BRIONOR

Financial Statements of

Brionor Resources Inc.

For the years ended
August 31, 2014 and August 31, 2013
(Expressed in Canadian Dollars)

Management's Responsibility for Financial Statements

The accompanying financial statements of Brionor Resources Inc. (the "Company" or "Brionor") are the responsibility of management and the Board of Directors.

The financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions, which were not complete at the balance sheet date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Management has established processes which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the financial statements and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders. The financial statements have been audited by Parker Simone, LLP. Their report outlines the scope of their examination and opinion on the financial statements.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

DATED this 29th day of December, 2014.

BRIONOR RESOURCES INC.

Per: *(signed) "Lew Lawrick"*
Name: Lew Lawrick
Title: President & Chief Executive Officer

Per: *(signed) "Errol Farr"*
Name: Errol Farr
Title: Chief Financial Officer

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Independent Auditor's Report

To the Shareholders of Brionor Resources Inc.

We have audited the accompanying financial statements of Brionor Resources Inc, which comprise the statements of financial position as at August 31, 2014 and 2013, and the statements of loss and comprehensive loss, statements of cash flows and statements of changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Brionor Resources Inc. as at August 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, the accompanying financial statements have been prepared assuming the Company will continue as a going concern. As more fully described in the notes to these financial statements, the Company has not generated revenues to date. This condition raises material uncertainties which may cast doubt upon the Company's ability to continue as a going concern. These financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of these uncertainties.

December 29, 2014

Parker Simone LLP.

Brionor Resources Inc.
Statements of Financial Position
(Canadian dollars)

As at	**August 31 2014 $**	August 31 2013 $
ASSETS		
Current		
Cash	**85,158**	2,423
HST and QST recoverable	**3,834**	37,465
	88,992	39,888
Non-current		
Investment in private company (note 5)	**-**	40,000
Exploration and evaluation assets (note 6)	**724,537**	1,564,500
	813,529	1,644,388
LIABILITIES		
Current		
Trade and other payables (note 11)	**159,770**	153,407
Due to related parties (note 8)	**-**	7,500
	159,770	160,907
SHAREHOLDERS' EQUITY		
Share capital, warrants and share based payments (note 7)	**4,990,318**	4,757,890
Deficit	**(4,336,559)**	(3,274,409)
	653,759	1,483,481
	813,529	1,644,388

The accompanying notes are an integral part of these financial statements.
Nature of operations and going concern (notes 1 and 2)

Approved on behalf of the board:

(signed) "Lew Lawrick"
Director

(signed) "Robert Ayotte"
Director

Brionor Resources Inc.

Statements of Loss and Comprehensive Loss

(Canadian dollars)

	For the year ended	
	August 31 2014	August 31 2013
	$	$
Expenses		
Write down of exploration and evaluation assets (note 6)	**929,887**	3,340
Write down of investment in private company (note 5)	**40,000**	-
Professional fees (note 8)	**42,888**	150,566
Management fees (recovered) (note 8)	**(4,000)**	72,000
General and administrative	**53,375**	72,238
Share based payments	**-**	24,628
Loss and comprehensive loss for the period	**1,062,150**	322,772
Loss and comprehensive loss per share basic and diluted	**0.03**	0.01
Weighted average number of shares outstanding basic and diluted	**36,361,916**	35,812,465

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

Brionor Resources Inc.

Statements of Cash Flows

(Canadian dollars)

	For the year ended	
	August 31	August 31
	2014	2013
	$	$
Operating activities		
Net loss for the period	**(1,062,150)**	(322,772)
Adjustment for non-cash items:		
Share based payments	**-**	24,628
Write down of exploration and evaluation assets	**929,887**	3,340
Write down of investment in private company	**40,000**	-
Net change in non-cash working capital balances related to operating activities:		
HST and QST recoverable	**33,631**	36,356
Prepaid expenses	**-**	5,700
Due from related party	**(7,500)**	7,500
Trade and other payables	**6,364**	113,296
Net cash used in operating activities	**(59,768)**	(131,952)
Investing activities		
Additions to exploration and evaluation assets	**(89,924)**	(118,506)
Mineral exploration tax credit	**-**	6,219
Net cash used in investing activities	**(89,924)**	(112,287)
Financing activities		
Issuance of common shares	**250,000**	-
Share issue expenses	**(17,572)**	-
	232,428	-
Net increase (decrease) in cash	**82,735**	(244,239)
Cash, beginning of the period	**2,423**	246,662
Cash, end of the period	**85,158**	2,423

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

Brionor Resources Inc.

Statements of Changes in Equity

(Canadian dollars)

	Share capital		Warrants	Share based payments	Share capital, warrants and share based payments	Deficit	Total
	#	$	$	$	$	$	$
Balance, August 31, 2012	**35,812,465**	**4,561,706**	**5,250**	**171,556**	**4,738,512**	**(2,956,887)**	**1,781,625**
Share based payments	-	-	-	24,628	24,628	-	24,628
Value of expired warrants transferred to deficit	-	-	(5,250)	-	(5,250)	5,250	-
Net loss for the period	-	-	-	-	-	(322,772)	322,722)
Balance, August 31, 2013	**35,812,465**	**4,561,706**	**-**	**196,184**	**4,757,890**	**(3,274,409)**	**1,483,481**
Issuance of common shares	12,500,000	250,000	-	-	250,000	-	250,000
Share issue costs	-	(17,572)	-	-	(17,572)	-	(17,572)
Net loss for the period	-	-	-	-	-	(1,062,150)	(1,062,150)
Balance, August 31, 2014	**48,312,465**	**4,794,134**	**-**	**196,184**	**4,990,318**	**(4,336,559)**	**653,759**

The accompanying notes are an integral part of these financial statements

1. Nature of operations

Brionor Resources Inc. ("Brionor" or the "Company") is incorporated under the *Canada Business Corporations Act*, and is involved in the acquisition, exploration and development of mining properties in Canada and potentially Argentina (see note 7). Substantially all of the Company's efforts are devoted to financing and exploring these properties.

The Company's stock is listed on the TSX Venture Exchange under the symbol BNR. The address of the Company and its registered office is located at 800 Place Victoria, Bureau 3700, Montréal, Québec H4Z 1E9. Its operating office is located at 150 York Street, Suite 410, Toronto, Ontario, M5H 3S5.

2. Going concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than in the normal course of business and at amounts that may differ from those shown in these financial statements.

For the year ended August 31, 2014, the Company incurred a net loss of $1,062,150 (for the year ended August 31, 2013 - $332,772), had used cash from operations of $59,768 (for the year ended August 31, 2013 - $131,952), and as at August 31, 2014, had an accumulated deficit of $4,336,559 (August 31, 2013 - $3,274,409) and a working capital deficit of $70,778 (August 31, 2013 – a deficit of $121,019).

To date there has been no determination whether the Company's interests in mineral exploration properties contain mineral reserves, which are economically recoverable. The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation assets and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves and the achievement of profitable operations; and the ability of the Company to raise alternative financing; or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

3. Basis of preparation

Statement of compliance

These audited financial statements have been prepared in accordance with accounting policies in full compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The policies applied in these financial statements are based on IFRS issued and outstanding as of December 29, 2014, the date the Board of Directors approved the financial statements.

Basis of presentation

These financial statements have been prepared on the historical cost basis except for certain current assets and financial instruments, which are measured at fair value, as explained in the accounting policies set out in note 4.

Functional and presentation currency

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

4. Significant accounting policies

These audited financial statements have been prepared by management in accordance with IFRS. Outlined below are those policies considered particularly significant:

Significant Estimates and Judgments

The preparation of these audited financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses.

Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to recoverability of exploration and evaluation assets (“E&E assets”) and the valuation of share based payments. The most significant judgment relate the determination of the economic viability of exploration and evaluation assets.

Exploration and evaluation assets

Costs related to the acquisition, and exploration of E&E assets are capitalized until a decision is made as to whether or not the assets contains sufficient economic reserves for mine development. Upon management concluding that an asset is economic for mine development than the asset will be transferred to mine under development. Government assistance is applied as a reduction of deferred exploration expenditures.

The direct cost of E&E assets consist of:

- Acquisition of exploration properties;
- Gathering exploration data through topographical and geological studies;
- Exploratory drilling, trenching and sampling;
- Determining the volume and grade of the resource;
- Test work on geology, metallurgy, mining, geotechnical and environmental; and
- Conducting engineering, marketing and financial studies.

Where the Company enters arrangements with a third party to provide a working interest in a mineral property held, in exchange for cash and/or share consideration and/or certain exploration expenditures on the property, the exploration incurred by the third party is not recognized as part of the Company's interest and any cash/share consideration received is offset against the carrying value of the property and property option revenue is recognized after the carrying value is eliminated.

Impairment of non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its E&E assets an annual basis to determine if events or changes in circumstances have transpired which indicate that the carrying value of its assets may not be recoverable. The recoverability of costs incurred on the mineral exploration properties is dependent upon numerous factors including exploration results, environmental risks, commodity risks, political risks, and the Company’s ability to attain profitable production. It is reasonably possible, based on existing knowledge, that changes in future conditions in the near-term could require a change in the determination of the need for and amount of any write down.

Impairment exists when the carrying amount of the asset, or group of assets, exceeds its recoverable amount. The impairment loss is the amount by which the carrying value exceeds the recoverable amount and such loss is recognized in the statement of loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Basic and diluted comprehensive loss per share
Basic income or loss per share is calculated using the weighted average number of shares outstanding during the period. In order to determine diluted loss per share, any expected proceeds from the exercise of dilutive warrants and options are assumed to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The dilutive effect of these convertible securities is reflected in dilutive loss per share assuming such conversion occurred at the beginning of the period. The diluted loss per share calculation excludes any potential conversion of options and warrants that would decrease loss per share.

Income taxes
Income taxes for the period presented is comprised of deferred income taxes and is recognized in the statement of operations.

Deferred income tax is provided using the asset and liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose. Deferred income tax balances are measured using the tax rates that are expected to apply when the balance is settled, based on tax legislation that have been enacted or substantially enacted at the date of the statement of financial position.

A deferred income tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against the excess.

Share-based payment transactions
Employees, including directors and senior executives, of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (“equity-settled transactions”). In situations where equity instruments are issued and some or all of the services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

Equity-settled transactions
The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted. The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“the vesting date”). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company’s best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Fair value of the warrants issued with common shares
Proceeds from unit placements are allocated between common shares and warrants issued using the residual method to determine the fair value of warrants issued. The proceeds are first attributed to the warrants according to the fair market value at the time of issuance with the residual amount allocated to the common shares. The Company uses the Black-Scholes pricing model to determine the fair value of the warrants issued.

Share issuance costs
Share issuance costs incurred on the issue of the Company's shares are charged directly to share capital.

Financial instruments
All financial assets and liabilities are initially recognized at fair value. In subsequent periods, financial assets and liabilities which are fair-value-through-profit-loss ("FVTPL") are recorded at fair value with gains and losses recognized in net income; financial assets which are loans and receivables or held to maturity are recorded at amortized cost using the effective interest rate method and gains and losses recognized in net income; financial assets which are available for sale are recorded at fair value with gains and losses recognized (net of applicable taxes) in other comprehensive income except for impairment losses which are recognized in net income; financial liabilities that are not FVTPL are recorded at amortized cost using the effective interest rate method and recognized in net income.

Fair value through profit and loss
Financial assets are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management (fair value option), or if they are derivative assets that are not part of an effective and designated hedging relationship. Costs related to the modification or extinguishment of debt are included in operations.

The Company does not currently hold any derivative instruments or apply hedge accounting.

Available-for-sale
If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from accumulated other comprehensive income to profit or loss. Impairment reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

Other financial liabilities
Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Transaction costs related to financial instruments other than FVTPL are capitalized as part of the cost of the financial instruments. Transaction costs related to FVTPL are expensed as incurred.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at the end of each reporting period. 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 assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or

- Default or delinquency in interest or principal payments; or
- The likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value:
Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

•Level 1	valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
• Level 2	valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
•Level 3	valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Related party transactions
Parties are considered to be related if one party has the ability to directly or indirectly control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be Individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

Recent accounting pronouncements
(i) IFRS 9 – Financial instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 -Financial instruments: recognition and measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted

5. Investment in private company

	August 31 2014 $	August 31 2013 $
250,000 common shares of Catlee Resources Inc. ("Catlee") (see note 6 – Noyell property)	**-**	40,000

On April 5, 2014, the Noyell property option agreement, for which Brionor was the optionor, was terminated. Concurrently the Company's investment in the optionee, Catlee, was written off as the Noyell property represented Catlee's sole operating asset. During both the fiscal year ends in 2014 and 2013 two of Brionor's directors had significant voting influence over Catlee.

6. Exploration and evaluation assets

The Company holds interests in the following exploration properties, all of which fall under the category of intangible assets:

Properties	Interest %	Balance as at August 31 2013 $	Option of mining property $	Expenditures $	Write down $	Transfer from "Held for Sale" $	Balance as at August 31 2014 $
Argentina							
Meridiano Covadonga El Monte and Gertudis	0	115,167	89,924	-	-	-	205,091
Quebec							
Verneuil	50	1,630	-	-	-	-	1,630
Noyell	100	352	-	-	-	-	352
Pitt Gold	100	1,443,887	-	-	(929,887)	-	514,000
Matchi-Manitou	29	3,464	-	-	-	-	3,464
		1,564,500	**89,924**	**-**	**(929,887)**	**-**	**724,537**

Properties	Interest %	Balance as at August 31 2012 $	Option of mining property $	Expenditures $	Write down $	Transfer from "Held for Sale" $	Balance as at August 31 2013 $
Argentina							
Meridiano Covadonga El Monte and Gertudis	0	-	115,167	-	-	-	115,167
Quebec							
Verneuil	50	1,630	-	-	-	-	1,630
Noyell	100	352	-	-	-	-	352
Pitt Gold	100	-	-	3,340	(3,340)	1,443,887	1,443,887
Matchi-Manitou	29	3,464	-	-	-	-	3,464
		5,446	**115,167**	**3,340**	**(3,340)**	**1,443,887**	**1,564,500**

Verneuil
The Company holds a 50% interest in 34 claims located in the district of Abitibi. A 2% net smelter return royalty on future production is attached to the property.

Noyell
The Company holds a 100% interest in 110 claims located in district of Abitibi. A 3% net smelter return royalty on future production is attached to the property.

On February 24, 2011, the Company entered into an option agreement (the "Agreement") with Catlee whereby Catlee can acquire a 100% interest in the Noyell property, by paying $325,000 in cash, by issuing 100,000 common shares and incurring exploration expenses of $1,000,000.

On February 17, 2012, the Company amended the Agreement to revise the terms extending the initial five year term one additional year, accepting an additional 150,000 common shares of Catlee deliverable by February 24, 2012. On February 22, 2013, the Company agreed to an additional amendment to the option agreement to re-revise the terms of the outstanding commitments by extending the remaining five year term one additional year, in consideration for adding an additional cash payment of $25,000 to the last year as summarized below:

	Cash payments $	Exploration expenses $
On or before February 24, 2014	25,000	100,000
On or before February 24, 2015	35,000	-
On or before February 24, 2016	50,000	200,000
On or before February 24, 2017	100,000	-
On or before February 24, 2018	125,000	700,000
	335,000	1,000,000

On March 6, 2014, the Company sent a notice of default to Catlee under the terms of the Agreement, providing a 30 day period for Catlee to remedy its obligations. On April 5, 2014 the default had not been remedied and the Agreement terminated.

Pitt Gold
The Company holds a 100% interest in 24 mining claims located in district of Abitibi. A 4% net smelter return royalty on future production is attached to the property.

During the fourth quarter of 2014, management determined the recoverable amount of the Pitt Gold property exceeded its carrying value. Accordingly an impairment charge of $929,887 was recognized to write-down the property to its estimated recoverable amount. The recoverable amount was determined using comparable market transactions.

Matchi-Manitou
The Company holds a 29% interest in 34 claims located in Tavernier and Pershing townships, district of Abitibi. A 1% net smelter return royalty on future production is attached to the property. In accordance with this joint venture agreement on a 29/71% basis, each partner has to contribute its share, failing which; its interest would be diluted.

Pending property acquisition
Meridiano, Covadonga, El Monte and Gertudis
On February 20, 2013, the Company entered into a letter agreement (the "Letter Agreement") with Atala Resources Inc. ("Atala"), a private Ontario mining exploration company which holds mining rights in Argentina, and the shareholders of Atala (the "Atala Shareholders") whereby Brionor proposes to acquire (the "Acquisition") all of the issued and outstanding shares of Atala (each an "Atala Share") for an aggregate purchase price of $300,000 (the "Purchase Price") payable by the issuance of common shares of Brionor (each a "Brionor Share") at a deemed price of $0.05 per Brionor Share. Under the Letter

Agreement, each Atala Shareholder shall receive 0.4655373 of a Brionor Share for each Atala Share held, for a total of 6,000,000 Brionor Shares.

Included in exploration and evaluation assets is an amount of $205,092 related to payments to Atala to cover the acquisition costs of the Meridiano, Covadonga, El Monte and Gertudis properties, all located in Argentina.

On November 15, 2013, the Letter Agreement was amended to extend the closing date to February 28, 2014 and in addition the aggregate purchase price was increased to $600,000 and the number of shares of Brionor to be issued was increased to 12,000,000. On March 17, 2014, the Letter Agreement was amended further to extend the closing date to April 30, 2014, which was further extended to December 31, 2014 and to March 31, 2015.

In June 2013 Atala's president was appointed to Brionor's Board of Directors.

7. Shareholders' equity

Authorized share capital
The Company is authorized to issue an unlimited number of common shares.

On August 15, 2014, the Company completed a non-brokered private placement of 12,500,000 common shares at $0.02 per common share for proceeds of $250,000.

Share based payments
The Company adopted a fixed stock option plan (the "Plan") whereby the Board of Directors may grant to employees, officers, directors, management consultants and external consultants of the Company or of its subsidiary thereof, options to acquire common shares in such numbers, for such terms and at such exercise prices as may be determined by the Board. The exercise price of each option may not be lower than the market price of the common shares at the time of the grant of the options. The options are vested at the date of the grant unless additional restrictions on the vesting of the options are imposed by the Board of Directors except for the consultants working in investor relations, whose options are vested in quarterly installments over a twelve-month period from grant. The option period is a period of time fixed by the Board of Directors but cannot exceed 5 years.

On November 12, 2012 the shareholders of the Company approved the conversion of the plan from a 10% fixed Plan to a 10% rolling Plan, whereby the maximum number of common shares that may be reserved for issuance under it shall not exceed 10% of the then outstanding common shares at the time of grant. At August 31, 2014, the Company had 2,831,247 (2013 – 1,281,247) options available for issuance under the Plan.

	Options #	**Weighted average exercise price** $
Outstanding, August 31, 2012	**2,200,000**	**0.13**
Granted	200,000	0.10
Forfeited	(100,000)	0.10
Outstanding, August 31, 2013	**2,300,000**	**0.13**
Forfeited	(300,000)	0.13
Outstanding, August 31, 2014	**2,000,000**	**0.13**
Options exercisable at August 31, 2014	**2,000,000**	**0.13**

A summary of the outstanding stock options is presented below:

Date of grant	**Remaining life**	**Number of options #**	**Exercise price $**
February 24, 2010	0.49 years	1,150,000	0.15
April 18, 2012	2.64 years	650,000	0.10
June 24, 2013	3.83 years	200,000	0.10
		2,000,000	

The following table sets out the details of the valuation of stock option grants during the year ended August 31, 2014 and the year ended August 31, 2013:

Date of grant	Number	Risk free interest rate	Expected dividend yield	Expected volatility	Expected life
June 24, 2013	200,000	1.85%	Nil	168%	5 years

8. Key management compensation and related party transactions

The Company defines its key management as the Chairman of the Board, Chief Executive Officer and Chief Financial Officer. For the year ended August 31, 2014, key management compensation included management and professional fees of $16,128 (for the year ended August 31, 2013 – $128,223) and share based payments valued at $nil (for the year ended August 31, 2013 -$nil).

The following table summarizes information on related party transactions:

For the year ended August 31	**2014 $**	2013 $
Management fees	**-**	72,000
Professional fees	**16,128**	56,223
	16,128	128,223

During the year ended August 31, 2014, management fees of $nil (year ended August 31, 2013 - $36,000) were paid to VLL Investments Inc. ("VLL") (controlled by Lewis Lawrick, CEO) and $nil (year ended August 31, 2013 - $32,000) were paid to Gestion Somiray Inc. (controlled by Robert Ayotte, Chairman). These expenses were recorded to operations as "management fees."

During the year ended August 31, 2014, accounting fees of $27,000 (year ended August 31, 2013 – $11,223) were invoiced by FarrReach Consulting Inc. (controlled by Errol Farr, CFO) and $10,872 in accounts payable was written off (year ended August 31, 2013 – fees incurred of $45,000) by Raven Hill Partners Inc. ("Raven Hill") (controlled by Lewis Lawrick). These expenses were recorded to operations as "professional fees."

At August 31, 2014, included in trade and other payables was $9,000 due to related parties (August 31, 2013 - $15,899). Amounts due to related parties incurred in the normal course are subject to the Company's standard trade payable payment terms of 30 days.

Subsequent to year-end, a loan was provided to Thorsen-Fordyce Merchant Capital Inc (controlled by Lewis Lawrick) for the amount of $9,000. The loan is non-interest bearing, unsecured and without fixed repayment terms.

For the comparative year, the due to related parties amount consists of loans that are unsecured, non-interest bearing, due on demand and payable to Thorsen-Fordyce Merchant Capital Inc.

9. Financial instrument risk management

a) Fair value of financial instruments

The carrying value of cash, trade and other payables and due to related party approximates fair value due to the short-term nature of these financial instruments.

The Company's financial instruments consist of the following:

Financial assets:	**Classification:**
Cash	FVTPL
Investment in private company	Available-for-sale

Financial liabilities:	**Classification:**
Trade and other payables	Other financial liabilities
Due to related party	Other financial liabilities

As of August 31, 2014, except for cash, none of the Company's financial instruments are recorded at fair value in the statement of financial position. Cash is classified as level 1 fair value.

b) Risk management

Credit risk
Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company is exposed to credit risk with respect to its cash. To minimize this risk, cash has been placed with major Canadian financial institutions.

Liquidity risk
Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. The Company ensures that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets, against cash. As at August 31, 2014, the Company has $85,158 in cash to settle current liabilities of $159,770. As the Company does not have operating cash flow, the Company has and will continue to rely primarily on equity financing to meet its capital requirements.

10. Capital risk management

The Company's objective when managing capital is to raise sufficient funds to execute its exploration plan and to meet its ongoing administrative costs. At August 31, 2014, the Company's capital consists of equity, which is comprised of share capital, share based payments and deficit, in the amount of $653,759 (August 31, 2013 - $1,483,481).

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company does not have any externally imposed capital requirements or covenants.

11. Trade and other payables

As at	**August 31 2014 $**	August 31 2013 $
Trade payables	**101,921**	126,407
Accruals	**57,849**	27,000
	159,770	153,407

The standard maturity terms of the Company's trade and other payables are 30 – 60 days.

12. Income taxes

Income tax expense
The Company's income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate. The Canadian statutory income tax rate of 26.9% (2013 – 26.9%) is comprised of the federal income tax rate at approximately 15.0% (2013 – 15.0%) and the provincial income tax rate of approximately 11.9% (2013 – 11.9%). A reconciliation of the combined statutory Canadian federal and provincial income tax rate with the Company's effective tax rate is as follows:

	2014 $	**%**	**2013 $**	%
Income tax expense (recovery) at statutory rates				
Loss before income taxes	**(1,062,150)**		**(322,772)**	
Income taxes at the combined federal and provincial statutory rates	**(285,700)**	**(26.9)**	**(86,800)**	(26.9)
Non-deductible expenses and other	**5,700**	**0.5**	**4,100**	1.3
Share based payments	**-**	**-**	**6,700**	2.1
Change in valuation allowance	**280,000**	**26.4**	**76,000**	23.5
Income tax expense (recovery)	**-**	**-**	**-**	

Deferred income tax
The primary differences that give rise to the deferred income tax balances at August 31, 2014 and 2013 are as follows:

Deferred income tax assets (liabilities)	**2014 $**	2013 $
Deductible financing fees and other	**13,000**	13,000
Non-capital losses carried forward	**254,000**	224,000
Non-current assets	**840,000**	590,000
	1,107,000	827,000
Less: valuation allowance	**(1,107,000)**	(827,000)
Net deferred tax asset	**-**	-

At August 31, 2014 and 2013, the Company recorded a 100% valuation allowance against its deferred income tax asset balances due to uncertainty surrounding their realization.

Tax loss carry forward balances
As at August 31, 2014, the Company has non-capital loss carry forwards, available to offset future taxable income, expiring as follows:

	Total
	$
2030	**255,800**
2031	**277,800**
2033	**300,600**
2034	**110,000**
	944,200

The unamortized balance, for income tax purposes, of deductible financing costs amounts to approximately $29,600 and will be deductible over the next four years.

The Company also has cumulative Canadian and foreign exploration and development expenditures, available to offset future taxable income, of $3,835,500 that may be carried forward indefinitely.