Copper One Inc.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the three months ended
March 31, 2014 and 2013

(in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim consolidated 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 consolidated 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 condensed interim consolidated 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.

Copper One Inc.

Condensed Interim Consolidated Statements of Financial Position
Unaudited
(Expressed in Canadian dollars)
As at

	Notes	March 31, 2014	December 31, 2013
ASSETS			
Current assets			
Cash and cash equivalents		$ 318,000	$ 854,667
Marketable securities	7	112,500	90,000
Receivables	8	539,024	230,192
Prepaid expenses and deposits		28,276	3,761
Total current assets		997,800	1,178,620
Non-current assets			
Exploration and evaluation assets	10	3,011,635	3,285,663
TOTAL ASSETS		$ 4,009,435	$ 4,464,283
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		$ 254,059	$ 373,738
Total liabilities		254,059	373,738
Shareholders' equity			
Share capital		16,934,798	16,934,798
Share-based payments reserves	11	2,849,724	2,870,967
Deficit		(16,029,146)	(15,715,220)
Total equity		3,755,376	4,090,545
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 4,009,435	$ 4,464,283

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Approved on behalf of the Directors:

"Simon Marcotte"	*"Scott Moore"*
Director	Director

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

Copper One Inc.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
Unaudited
(Expressed in Canadian dollars)

	Notes	For the three months ended March 31, 2014	2013
Revenue		$ -	$ -
Operating expenses			
Management and consulting fees	13	199,916	227,339
Share-based payments	11	7,724	16,933
Directors' fees		30,000	43,369
Office and rent		41,166	24,000
Investor relations		5,400	41,754
Travel and promotion		60,784	11,329
Accounting and legal		14,774	12,656
Regulatory and transfer agent		6,319	4,801
Amortization		-	8,430
Foreign exchange (gain) loss		(42)	(7,688)
Total operating expenses		366,041	382,923
Loss before other income (expenses)		(366,041)	(382,923)
Other income (expenses)			
Interest income		648	9,797
Unrealized gain on held for trading investments	7	22,500	-
Loss before discontinued operations		(342,893)	(373,126)
Loss from discontinued operations	6	-	(4,016,685)
Net loss and comprehensive loss for the period		$ (342,893)	$ (4,389,811)
Basic and diluted loss per share		$ (0.01)	$ (0.07)
Weighted average number of shares outstanding:			
Basic and diluted		66,533,854	66,533,854

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

Copper One Inc.

Condensed Interim Consolidated Statements of Cash Flows

Unaudited

(Expressed in Canadian dollars)

	Note	For the three months ended March 31, 2014	2013
Cash (used in) provided by operations:			
Net loss for the year		$ (342,893)	$ (4,389,811)
Items not involving cash:			
Share-based payments		7,724	16,933
Amortization		-	8,430
Unrealized foreign exchange (gain) loss		-	(4,953)
Write down of discontinued operations	6	-	4,001,984
Unrealized gain on held for trading investments		(22,500)	-
Change in working capital items:			
Receivables		(19,885)	(94,392)
Prepaid expenses and deposits		(24,515)	(21,819)
Accounts payable and accrued liabilities		(119,679)	51,318
Net cash (used in) operating activities		(521,748)	(432,310)
Investing activities			
Expenditures on exploration and evaluation assets		274,028	(587,117)
Expenditures on property and equipment		-	(26,385)
Change in exploration and evaluation accounts receivable		(288,947)	-
Net cash (used in) investing activities		(14,919)	(613,502)
Change in cash and cash equivalents		(536,667)	(1,045,812)
Cash and cash equivalents, beginning of year		854,667	3,428,150
Cash and cash equivalents, end of year		$ 318,000	$ 2,382,338
Cash and cash equivalents are comprised of:			
Cash in bank		$ 318,000	$ 2,380,338
Cashable guaranteed investment certificates		-	2,000

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

Copper One Inc.

Condensed Interim Consolidated Statements of Changes in Equity

Unaudited

(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Share-based payments reserve (Note 11)	Deficit	Total
Balance, December 31, 2013	66,533,854	$ 16,934,798	$ 2,870,967	$ (15,715,220)	$ 4,090,545
Share-based payments	-	-	7,724	-	7,724
Expiry of options	-	-	(28,967)	28,967	-
Net loss for the period	-	-	-	(342,893)	(342,893)
Balance, March 31, 2014	**66,533,854**	**$ 16,934,798**	**$ 2,849,724**	**$ (16,029,146)**	**$ 3,755,376**
Balance, December 31, 2012	66,533,854	$ 16,934,798	$ 3,511,728	$ (10,482,603)	$ 9,963,923
Share-based payments	-	-	16,933	-	16,933
Net loss for the period	-	-	-	(4,389,811)	(4,389,811)
Balance, March 31, 2013	**66,533,854**	**$ 16,934,798**	**$ 3,528,661**	**$ (14,872,414)**	**$ 5,591,045**

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

1. Nature of operations and going concern

Copper One Inc. (the “Company”) operates under the Canada Business Corporations Act. On June 20, 2008, the Company incorporated its formerly wholly-owned subsidiary, Copper One USA, Inc. on September 23, 2009, under the laws of the state of Nevada. On August 22, 2013 the Company disposed of Copper One USA Inc. (“Copper USA”), see Note 6 for details. The Company’s wholly owned subsidiaries 7231300 Canada Ltd. was incorporated on August 26, 2009 and 8815046 Canada Ltd. was incorporated on March 11, 2014. The Company’s common shares trade on the TSX Venture Exchange under the symbol “CUO”.

The Company is in the process of exploring and evaluating mineral property interests in Quebec, Canada. The Company has not yet determined whether its exploration and evaluation assets contain mineral reserves that are economically recoverable. The Company’s continuing operations, and the recoverability of the amounts shown for exploration and evaluation assets are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its exploration and evaluation assets, and on future profitable production or proceeds from the disposition of the exploration and evaluation assets.

The business of exploring for and mining of minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements.

As at March 31, 2014, the Company had an accumulated deficit of $16,029,146 and had incurred losses totaling $342,893 during the three months ended March 31, 2014. The Company has a need for equity capital and financing for working capital and exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. These matters raise significant doubt about the Company’s ability to continue as a going concern. Management believes it will be successful in raising the necessary funding to continue operations in the normal course of operations, however, there is no assurance that these funds will be available on terms acceptable to the Company or at all.

The head office and principal address of the Company is at Suite 805, 65 Queen Street West, Toronto, Ontario M5H 2M5.

2. Basis of preparation

These condensed interim consolidated financial statements of the Company were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and have been prepared in accordance with accounting policies based on the IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations. The policies set out in the Company's annual consolidated financial statements for the year ended December 31, 2013 were consistently applied to all the periods presented unless otherwise noted below.

The preparation of financial statements in accordance with International Accounting Standard ("IAS") 1 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for available-for-sale investments which are reflected at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Basis of Consolidation
These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Copper USA, (until the disposition of the Company's subsidiary on August 22, 2013), 7231300 Canada Ltd and 8815046 Canada Ltd. All significant intercompany transactions and balances have been eliminated upon consolidation.

Subsidiaries
Subsidiaries are entities over which the Company has control, where control is defined as the power to govern financial and operating policies of an entity so as to obtain benefit from its activities. Generally, the Company has a shareholding of more than one half of the voting rights in its subsidiaries. The effects of potential voting rights that are currently exercisable are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date control is transferred to the Company, and are de-consolidated from the date control ceases.

3. Critical judgments and estimation uncertainties

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

3. Critical judgments and estimation uncertainties (continued)

- Capitalization of exploration and evaluation costs

Management has determined that exploration and evaluation costs incurred during the year have future economic benefits and are economically recoverable. In making this judgement, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits. See Note 10 for details of capitalized exploration and evaluation costs.

- Impairment of exploration and evaluation assets

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

- Estimation of decommissioning and restoration costs and the timing of expenditure

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

- Income and other taxes

In assessing the probability of realizing income tax and other assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets and other recoverable taxes. The Company reassesses unrecognized income tax assets at each reporting period.

3. Critical judgments and estimation uncertainties (continued)

- Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- Contingencies

See Note 13.

4. New accounting policies

The Company has adopted the following new standards, along with any consequential amendments, effective January 1, 2014. These changes were made in accordance with the applicable transitional provisions.

IAS 32 – Financial Instruments: Presentation ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The adoption of this standard did not result in any changes to the Company's condensed interim consolidated financial statements.

IAS 36 – Impairments of Assets ("IAS 36") was amended by the IASB in May 2013 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The adoption of this standard did not result in any changes to the Company's condensed interim consolidated financial statements.

IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39") was amended by the IASB in June 2013 to clarify that novation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations does not terminate hedge accounting. The adoption of this standard did not result in any changes to the Company's condensed interim consolidated financial statements.

(Expressed in Canadian dollars)

5. Future accounting changes

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 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, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. 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, 2018. Earlier adoption is permitted.

6. Disposition of discontinued operations

On August 22, 2013, the Company completed the sale of its formerly wholly-owned subsidiary Copper USA, which owns the Lone Mountain, Mimbres, Teague Springs, Twin Peaks, West Jerome, and West Safford properties, to Cornerstone Metals Inc. ("Cornerstone") and received in consideration 2,250,000 common shares of Cornerstone valued at $202,500, plus additional consideration tied to specific properties (see note (i) below). As the additional consideration is contingent in nature, no value has been assigned to these items. The value of the contingent assets, if any, will be recorded in the period in which the value is determined. Cornerstone was a related party by virtue of Paul Cowley being on the board of both the Company and Cornerstone. 750,000 of the 2,250,000 Cornerstone shares issued are subject to a voluntary twelve-month hold period expiring on August 22, 2014. In connection with the sale of Copper USA, the Company and Cornerstone have exchanged certain representations and warranties and have agreed to indemnify each other against losses in connection with a breach of any representation or warranty.

The assets and liabilities related to Copper USA as at March 31, 2014 and 2013 were as follows:

	March 31, 2014 $	March 31, 2013 $
Assets		
Cash and cash equivalents	-	21,163
Prepaid expenses	-	3,656
Reclamation bonds (i)	-	48,750
Exploration and evaluation assets (ii)	-	97,500
Property and equipment	-	319
	-	171,388
Liabilities		
Accounts payabe and accrued liabilities	-	668
	-	668

The following represents the amounts reclassified to net loss from discontinued operations at March 31, 2014 and 2013:

(Expressed in Canadian dollars)

6. Disposition of discontinued operations (continued)

	March 31, 2014 $	March 31, 2013 $
Impact on statement of operations and comprehensive loss:		
Revenues	-	-
Operating expenses	-	(14,701)
Loss before other income (expenses)	-	(14,701)
Interest income	-	-
Write-down of exploration and evaluation assets	-	(4,001,984)
Gain (loss) before tax	-	(4,016,685)
Income tax expense	-	-
Net (loss) from discontinued operations	-	(4,016,685)
Gain (loss) per share from discontinued operations - basic and diluted	-	(0.06)

The Company recorded a cumulative loss on discontinued operations of $nil and $4,016,685 as at March 31, 2014 and 2013.

(i) Additional consideration from Cornerstone, tied to specific properties:

1. within 30 days of completing a Feasibility Study in respect of the Lone Mountain property, Cornerstone will:
   a. issue to the Company 2,000,000 Cornerstone common shares;
   b. pay to the Company $1,000,000 in cash or shares at the Company's option; and
   c. grant to the Company a 0.5% net smelter return royalty capped at $5,000,000, which may be repurchased by Cornerstone for $1,000,000 in cash or shares at the Company's option;

2. within 30 days of completing a Feasibility Study in respect of the Jerome property, Cornerstone will:
   a. issue to the Company 500,000 Cornerstone common shares;
   b. pay to the Company $750,000 in cash or shares at the Company's option; and
   c. grant to the Company a 0.5% net smelter return royalty capped at $4,000,000, which may be repurchased by Cornerstone for $800,000 in cash or shares at the Company's option;

3. within 30 days of completing a Feasibility Study in respect of any of the other properties, Cornerstone will:
   a. issue to the Company 350,000 Cornerstone common shares;
   b. pay to the Company $375,000 in cash or shares at the Company's option; and
   c. grant to the Company a 0.5% net smelter return royalty capped at $3,000,000, which may be repurchased by Cornerstone for $350,000 in cash or shares at the Company's option.

(Expressed in Canadian dollars)

6. Disposition of discontinued operations (continued)

(ii) Exploration and evaluation assets

	Lone Mountain	LT Ranch	Mimbres	Teague Springs	Twin Peaks	West Jerome	West Safford	Total
	$	$	$	$	$	$	$	$
Balance December 31, 2011	3,207,471	400,480	199,340	200,658	478,158	337,549	317,887	5,141,543
Property acquisition	50,000	49,565	-	-	-	-	-	99,565
Surveying and geophysics	60,463	39,563	-	-	7,501	1,303	-	108,830
Crilling	3,147	-	-	-	-	-	-	3,147
Claim and maintenance	16,912	-	12,360	14,359	12,820	19,253	25,367	101,071
Impairment write downs	-	-	(211,700)	(215,017)	(498,479)	(358,105)	(343,254)	(1,626,555)
Balance, December 31, 2012	3,337,993	489,608	-	-	-	-	-	3,827,601
Property acquisition	-	50,415	-	-	-	-	-	50,415
Surveying and geophysics	16,070	-	-	-	-	-	-	16,070
Impairment write downs	(3,256,563)	(540,023)	-	-	-	-	-	(3,796,586)
Balance, March 31, 2013	97,500	-	-	-	-	-	-	97,500
Balance, March 31, 2014	-	-	-	-	-	-	-	-

7. Marketable securities

On August 22, 2013, the Company completed the sale of its wholly-owned subsidiary Copper USA to Cornerstone and received in consideration 2,250,000 common shares of Cornerstone. The Common shares were valued at $202,500 on the sale date based on their quoted market value. See Note 6. At March 31, 2014, the quoted market value of these shares was $0.05 per share, or $112,500. An unrealized gain of $22,500 was recorded for the three months ended March 31, 2014.

8. Receivables

	31-Mar-14	31-Dec-13
Taxes receivable	$ 402,070	$ 104,228
Rent receivable	9,599	9,599
Consulting fees receivable	114,975	114,975
Sundry receivable	12,380	1,390
	$ 539,024	$ 230,192

(Expressed in Canadian dollars)

9. Property and equipment

	Computer equipment	Leasehold improvements	Total
Cost			
December 31, 2011	$ 9,466	$ -	$ 9,466
Additions	-	102,469	102,469
December 31, 2012	$ 9,466	$ 102,469	$ 111,935
Additions	-	34,036	34,036
Disposition of property and equipment	(9,466)	(136,505)	(145,971)
December 31, 2013	$ -	$ -	$ -
Accumulated depreciation			
December 31, 2011	$ 2,107	$ -	$ 2,107
Charge for the year	3,159	12,474	15,633
December 31, 2012	$ 5,266	$ 12,474	$ 17,740
Charge for the year	2,032	34,778	36,810
Disposition on sale of property and equipment	(7,298)	(47,252)	(54,550)
December 31, 2013 and March 31, 2014	$ -	$ -	$ -
Net book value			
December 31, 2012	$ 4,200	$ 89,995	$ 94,195
December 31, 2013 and March 31, 2014	$ -	$ -	$ -

During the year ended December 31, 2013, the Company sold all computer equipment and leasehold improvements at its previous office in Montreal to third parties for an aggregate price of $10,000. A loss of $80,916 was recorded in the consolidated statements of loss for the year ended December 31, 2013.

10. Exploration and evaluation expenditures

The exploration and evaluation assets of the Company are comprised as follows:

	Note	Canada	USA	Total
Balance, December 31, 2012		$ 2,826,542	$ 3,827,601	$ 6,654,143
Additions		459,121	138,255	597,376
Disposition of discontinued operations	6	-	(3,965,856)	(3,965,856)
Balance, December 31, 2013		$ 3,285,663	$ -	$ 3,285,663
Change during the year		(274,028)	-	(274,028)
Balance, March 31, 2014		$ 3,011,635	$ -	$ 3,011,635

On August 22, 2013, the Company completed the sale of its wholly-owned subsidiary Copper USA, which owns the Lone Mountain, Mimbres, Teague Springs, Twin Peaks, West Jerome, and West Safford properties, to Cornerstone. See Note 6.

(Expressed in Canadian dollars)

10. Exploration and evaluation expenditures (continued)

	Rivière Doré	Queylus	Total
	$	$	$
Balance, December 31, 2012	1,244,534	1,582,008	2,826,542
Property acquisition	-	15,630	15,630
Surveying and geophysics	-	82,956	82,956
Consulting	38,750	-	38,750
Travel & accomodation	16,530	-	16,530
Claims & maintenance	-	6,261	6,261
Legal	45,382	2,038	47,420
Sampling	-	11,424	11,424
Drilling	-	240,150	240,150
Balance, December 31, 2013	1,345,196	1,940,467	3,285,663
Claims & maintenance	-	5,600	5,600
Government assistance	(142,304)	(146,643)	(288,947)
Other	9,319	-	9,319
Balance, March 31, 2014	1,212,211	1,799,424	3,011,635

The Company has accrued approximately $289,000 in government assistance receivable related to eligible expenditures in the province of Québec for the years ended December 31, 2011 and December 31, 2012.

(a) Rivière Doré

On November 30, 2011, the Company signed an agreement with Cartier Resources Inc. ("Cartier") to acquire 100% of the Rivière Doré Copper Nickel property ("Rivière Doré") located southeast of the town Val D'Or, Quebec. This agreement superseded the agreement signed with Cartier in January 2011. In consideration for a 100% interest in Rivière Doré, the Company paid $150,000 in cash, issued 2,000,000 common shares of the Company with an estimated fair value of $550,000 and granted a royalty of 1% of the net smelter return in connection with ore extracted from the property. The Company is also committed to a 2% royalty payment of the net smelter return on 36 of its 1,052 existing claims on the property. This transaction closed on December 15, 2011.

10. Exploration and evaluation expenditures (continued)

The Company has also agreed to pay to Cartier an amount equal to 2% of the net present value shown in a bankable feasibility study on Rivière Doré, payable in cash in three equal installments over the 18-month period from the commencement of commercial production on the property.

There has been a suspension on the existing claims comprising the Rivière Doré property since 2011 as a result of discussions between the Company, government officials and the Algonquin Community of Barriere Lake ("ACBL") in relation to the property. The suspension term was scheduled to end on July 3, 2013. Management received a two year extension from the Ministry of Natural Resources Quebec on this matter extending the suspension term to July 2015. The ACBL reaffirmed through a press release on March 13, 2013, their opposition to the Company's proposed exploration activities related to the Rivière Doré project.

(b) Queylus

On January 23, 2012, the Company entered into an agreement with Lounor Exploration Inc. ("Lounor") to acquire 100% of the Queylus copper gold property, located near the town of Chibougamau, Quebec. Under the terms of the purchase agreement, the Company acquired 100% of the Queylus property by paying $23,750, issuing 475,000 common shares of the Company valued at $61,750 and granting royalties ranging from 1% to 2% of the net smelter return in connection with ore extracted from certain claims comprising the property. In connection with the transactions contemplated under the purchase agreement, the Company entered into an agreement with SOQUEM Inc. ("SOQUEM") whereby SOQUEM agreed to renounce its right of first refusal over certain claims comprising the Queylus property in consideration for the Company paying $2,500 and issuing to SOQUEM 50,000 shares of the Company valued at $6,500. This transaction closed on August 7, 2012.

On February 8, 2012 the Company signed a purchase agreement with Diagnos Inc. ("Diagnos") to acquire a 100% interest in certain claims (the "Claims") contiguous to the Queylus copper gold property. Under the terms of the purchase agreement, the Company has acquired 100% of the Claims by paying $10,000, issuing 175,000 common shares of the Company valued at $52,500 and granting a royalty of 2% of the net smelter return in connection with ores and concentrates extracted from the property underlying the Claims. The purchase agreement provides that the Company has the right to reduce such royalty from 2% to 1% at any time by paying to Diagnos $1,000,000 in cash.

(Expressed in Canadian dollars)

11. Share-based payments reserve

The Company has a stock-option plan whereby the Company may grant to directors, officers, employees and consultants options to purchase shares of the Company. The plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding share capital increases. Options granted under the plan will be for a term not to exceed 5 years.

During the three months ended March 31, 2014, 160,000 stock options expired and an amount of $28,967 was recorded to deficit (2013: nil options valued at $nil).

	Number of options	Weighted average exercise price	Value of Options	Number of warrants	Weighted average exercise price	Value of Warrants	Total Value
December 31, 2012	11,915,000	$ 0.36	$ 3,511,728	12,321,428	$ 0.44	$ -	$ 3,511,728
Granted	350,000	0.10	17,645	-	-	-	17,645
Cancelled and expired	(1,600,000)	0.56	(658,406)	-	-	-	(658,406)
December 31, 2013	**10,665,000**	**$ 0.36**	**$ 2,870,967**	**12,321,428**	**$ 0.44**	**$ -**	**$ 2,870,967**
Granted	-	0.10	$ 7,724	-	-	-	$ 7,724
Expired	(160,000)	0.35	(28,967)	-	-	-	(28,967)
March 31, 2014	**10,505,000**	**$ 0.35**	**$ 2,849,724**	**12,321,428**	**$ 0.44**	**$ -**	**$ 2,849,724**

STOCK OPTIONS:

As at March 31, 2014, outstanding options to acquire common shares of the Company were as follows:

Expiry date		Number of options outstanding	Number of options exercisable	Exercise price ($)	Estimated grant date fair value ($)
17-Jul-2014		400,000	400,000	0.64	406,448
30-Sep-2014		1,000,000	1,000,000	0.80	560,333
16-Nov-2014	(i)	7,950,000	7,950,000	0.25	1,908,953
28-Nov-2016		300,000	300,000	0.35	60,281
06-Feb-2017		350,000	350,000	0.35	82,294
27-Sep-2017		155,000	155,000	0.16	20,209
22-Feb-2018	(ii)	350,000	311,500	0.10	24,717
		10,505,000	10,466,500	0.32	3,063,235

(Expressed in Canadian dollars)

11. Share-based payments reserve (continued)

(i) These options were issued pursuant to a purchase and sale agreement in 2008.
(ii) The grant date fair value of the 350,000 stock options granted on February 22, 2013 exercisable at $0.10 and expiring on February 22, 2018, was estimated using the Black-Scholes option pricing model with the following assumptions: vested 3 installments over 2 years, expected dividend yield of 0%; expected volatility of 111% (at the date of issue); risk-free interest rate of 1.40% and an expected life of 5 years.

The Company recorded stock based compensation of $7,724 during the three months ended March 31, 2014 (2013: $16,933).

The weighted average remaining contractual life of exercisable options as of March 31, 2014 is 1.06 years (March 31, 2013 – 2.02 years).

WARRANTS

Expiry date	Number of warrants outstanding	Number of warrants exercisable	Exercise price ($)	Estimated grant date fair value ($)
April 28, 2014	3,750,000	3,750,000	0.60	-
April 28, 2014	8,571,428	8,571,428	0.50	-
	12,321,428	12,321,428	-	-

All outstanding warrants expired unexercised on April 28, 2014 subsequent to the end of the quarter.

12. Related party transactions and balances

During the three months ended March 31, 2014 and 2013, the Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

	Purchases of goods and services Three months ended March 31	
	2014	2013
Forbes & Manhattan, Inc.	$ 75,000	$ 75,000

Mr. Stan Bharti is the Executive Chairman of Forbes & Manhattan, Inc. As the Company is part of the Forbes & Manhattan Group of Companies, it continues to receive the benefits of such membership, including access to mining professionals, advice from Mr. Bharti, and strategic advice from Forbes & Manhattan Inc. Board of Advisors.

The Company shares its office space with other companies who may have similar officers or directors. The costs associated with this space, including the provision of office equipment and supplies, are administered by 2227929 Ontario Inc, to whom the Company pays a monthly fee. 2227929 Ontario Inc. does not have any officers or directors in common with the Company.

(Expressed in Canadian dollars)

12. Related party transactions and balances (continued)

The following balances were outstanding at the end of the reporting period:

	Amounts owed to related parties Three months ended March 31		Amounts owed by related parties Three months ended March 31	
	2014	2013	2014	2013
Mason Graphite	$ -	$ -	$ 115,965	$ -
Forbes & Manhattan. Inc.		84,750	-	-

Mr. Scott Moore, Executive Chairman of the Board of Directors, President and Chief Executive Officer of the Company, is a director of Mason Graphite.

On May 14, 2014, the Company announced the appointment of Mr. Benoit Gascon to its Board of Director. Mr. Gascon is the President and Chief Executive Office of Mason Graphite Inc.

On November 1, 2013, the Company sold all computer equipment and leasehold improvements at its previous office to unrelated party and Mason Graphite for an aggregate price of $10,000. Accordingly, an impairment of $80,916 was recorded in the consolidated statements of operations and comprehensive loss for the year ended December 31, 2013.

Mr. Paul Cowley is on the board of both the Company and Cornerstone, purchaser of the Company's formerly wholly-owned subsidiary Copper USA (see note 6).

Compensation of Key Management, Directors and Officers

The remuneration of directors and other members of key management personnel during the three months ended March 31, 2014 and 2013 were as follows:

	Three months ended March 31	
	2014	2013
Short-term benefits	$ 97,500	$ 483,668
Share-based payments	7,724	16,933

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

(Expressed in Canadian dollars)

13. Commitments and contingencies

Contractual Obligations	Payments (Receipts) Due by Period				
	Total	Less than 1 Year	1 – 3 Years	4 – 5 Years	After 5 Years
Minimum commitment under management contracts (i)	$ 402,141	$ 402,141	-	-	-
Minimum commitment under Montreal office space lease (ii)	324,000	130,000	194,000	-	-
Minimum commitment under Montreal office sub-lease (iii)	(259,000)	(104,000)	(155,000)	-	-
Total	**$467,141**	**$428,141**	**$39,000**	-	-

(i) The Company is party to certain management contracts. These contracts contain clauses requiring additional payments of up to approximately $1,080,000 be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements. Additional minimum management contract commitments remaining under these contracts approximate $402,141 due within one year.

(ii) In June 2012, the Company entered into a 52 month lease agreement for office space rental in Montreal, ending on September 30, 2016. The total commitments remaining under this lease agreement is approximately $324,000 at March 31, 2014.

(iii) In December 2013, the Company signed a sublease agreement with a third party to rent out the Montreal office space, ending on September 30, 2016. Total rent receivable over the term of the commitment is expected to be approximately $259,000.

The Company's exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

(Expressed in Canadian dollars)

14. Financial instruments

Financial assets and financial liabilities as at March 31, 2014 and December 31, 2013 were as follows:

March 31, 2014	Loans and receivables	Assets at fair value through profit and loss	Total
Cash and cash equivalents	$ 318,000	$ -	$ 318,000
Held for trading investments	-	112,500	112,500
Receivables	539,024	-	539,024
Accounts payable and accrued liabilities	(254,059)	-	(254,059)

December 31, 2013	Loans and receivables	Assets at fair value through profit and loss	Total
Cash and cash equivalents	$ 854,667	$ -	$ 854,667
Held for trading investments	-	90,000	90,000
Receivables	230,192	-	230,192
Accounts payable and accrued liabilities	(373,738)	-	(373,738)

The Company’s risk exposure and the impact on the Company’s financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures for managing risk during the three months ended March 31, 2014 and 2013.

The carrying values of cash, receivable and accounts payable and accrued liabilities reflected on the consolidated statements of financial position approximate fair value due to the limited terms of these instruments.

Credit risk
The Company's credit risk is primarily attributable to cash and cash equivalents and receivables. The Company has no significant concentration of credit risk arising from operations. Financial instruments included in receivables consist of receivables from related and unrelated companies. Management believes that the credit risk concentration with respect to these financial instruments is remote.

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2014, the Company had cash and cash equivalent balance of $318,000 (December 31, 2013 - $854,667) to settle current liabilities of $254,059 (December 31, 2013 - $373,738). The Company's financial liabilities generally have contractual maturities of less than 30 days.

(a) Interest rate risk

The Company has cash balances subject to fluctuations in the prime rate. The Company's current policy is to invest excess cash in investment-grade deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

14. Financial instruments (continued)

(b) Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars.

(c) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company's future operations will be significantly affected by changes in the market prices for commodities. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for commodities, the level of interest rates, the rate of inflation, and stability of exchange rates can all cause significant fluctuations in commodity prices. Such external economic factors may in turn be influenced by changes in international investment patterns, monetary systems and political developments.

Sensitivity analysis
Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over the year.

- The Company does not hold interest bearing debt at interest rates subject to market fluctuations to give rise to interest rate risk.
- The Company does not hold significant cash balances in foreign currencies to give rise to foreign exchange risk.

(d) Fair value

A fair value hierarchy prioritizes the methods and assumptions used to develop fair value measurements for those financial assets where fair value is recognized on the balance sheet. These have been prioritized into three levels:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Inputs for the asset or liability that are not based on observable market data.
Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment.

At March 31, 2014, the Company's financial instruments that are carried at fair value, consist of investments of which $112,500 (December 31, 2013 - $90,000) have been classified as Level 1 within the fair value hierarchy.

15. Management of capital risk

The Company considers its capital structure to consist of its cash and cash equivalents, common shares, stock options and warrants. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares and, acquire or dispose of assets.

16. Subsequent events

On April 8, 2014, 8815046 Canada Ltd., a wholly-owned subsidiary of the Company, entered into a definitive purchase agreement (the "Purchase Agreement") with FQM (Akubra) Inc. ("FQM (Akubra)"), a wholly-owned subsidiary of First Quantum Minerals Ltd. ("First Quantum"), to acquire a 100% interest in the past producing Troilus Mine located approximately 175 km by road from the town of Chibougamau, Quebec, Canada. The Troilus property consists of certain mineral claims and one surveyed mining lease. The acquisition will include all infrastructures such as roads, power lines, camp buildings, permitted tailings pond, and associated water treatment facilities. In consideration for the Troilus Mine, the Company will grant to FQM (Akubra) a 2.5% net smelter returns royalty and assume all liabilities relating to the project as of January 1, 2014.

On May 14, 2014, the Company granted a total of 3,965,000 stock options to certain directors, officers and consultants of the Company. The stock options vest immediately, subject to a four-month regulatory hold period, and may be exercised at a price $0.07 per option for a period of five year from the grant date. This grant of options is subject to the approval of the TSX Venture Exchange.

See Note 12.