007			44,007
Assays and analysis	29,310	-	-	29,310
Consultants and casual labour	-	-	-	-
Drilling contractor	82,204	-	-	82,204
Equipment rental	-	-	-	-
Field costs	96,808	-	-	96,808
Finance charges	5,828	-	-	5,828
Geologists, geophysical contractors, geotechnician	207,329	-	-	207,329
Haulage	-	-	-	-
Insurance	29,244	-	-	29,244
Maintenance costs	-	-	-	-
Mobilization	9,702	-	-	9,702
Other	-	-	-	-
Other Rentals	19,148	-	-	19,148
Shipping	638	-	-	638
Supplies	1,384	-	-	1,384
Travel, accommodation and fuel	12,064	-	-	12,064
Total	**537,666**	**-**	**-**	**537,666**

6. RELATED PARTY TRANSACTIONS

The following table summarizes services provided by related parties:

	Nine Months Ended September 2013 ($)	Nine Months Ended September 2012 ($)
Office (a)	29,250	34,690
Management (b)	95,000	63,000
Professional fees (c)	60,130	36,833
Mineral property expenses (d)	60,482	-
	244,862	134,523

6. RELATED PARTY TRANSACTIONS (CONTINUED)

During the nine months ended September 30, 2013,

(a) The Company paid an office provision fee of $29,250 (September 2012 – $34,690) to a company controlled by the previous President of the Company.

(b) The Company paid management fees of $41,000 (September 2012 - $63,000) to a company controlled by the previous President of the Company.

The Company paid management fees of $5,000 (September 2013 - $Nil) to a company controlled by the current Chief Financial Officer.

As at September, 30, 2013, the Company had advances receivable owing from a company controlled by the previous President of the Company in the amount of $576 related to un-invoiced expenses.

At December 31, 2012, the Company had advances receivable owing from a company controlled by the previous President of the Company in the amount $5,716.

(c) The Company paid accounting fees totalling $60,130 (September 2012 - $36,833) to a company controlled by the previous Chief Financial Officer

(d) The Company paid to a company controlled by a previous director of the Company mineral property expenses consisting of geological consulting fees of $60,482 (2012 - $Nil).

Management believes the rates set are within industry standard ranges for compensation and benefits.

7. Prepaid and Receivables

Prepaid Balance; sees a significant increase due to the prepayment of $140,000 made to Element capital as finder's fee for the $2M private placement occurred in April 2013.

Receivables ; For the period ended September 30 2013 Archean star incurred a total of AUD$235,671 in direct-drilling costs for Gnaweeda Gold Project which qualified it for a 50% co-funding grant from Department of mines and petroleum. On September 30, 2013, an invoice of $117,835 has been issued to Department of mines and petroleum and recognized as "grant receivable". As of September 30, 2013 $94,268.36 has been received from the DMP.

8. ISSUED CAPITAL

(a) Authorized

Unlimited number of common shares without par value

8. ISSUED CAPITAL (CONTINUED)

(b) Share Capital transactions

(i) During the nine months ended September 30, 2013, the Company issued the following securities:

Warrants were exercised for purchase of 2,975,000 common shares were issued at 0.12 cents for gross proceeds of $357,000

A private placement of 10,000,000 common shares were issued at 0.20 cents for gross proceeds of $2,000,000

1,000,000 common shares were issued at 0.05 cents for the acquisitions costs for the Monitor Mine for gross debt consideration of $55,000

75,000 common shares were issued upon the exercise of 75,000 stock options at $0.10 per unit for gross proceeds of $7,500.

During the year ended December 31, 2012, the Company issued the following securities:

Private placement of 8,496,666 units at $0.06 per unit for gross proceeds of $509,800. Each unit is comprised of one common share plus one common share purchase warrant. Each warrant is exercisable into one common share with an exercise price of $0.12 per share, exercisable for a period of one year from the date of issuance.

Private placement of 2,216,000 units at $0.06 per unit for gross proceeds of $132,960. Each unit is comprised of one common share plus one common share purchase warrant. Each warrant is exercisable into one common share with an exercise price of $0.12 per share, exercisable for a period of one year from the date of issuance.

Private placement of 8,333,333 units at $0.06 per unit for gross proceeds of $500,000. Each unit is comprised of one common share plus one common share purchase warrant. Each warrant is exercisable into one common share with an exercise price of $0.12 per share, exercisable for a period of two years from the date of issuance.

Share issuance costs were $75,957. The Company granted 1,252,666 finders' warrants with a fair value of $42,671 determined using the Black-Scholes option valuation model. Assumptions used included a weighted average discount rate ranging from 1.00% to 1.12%, expected volatilities ranging from 137.01% to 142.07%, expected life of 1 to 2 years and a dividend yield of Nil.

(c) Share-based Payments

The Board may from time to time authorize the issue of options to eligible persons. The option price under each option shall be not less than the discounted market price on the grant date. The expiry date for each option shall be set by the board at the time of issue of the option and shall not be more than ten years after the grant date. Options shall not be assignable (or transferable) by the optionee.

8. ISSUED CAPITAL (CONTINUED)

(i) Stock Options

During the period ended December 31, 2011, the Company adopted a Stock Option Plan (the “Plan”). The maximum number of shares which may be issuable under the Plan and all of the Company's other previously established or proposed share compensation arrangements, within a year are as follows:

(a) to any one optionee, shall not exceed 5% of the total number of issued and outstanding shares on the grant date on a non-diluted basis;
(b) to insiders as a Company shall not exceed 10% of the total number of issued and shares on the grant date on a non-diluted basis;
(c) to any one consultant shall not exceed 2% in the aggregate of the total number of issued and outstanding shares on the grant date on a non-diluted basis;
(d) all eligible persons who undertake investor relations activities shall not exceed 2% in the aggregate of the total number of issued and outstanding shares on the grant date on a fully-diluted basis.

All options granted under the Plan shall vest and become exercisable in full upon grant, except options granted to consultants performing investor relations activities, which options must vest in stages over twelve months with no more than one quarter of the options vesting in any three month period.

The option price shall be not less than the discounted market price on the grant date, and the expiry date shall be set by the board at the time of grant of the option.

	Options	**Weighted average exercise price ($)**
Balance January 28, 2011	-	
Granted	2,450,000	0.15
Expired	(425,000)	(0.18)
Balance December 31, 2011	**2,025,000**	**0.15**
Granted	4,011,000	0.10
Expired	(1,100,000)	(0.15)
Balance December 31, 2012	**4,936,000**	**0.10**
Granted	800,000	0.18
Expired	(175,000)	0.15
Exercised	(75,000)	0.10
Balance September 30, 2013	**5,486,000**	**0.12**

8. ISSUED CAPITAL (CONTINUED)

(c) Share-based Payments (continued)

(i) Stock Options (continued)

As at September 30, 2013, the following stock options were outstanding and exercisable:

Number	Weighted Average Exercise Price ($)	Expiry Date	Weighted Average Remaining Contractual Life (in years)
225,000	0.10*	April 19, 2016	2.55
400,000	0.10**	June 23, 2016	2.73
125,000	0.10	October 27, 2016	3.07
400,000	0.15	November 17, 2016	3.13
2,236,000	0.10	April 17, 2017	3.55
350,000	0.10	June 19, 2017	3.72
950,000	0.10	December 14, 2017	4.21
800,000	0.18	March 27 2018	4.49
5,486,000	**0.12**		**3.67**

*On April 6, 2012, the exercise price of these options decreased from $0.18 per share to $0.10 per share.

**On April 6, 2012, the exercise price of these options decreased from $0.15 per share to $0.10 per share.

These options entitle the holder thereof the right to acquire one common share for each option held. The fair value of each option is estimated on the grant date using the Black-Scholes option valuation model assuming no expected dividends. The range of assumptions used in calculating fair value are as follows

	2012	2011
Risk free interest rate	1.24% - 1.59%	0.82% - 2.67%
Expected life (in years)	4.00 - 5.00	0.25 – 5.00
Expected volatility	113.0 – 137.0	105.2% - 109.7%
Expected dividend yield	0%	0%

For the period ended September 30, 2013, the Company recognized $Nil in (September 30, 2012 - $Nil) compensation expense which was charged to operations. The modification of the exercise price of the options above results in an increase in shared based compensation of $2,809 which is included in share based compensation expense for the year ended December 31, 2012.

8. ISSUED CAPITAL (CONTINUED)

(c) Share-based Payments (continued)

(ii) Warrants

	Warrants	Weighted average exercise price ($)
Balance January 28, 2011	**-**	
Issued	22,554,448	0.21
Balance December 31, 2011	**22,554,448**	**0.21**
Issued	20,298,665	0.12
Expired	(10,074,449)	0.24
Balance December 31, 2012	**32,778,664**	**0.12**
Expired	(6,315,999)	0.12
Exercised	(2,975,000)	0.12
Balance September 30, 2013	**23,487,665**	**0.12**

As at September 30, 2013, the following warrants were outstanding and exercisable:

Number	Weighted Average Exercise Price ($)	Expiry Date	Weighted Average Remaining Contractual Life (in years)
12,479,999	0.12	November 22, 2013*	0.15
2,091,000	0.12	October 25, 2013	0.07
8,916,666	0.12	December 14, 2014	1.21
23,487,665	0.12		0.54

*On April 10, 2012, the exercise price of these warrants decreased from $0.18 per share to $0.12 per share and the expiration date was extended from November 22, 2012 to November 22, 2013.

9. NON-CASH TRANSACTIONS

During the nine month period ending September 30, 2013,1,000,000 common shares at 0.05 cents totaling $55,000 were issued for acquisition of the Monitor mine.

10. COMMITMENTS

(a) Arrangement Agreement

The Company was formed under the Arrangement Agreement (the “Arrangement”) with Kent on March 12, 2010. The Arrangement consisted of numerous sequential steps and the purpose of which was to separate Kent’s interest in Gnaweeda Mineral Project held by its subsidiary, Archean Star Resources Australian Pty Ltd. (“ASA”), from its interest in other mineral properties.

10. COMMITMENTS (CONTINUED)

Pursuant to the Arrangement, the shareholders of Kent exchanged their common shares for 1 new common share of Kent and 1 reorganization share of Kent, with the reorganization shares being subsequently exchanged for common shares of the Company on a basis of one Company's common share for every four common shares of Kent. The Arrangement was filed in the Supreme Court of British Columbia as file No.S101821on May 5, 2010 and the Company's application for a Final Order of the Arrangement was approved pursuant to Section 291 (4)(a) of the *Business Corporations Act*. The Company completed the Arrangement on January 28, 2011 by issuing 15,313,295 common shares to Kent's shareholders who held 61,253,187 shares in total as of such date. In addition, warrant holders of Kent as of January 28, 2011 are entitled to receive the number of shares equal to ¼ of the number of Kent's shares subscribed for upon exercise of the warrants.

(b) Warrant Exercise Agreement

As part of the Arrangement, a warrant exercise agreement with Kent was entered into where any Kent warrants outstanding as of January 28, 2011 that are exercised will result in an issuance of Archean shares in the amount of 25% of the Kent warrants exercised. Archean will also receive 24% of the monies collected by Kent for the warrant exercise. During the year ended December 31, 2011, 1,000,000 of these warrants were exercised and as a result 250,000 Archean shares were issued (Note 7(b)(iv)). During the year ended December 31, 2012, the remaining warrants expired unexercised.

12. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, due from Kent Exploration Inc., and accounts payable, accrued liabilities, and shareholder loan. Cash and due from Kent Exploration Inc. are classified as loans and receivables, which are measured at amortized cost. Accounts payable, accrued liabilities, and shareholder loan are designated as other financial liabilities, which are measured at amortized cost.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values.

Level 1
Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2
Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3
Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

12. FINANCIAL INSTRUMENTS (CONTINUED)

As at September 30, 2013 the Company believes that the carrying values of accounts payable, accrued liabilities, and shareholder loan approximate their fair values because of their nature and relatively short maturity dates or durations.

13. MANAGEMENT OF CAPITAL AND FINANCIAL RISK

Industry risk: The Company is engaged primarily in the mineral exploration field and manages related industry risk issues directly. The Company is potentially at risk for environmental reclamation and fluctuations in commodity based market prices associated with resource property interests. Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements.

Credit risk: Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash accounts and its receivables. This risk is managed through the use of a major bank that is a high credit quality financial institution as determined by rating agencies. The Company's receivables relate to HST or GST recoverable from the Governments of Canada and Australia. The risk associated with its receivable is minimal.

Currency risk: Currency risk is the risk that the value of financial instruments denominated in foreign currencies will fluctuate due to changes in foreign exchange rates. The Company's functional currency is the Canadian dollar. The Company is exposed to currency exchange rate risk to the extent of its activities in the Australia. The Company's currency risk is presently limited to approximately $243,659 of net exposure denominated in Australian dollars. Based on this exposure as at September 30, 2013, a 5% change in the exchange rate would give rise to a change in net loss of $12,183. Management believes the foreign exchange risk derived from currency conversions from the Australian operations is not significant and does not hedge its foreign exchange risk.

The currencies of the Company's financial instruments were as follows:

Future changes in exchange rates could have a material effect on the Company's business, financial condition and results of operations.

Interest rate risk: Interest rate risk is not significant as the Company's assets and liabilities do not bear any interest.

Liquidity risk: Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements. Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions. Under current market conditions, both liquidity and funding risk are assessed as high.

Capital management: The Company manages its capital structure based on the funds available to the Company, in order to fund its general and administration expenses, support acquisition, maintenance, exploration, and development of mineral properties.

13. MANAGEMENT OF CAPITAL AND FINANCIAL RISK (CONTINUED)

The Board of Directors has not established any quantitative return on capital criteria for management, instead relying on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has interests are in the exploration stage so the Company is dependent on external financing to fund its activities. In order to carry out activities and administration, the Company will spend its existing working capital and raise additional amounts as needed.

14. SEGMENTED INFORMATION

The Company had two reportable operating segments, being the acquisition, exploration, and disposition of interests in mineral properties located in two geographical segments, Australia and USA.

Geographic information as at September 30, 2013 and December 31, 2012 is as follows:

	September 30, 2013	December 31, 2012
	Mineral Property	Mineral Property
Australia	3,657,414	3,657,414
	3,657,414	**3,657,414**

15. EVENTS AFTER THE REPORTING PERIOD

There are no subsequent events