Condensed Consolidated Interim Financial Statements of

American CuMo Mining Corporation

(formerly Mosquito Consolidated Gold Mines Limited)
December 31, 2013

UNAUDITED

NOTICE

The accompanying unaudited condensed consolidated interim financial statements of American CuMo Mining Corporation (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 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.

American CuMo Mining Corporation
(formerly Mosquito Consolidated Gold Mines Limited)
Condensed consolidated interim statements of financial position - Unaudited
(Expressed in Canadian dollars)

	Note	December 31, 2013	June 30, 2013
		$	$
ASSETS			
Current			
Cash and cash equivalents		494,485	471,945
Trade and other receivables	12	17,777	90,986
Prepaid expenses and deposits		95,683	50,255
Investments	5	32,408	207,795
		640,353	820,981
Non-current assets			
Reclamation bonds	10	361,159	361,159
Property, plant and equipment	6	7,432	8,743
Assets held for sale	7	530,679	1,321,427
Unproven mineral right interests	8, 12	19,599,131	19,543,451
Other		21,926	21,598
		21,160,680	22,077,359
LIABILITIES			
Current			
Trade and other payables	12	1,706,582	1,031,666
Convertible notes	9	201,767	200,207
		1,908,349	1,231,873
Non-current liabilities			
Convertible notes	9	2,120,053	2,309,391
Reclamation provision	10	361,159	361,159
		4,389,561	3,902,423
EQUITY			
Equity component of convertible notes	9	294,147	294,147
Share capital	13	50,545,199	50,545,199
Equity reserve		10,700,027	10,693,430
Deficit		(44,975,176)	(42,130,554)
Accumulated other comprehensive income (loss)		206,922	(1,227,286)
		16,771,119	18,174,936
		21,160,680	22,077,359
Nature of operations	1		
Commitments	15		
Contingencies	16		

Approved on behalf of the Board of Directors:

"Shaun Dykes"	"Joseph Baird"
Shaun Dykes	Joseph Baird

See accompanying notes to the condensed consolidated interim financial statements.

American CuMo Mining Corporation

(formerly Mosquito Consolidated Gold Mines Limited)

Condensed consolidated interim statements of loss and comprehensive loss - Unaudited

(Expressed in Canadian dollars)

	Note	Three months ended December 31,		Six months ended December 31,	
		2013	2012	2013	2012
		$	$	$	$
Expenses					
Interest expense and bank charges		613	2,287	1,150	3,937
Convertible note recoveries	9	15,572	27,746	16,727	27,746
Depreciation		655	1,473	1,311	2,946
Foreign exchange loss		39,232	2,739	19,741	9,605
Salaries and management fees	12	121,417	86,261	322,657	138,761
Office and miscellaneous		36,431	6,996	60,040	24,874
Consulting and professional fees		265,629	898,294	436,019	1,079,289
Rent		15,923	11,100	31,673	22,200
Shareholder communications and regulatory		83,791	407,548	168,805	525,846
Share-based expense	13	2,886	272,366	6,597	272,366
Travel and business development		7,163	35,929	22,300	38,151
		589,312	1,752,739	1,087,020	2,145,721
Loss before other items		(589,312)	(1,752,739)	(1,087,020)	(2,145,721)
Other items					
Loss on sale of available for sale assets	7	(266,913)	-	(243,700)	-
Impairment of unproven mineral right interests	7	(10,841)	-	(10,841)	(5,760)
Loss on sale or forfeiture of investments	5	(1,503,127)	(64,795)	(1,503,127)	(64,795)
Other income		43	39	66	70
Net loss from continuing operations		(2,370,150)	(1,817,495)	(2,844,622)	(2,216,206)
Discontinued operations, net of tax	11	-	(186,073)	-	(289,813)
Net loss		(2,370,150)	(2,003,568)	(2,844,622)	(2,506,019)
Other comprehensive loss, net of tax					
Items that may be reclassified subsequently to net loss					
Unrealized loss on investments	5	(59,523)	(142,043)	(83,387)	(6,559)
Transfer of other comprehensive loss on sale of investments	5	1,503,730	64,795	1,503,730	64,795
Cumulative translation adjustment		37,404	(15,338)	14,227	(108,715)
		1,481,611	(92,586)	1,434,570	(50,479)
Comprehensive loss		(888,539)	(2,096,154)	(1,410,052)	(2,556,498)
Loss per common share:					
Basic and diluted		(0.03)	(0.02)	(0.03)	(0.03)
Weighted average number of common shares outstanding					
Basic and diluted		82,262,446	82,262,447	82,262,446	82,262,447

See accompanying notes to the condensed consolidated interim financial statements.

American CuMo Mining Corporation

(formerly Mosquito Consolidated Gold Mines Limited)

Condensed consolidated interim statements of cash flows - Unaudited

(Expressed in Canadian dollars)

	Six months ended December 31, 2013	2012
	$	$
OPERATING ACTIVITIES		
Net loss from continuing operations	(2,844,622)	(2,216,206)
Items not involving cash		
Depreciation	1,311	2,946
Share-based expense	6,597	272,366
Loss on sale of available for sale assets	243,700	-
Loss on sale or forfeiture of investments	1,538,127	64,795
Impairment of unproven mineral right interests	10,841	5,760
Convertible note expense	14,076	27,746
Changes in non-cash working capital items:		
Increase (decrease) in trade and other receivables	73,209	(81,144)
(Decrease) increase in prepaid expenses	(45,428)	123,571
Increase (decrease) in trade and other payables	674,916	(144,610)
	(327,273)	(1,944,776)
INVESTING ACTIVITIES		
Purchase of equipment	-	(88,335)
Proceeds from sale of available for sale assets	561,073	-
Expenditures on unproven mineral right interests	(480,206)	(1,810,391)
Proceeds from option payments	413,685	-
Proceeds from sale of investment	57,243	68,205
	551,795	(1,830,521)
FINANCING ACTIVITIES		
Payment of interest on converitble notes	(201,854)	-
Proceeds from issuance of convertible debentures	-	2,995,442
	(201,854)	2,995,442
Net change in cash and cash equivalents from continuing operations	22,668	(779,855)
Net change in cash and cash equivalents from discontinued operations	-	(109,716)
Effect of exchange rate changes on cash	(128)	(108,983)
Cash and cash equivalents, beginning of the period	471,945	2,291,209
Cash and cash equivalents, end of the period	494,485	1,292,655
Supplemental cash flow information (Note 17)		

See accompanying notes to the condensed consolidated interim financial statements.

American CuMo Mining Corporation

(formerly Mosquito Consolidated Gold Mines Limited)

Condensed consolidated interim statements of changes in equity - Unaudited

(Expressed in Canadian dollars)

	Share capital Number of shares	Share capital Amount	Equity Component of Convertible Notes	Equity Reserve	Deficit	Accumulated Other Comprehensive (Loss) Income	Total Equity
		$		$	$	$	$
Balance on July 1, 2012	82,262,446	50,545,199	-	10,413,643	(29,899,037)	(1,284,788)	29,775,017
Net loss	-	-	-	-	(2,506,019)	-	(2,506,019)
Share-based expense	-	-	-	272,366	-	-	272,366
Unrealized gain on investments	-	-	-	-	-	(6,559)	(6,559)
Transfer of other comprehensive loss on sale of investments	-	-	-	-	-	64,795	64,795
Cumulative translation adjustment	-	-	-	-	-	(108,715)	(108,715)
Balance on December 31, 2012	82,262,446	50,545,199	-	10,686,009	(32,405,056)	(1,335,267)	27,490,885
Net loss	-	-	-	-	(9,725,498)	-	(9,725,498)
Equity component of convertible not	-	-	294,147	-	-	-	294,147
Share-based expense	-	-	-	7,421	-	-	7,421
Unrealized gain on investments	-	-	-	-	-	(155,826)	(155,826)
Transfer of other comprehensive loss on sale of investments	-	-	-	-	-	9,205	9,205
Cumulative translation adjustment	-	-	-	-	-	254,602	254,602
Balance on June 30, 2013	82,262,446	50,545,199	294,147	10,693,430	(42,130,554)	(1,227,286)	18,174,936
Balance on July 1, 2013	82,262,446	50,545,199	294,147	10,693,430	(42,130,554)	(1,227,286)	18,174,936
Net loss	-	-	-	-	(2,844,622)	-	(2,844,622)
Share-based expense	-	-	-	6,597	-	-	6,597
Unrealized loss on investments	-	-	-	-	-	(83,387)	(83,387)
Transfer of other comprehensive loss on sale of investments	-	-	-	-	-	1,503,370	1,503,370
Cumulative translation adjustment	-	-	-	-	-	14,225	14,225
Balance on December 31, 2013	82,262,446	50,545,199	294,147	10,700,027	(44,975,176)	206,922	16,771,119

See accompanying notes to the condensed consolidated interim financial statements.

1. Nature of operations

American CuMo Mining Corporation ("CuMoCo") is an exploration and development company with mineral right interests in the United States of America and formerly in Canada. CuMoCo was incorporated under the laws of British Columbia in 1971.

These consolidated financial statements include the accounts of CuMoCo and its wholly-owned subsidiaries (collectively, the "Company"): Idaho CuMo Mining Corporation ("Idaho CuMo", formerly Mosquito Mining Corp.), Kirkness Diamond Drilling Co., Inc. ("Kirkness"), 1156207 Ontario Ltd. and MSQ Operations Inc.

In recent years the Company also conducted operations as an operator of drilling rigs. These operations were discontinued in the fiscal year ended June 30, 2013 (Note 11).

The Company is in the process of exploring its mineral right interests in the United States and at the date of these consolidated interim financial statements, has not yet determined whether any of its mineral properties contain economically recoverable mineral reserves. Accordingly, the carrying amount of mineral right interests represents cumulative expenditures incurred to date and does not necessarily reflect present or future values. The recovery of these costs is dependent upon the discovery of economically recoverable mineral reserves and the ability of CuMoCo to obtain the necessary financing to complete their exploration and development and to resolve any environmental, regulatory, or other constraints. Uncertainty also exists with respect to the recoverability of the carrying value of certain mineral right interests. The ability of the Company to realize on its investment in resource properties is contingent upon resolution of the uncertainties and confirmation of the Company's title to the mineral properties.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. The Company does not generate material cash flows from operations and accordingly, CuMoCo will need to raise additional funds through future issuance of securities. Although CuMoCo has been successful in raising funds in the past, there can be no assurance CuMoCo will be able to raise sufficient funds in the future, in which case the Company may be unable to meet its obligations as they come due in the normal course of business. The Company has not determined whether any of its properties contain mineral reserves that are economically recoverable. It is not possible to predict whether financing efforts will be successful or if the Company will attain a profitable level of operations. Since inception, the Company has incurred cumulative losses of $44,975,176 as of December 31, 2013 (June 30, 2013: $42,130,554), and at December 31, 2013, had a working capital deficiency of $1,267,996 (June 30, 2013: 410,892), which may cast significant doubt regarding CuMoCo's ability to continue as a going concern. Should CuMoCo be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts on the statement of financial position.

CuMoCo's common shares are listed on the TSX Venture Exchange ("TSX-V") and on the OTCQX stock exchange in the United States, under the trading symbols "MLY" and "MLYCF", respectively. CuMoCo's share options and warrants are not listed.

The head office and principal address of the Company is 638 Millbank, Vancouver, British Columbia, Canada V5Z 4B7.

These consolidated financial statements were authorized for issue by the board of directors on February 26, 2014.

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(Expressed in Canadian dollars)

2. Basis of presentation and statement of compliance

The Company is following the same accounting policies and methods of computation in these condensed consolidated interim financial statements as were utilized in the preparation of the audited consolidated financial statements for the year ended June 30, 2013. Some accounts have been reclassified to ensure comparability with respect to the presentation of the June 30, 2013 consolidated financial statements.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2013, which have been prepared in accordance with IFRS as issued by the IASB.

3. Accounting policies

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

4. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the year ended June 30, 2013.

5. Investments

	December 31, 2013	June 30, 2013
	$	$
Beginning of period	**207,795**	437,430
Dispositions	**(92,000)**	(125,250)
Additions	**-**	58,000
Changes in fair value	**(83,387)**	(162,385)
End of period	**32,408**	207,795

(Expressed in Canadian dollars)

Investments include the following:

	December 31, 2013	June 30, 2013
	$	$
Golden Cariboo Resources Inc.	**237**	430
IEMR Resources Inc.	**-**	60,000
Barkerville Gold Mines Ltd.	**7**	22
Mega Precious Metals Inc.	**28,500**	52,000
Running Fox Resource Corp.	**-**	90,000
Salmon River Resources Ltd.	**2,500**	3,000
Detour Gold Corporation	**1,164**	2,343
	32,408	207,795

a) The Company holds 4,300 shares of Golden Cariboo Resources Inc.

b) The Company returned 4,000,000 shares of IEMR Resources Inc. (“IEMR”) to IEMR during the quarter ended December 31, 2013 (Note 6). On return of these shares, the Company recorded a loss on forfeiture of investment of $645,520. During the year ended June 30, 2013, the Company received 1,000,000 shares of IEMR.

c) The Company holds 300,000 shares of Mega Precious Metals Inc. (“Mega”). During the quarter ended December 31, 2013, the Company sold 100,000 shares of Mega and recorded a loss on disposal of investment of $32,958. During the year ended June 30, 2013, the Company received 200,000 shares of Mega and also sold 200,000 Mega shares. On June 30 and December 31, 2013, 100,000 of the Mega shares were held as collateral by a former officer of the Company. The Company expects to recover these shares as there is no further indebtedness to the former officer of the Company.

d) During the quarter ended December 31, 2013, the Company sold 3,000,000 shares of Running Fox Resource Corp. and recorded a loss on disposal of investment of $858,920.

e) The Company holds 100,000 shares of Salmon River Resources Ltd.

f) The Company holds 284 shares of Detour Gold Corporation.

(Expressed in Canadian dollars)

6. Property, plant and equipment

	Aircraft $	Land and Building $	Office equipment and furniture $	Rigs, mine and other equipment $	Total $
Cost					
Balance at July 1, 2012	214,970	1,192,544	166,458	6,509,877	8,083,849
Additions	-	2,857	9,234	4,260	16,351
Disposals	(214,970)	(673,566)	-	(524,850)	(1,413,386)
Write-downs	-	-	-	(1,278,704)	(1,278,704)
Impairment	-	-	-	(68,039)	(68,039)
Reclassification to assets					0
held for sale	-	(507,081)	-	(1,309,867)	(1,816,948)
Due by former management	-	-	-	(1,353,456)	(1,353,456)
Exchange differences	-	(14,754)	(130)	(1,979,221)	(1,994,105)
Balance at June 30, 2013	-	-	175,562	-	175,562
Additions	-	-	-	-	-
Exchange differences	-	-	-	-	-
Balance at December 31, 2013	-	-	175,562	-	175,562
Accumulated depreciation					
Balance at July 1, 2012	166,492	78,244	165,182	4,610,766	5,020,684
Depreciation	3,636	10,332	1,768	224,870	240,606
Disposals	(170,128)	(75,731)	-	(192,847)	(438,706)
Write-downs	-	-	-	(1,120,760)	(1,120,760)
Impairment	-	-	-	(26,211)	(26,211)
Reclassification to assets					-
held for sale	-	(11,668)	-	(933,044)	(944,712)
Due by former					-
management	-	-	-	(476,570)	(476,570)
Exchange differences	-	(1,177)	(131)	(2,086,204)	(2,087,512)
Balance at June 30, 2013	-	-	166,819	-	166,819
Depreciation	-	-	1,311	-	1,311
Exchange differences	-	-	-	-	-
Balance at December 31, 2013	-	-	168,130	-	168,130
Carrying amount					
At June 30, 2012	48,478	1,114,300	1,276	1,899,111	3,063,165
At June 30, 2013	-	-	8,743	-	8,743
At December 31, 2013	-	-	7,432	-	7,432

7. Assets held for sale

	December 31, 2013	June 30, 2013
	$	$
Land and buildings	**526,295**	518,692
Vehicles	**4,384**	61,771
Drills	**-**	327,479
Drill parts and spares	**-**	413,485
	530,679	1,321,427

On June 30, 2013, the Company determined the above assets should be held for sale as its carrying amount will be recovered principally through a sales transaction rather than from continuing use. These assets were acquired in connection with the Company's former operations as a provider of drilling services, which have now been discontinued (Note 11).

Assets held for sale are measured at the lower of their fair value less cost to sell or their carrying value. An impairment loss of $41,828 was incurred in the year ended June 30, 2013 in connection with measurement adjustments of assets held for sale. This loss was included in the statement of loss and comprehensive loss as a component of discontinued operations.

During the six months ended December 31, 2013, the Company received proceeds of $561,073 from the sale of drill, drill parts and spares and vehicles, and recorded a loss on sale of available for sale assets of $243,700 in connection with these transactions. Finally, the Company recorded a cumulative translation adjustment of $14,025 in the period in respect of the translation of the carrying value of available for sales assets denominated in U.S. dollars to Canadian dollars.

Assets held for sale are expected to be sold within a year. Management is conducting an active sale program for the assets that remain available for sale as of December 31, 2013.

8. Unproven mineral right interests

The Company's flagship project is the CuMo molybdenum project, located in Idaho, in the United States. The Company's Boise property, also located in Idaho, is contiguous to and provides access to the CuMo project.

The Company also has other unproven mineral right interests in the United States and in Canada, which have been optioned to other exploration companies.

CUMO PROJECT

The CuMo project is situated in the mountains of south-central Idaho, approximately 15 miles northeast of the town of Idaho City. It consists of eight unpatented mineral claims.

The project was optioned to the Company by Cumo Molybdenum Mining, Inc. in 2004. The terms of the option agreement called for a combination of advance royalty payments, 300,000 CuMoCo shares (issued) and work requirements outlined below.

1. Advance royalty payments:

- US$10,000 upon signing (completed);
- US$10,000 after 60 days (completed);
- US$5,000 after 6 months (completed);
- US$20,000 1st year anniversary (completed);

(Expressed in Canadian dollars)

- US$20,000 2nd year anniversary (completed);
- US$15,000 3rd year anniversary (completed);
- US$15,000 every 6 months thereafter (up-to-date).

These payments are to be credited against a 1.5% net smelter return ("NSR") which reduces to 0.5% NSR after cumulative payments of US$3,000,000.

2. Work requirements:

- US$25,000 during the first year (completed);
- At least US$50,000 each year thereafter (up-to-date).

BOISE COUNTY PROPERTY

On July 8, 2010, the Company entered into an option agreement, amended on July 5, 2011, to purchase certain mineral claims that included surface rights located in Boise County, Idaho. These patent mineral claims are contiguous to and provide access to the CuMo project. In order to maintain the option in good standing, the Company was required to make option payments of US$1,200,000. These payments have been completed and the Company has obtained title to the Boise County property, which becomes part of the overall CuMo project.

PINE TREE PROPERTY

The Pine Tree property was located in the Pilot Mountains, Mineral County in western Nevada. The primary target on the property was a copper-molybdenum-rhenium porphyry deposit, with potential gold, silver and tungsten by-products.

In 2005 the Company entered into an option agreement to purchase the Pine Tree property through a combination of advance royalty payments of $25,000 per year until a total of US$2,000,000 (the "NSR Royalty") had been paid after which a 2% NSR shall be reduced to 0.5%, share payments totaling 300,000 shares of the Company (issued) and an exploration commitment of US$450,000 (completed).

On June 25, 2010 (the "Effective Date"), the Company entered into an option agreement with IEMR. Pursuant to the agreement, IEMR acquired an option to purchase a 100% interest in the Pine Tree property. IEMR was required to make the following payments and share issuances to the Company:

	Cash Payments	Common Shares
	$	
On the Effective Date (completed)	**200,000**	1,000,000
On or before the first anniversay of the Effective Date (completed)	**200,000**	1,000,000
On or before the second anniversay of the Effective Date (completed)	**200,000**	1,000,000
On or before the third anniversay of the Effective Date (completed)	**200,000**	1,000,000
On or before the fourth anniversay of the Effective Date (completed as indicated below)	**200,000**	- 1,000,000
	1,000,000	5,000,000

In addition, IEMR agreed to incur aggregate exploration and development expenditures on the property of $3,000,000 on or before the fourth anniversary of the Effective Date, subject to minimum expenditures of $500,000 incurred each year on or before the anniversary of the Effective Date.

During the option period, IEMR was also responsible for making advance royalty payments of US$25,000 per year to the holders of the NSR Royalty. All payments were made and the agreement was maintained in good standing.

During the quarter ended September 30, 2013, the Company received cash proceeds of $200,000 in connection with this option agreement.

During the year ended June 30, 2013, the Company received 1,000,000 IEMR shares valued on receipt at $10,000 in connection with this option agreement. Option payments were credited against the carrying value of the Pine Tree property.

On June 30, 2013, the Company conducted an impairment analysis of the Pine Tree property and proceeded to impair the property to the carrying value of the then remaining option payments. An impairment expense of $6,652,857 resulted from this adjustment.

In December 2013, the Company and IEMR reached an agreement to amend the Pine Tree option agreement (the “Amendment”). Prior to the Amendment, IEMR had:

- Made all cash payments due under the option agreement to the Company except the final US$200,000 cash payment (the “Final Cash Payment”);

- Issued a total of 4 million common shares of IEMR (the "Issued Shares") to the Company and was to issue an additional 1 million common shares (the "Final Share Instalment") to the Company on or before June 25, 2014; and

- Incurred the amount of exploration expenditures on the Pine Tree Property required to exercise the option.

Pursuant to the Amendment, the parties agreed to amend the option agreement to cause IEMR to pay the Company the Final Cash Payment immediately on the following terms:

- That the size of the Final Cash Payment be reduced to US$185,000 (the "Amended Payment");
- That IEMR not be required to issue the Final Share Instalment to the Company; and
- That the Company returned the Issued Shares to IEMR for cancellation.

Upon execution of the Amended Payment IEMR earned a 100% interest in the Pine Tree Property, subject to the underlying NSR.

Pursuant to the Amendment, the Company recorded a final impairment on mineral right interests of $10,841 in the quarter ended December 31, 2013. Upon return of the Issued Shares to IEMR, the Company recorded a loss on forfeiture of investment of $645,520.

BLACKPOINT PROPERTY

The Blackpoint gold-silver property is located in Eureka County, Nevada. The Company completed limited exploration work on this property and during the fiscal year 2008, management wrote down the carrying value of the property to a nominal amount.

On August 24, 2011, the Company entered into an agreement with Urastar to sell a 100% interest in the BlackPoint property. Urastar terminated this agreement during the quarter ended September 30, 2012 and returned the Blackpoint property to the Company.

OTHER UNITED STATES PROPERTIES

Other unproven mineral right interests in the United States were the Spruce Mountain, Motley, Spring Creek and Copper Chief properties, which have been fully impaired. During the quarter ended September 30, 2013, the Spring Creek and Motley claims were formally dropped by the Company and a 70% interest on the Copper Chief property was optioned out).

CARIBOO PROPERTY

The Company was originally formed to establish a mining complex on the former producing mines known as Island Mountain Mine and Cariboo Gold Quartz Mine, located near Wells, in British Columbia. In 1994 an agreement was reached with Barkerville Gold Mines Limited ("Barkerville") under which the Company granted to Barkerville the right to earn a 50% in the Cariboo property.

In December 2011, the Company entered into an agreement to sell to Barkerville all residual property interests owned by the Company in the Cariboo property for $5,000,000. These interests included a 50% Interest in the Cariboo Gold Quartz property, placer mining rights on CuMo Creek and a 3% Net Smelter Return royalty on the Cariboo Gold Quartz Mine property, Island Mountain Mine property and CuMo Creek Mine property.

In January 2012, Barkerville paid the $5,000,000 amount to the Company, who recorded a gain on disposal of unproven mineral right interests of $4,992,448 after adjustments to capitalized expenses associated with the property, as the carrying value of the property had been impaired to a nominal value of $1 in prior fiscal years.

LAVERTY and CUMMINS PROPERTIES

In 2004 the Company acquired a 100% interest in 1156207 Ontario Ltd. for $80,000 with the vendor retaining a 1% NSR. 1156207 Ontario Ltd. holds a 100% interest in two groups of patented mineral claims known as the Laverty property, located in Red Lake, Ontario and the Cummins property, located near Larder Lake, Ontario. The carrying value of these properties was written down to a nominal value during the fiscal year ended June 30, 2008.

By way of an option agreement dated January 26, 2009, and amended on March 11, 2009, the Company optioned the Laverty property to Mega (formerly Skybridge Development Corp. ("Skybridge")) in consideration of cash payments of $500,000, 250,000 shares of Skybridge, 500,000 shares of Mega and a $1,500,000 exploration expenditures commitment. During the quarter ended March 31, 2013, Mega completed the commitments and all consideration due to the Company pursuant to this option agreement.

The Company retains a 2% NSR on ore mined from the property. Given that the property had been written-down to a nominal value, the cash and share consideration received on the property are recognized through earnings.

During the year ended June 30, 2013, cash payments of $100,000 and 200,000 Mega shares valued on receipt at $48,000 were received by the Company, who recorded a gain on disposal of unproven mineral right interests of $148,000.

The Cummins property consists of 5 patented mineral claims located in McElroy Township, near Larder Lake, Ontario. The Company has a 100% interest in the project and has not performed any work to date.

BRETT PROPERTY

In 2003 the Company completed an agreement to acquire a 100% interest in the Brett #1 and Brett #2 mineral claims located in the Vernon Mining District of British Columbia for a consideration of 500,000 shares of the Company. In 2004, Running Fox Resource Corp. (“Running Fox”) and the Company entered into an option agreement on the Brett property whereby Running Fox earned a 50% interest in the property in 2004. The carrying value of the property was written down to a nominal value during the fiscal year ended June 30, 2008.

In 2011, the Company entered into an agreement with Running Fox whereby the Company sold to Running Fox, subject to a NSR, the Company's remaining 50% interest in the Brett property. Consideration for this transaction consisted of a cash payment of $1,000,000 and 3,000,000 common shares of Running Fox at a fair value of $900,000. The Company recorded a gain on sale of unproven mineral right interest of $1,899,999.In addition to this consideration the Company retains a sliding-scale royalty on the property based on the price of gold as follows:

- Gold price up to $500 per ounce: 2% NSR;
- Gold price between $501 and $1,000 per ounce: 3% NSR;
- Gold price between $1001 and $1,500 per ounce: 5% NSR;
- Gold price between $1501 and $2,000 per ounce: 6% NSR;
- Gold price over $2,001 per ounce: 8% NSR.

(Expressed in Canadian dollars)

	CuMo $	Boise $	Pinetree $	Other $	Total $
Balance, July 1, 2012	16,543,532	808,450	7,077,857	19,754	24,449,593
Exploration expenditures:					
Assays and analysis	83,019	-	-	-	83,019
Community relations	95,150	-	-	-	95,150
Drilling	473,330	-	-	-	473,330
Geological, professional fees	83,569	-	-	-	83,569
Environmental studies	530,036	-	-	-	530,036
Other exploration costs	7,297	-	-	-	7,297
	17,815,933	808,450	7,077,857	19,754	25,721,994
Other items:					
Acquisition costs and payments	78,717	405,600	-	5,757	490,074
Impairment charges	-	-	(6,652,857)	(5,760)	(6,658,617)
Option payments received	-	-	(10,000)	-	(10,000)
Balance, June 30, 2013	17,894,650	1,214,050	415,000	19,751	19,543,451
Balance, July 1, 2013	17,894,650	1,214,050	415,000	19,751	19,543,451
Exploration expenditures:					-
Assays and analysis	340	-	-	-	340
Community relations	65,316	-	-	-	65,316
Drilling	-	-	-	-	-
Geological, professional fees	12,000	-	-	-	12,000
Environmental studies	325,139	-	-	-	325,139
Other exploration costs	-	-	-	-	-
	18,297,445	1,214,050	415,000	19,751	19,946,246
Other items:					
Acquisition costs and payments	67,885	-	9,526	-	77,411
Impairment charges	-	- -	10,841	- -	10,841
Option payments received	-	-	(413,685)	- -	413,685
Balance, December 31, 2013	18,365,330	1,214,050	-	19,751	19,599,131

(Expressed in Canadian dollars)

9. Convertible notes

In order to finance the ongoing development of the CuMo project the Company has borrowed from International Energy & Mineral Resources Investment (Hong Kong) Company Limited ("HK CO") the principal amount of $1,500,000 and US$1,500,000, and issued secured convertible notes (the "Notes") in respect of such indebtedness to HK CO (the "Financing").

The Notes have face values of $1,500,000 and US$1,500,000 and mature on October 25, 2017 and November 25, 2017 (the "Maturity Dates"), respectively. The Notes accrue interest at a rate of 6.5% per annum, calculated and paid annually. Interest payments of $97,500 on the $1,500,000 note are due on October 25, 2013 (paid), October 25, 2014, October 25, 2015, October 25, 2016 and October 25, 2017. Interest payments of US$97.500 on the US$1,500,000 note are due on November 25, 2013 (paid), November 25, 2014, November 25, 2015, November 25, 2016 and November 25, 2017.

At the option of HK CO the Notes shall be convertible at any time prior to the Maturity Dates, in whole or in part, into common shares of the Company at a price of $0.28 per common share, provided that HK CO shall only be permitted to exercise such conversion right to the extent that it results in HK CO holding no greater than 19.9% of the issued and outstanding common shares of CuMoCo.

The Canadian dollar Note is being treated as a compound financial instrument with a debt element treated as a liability and an equity conversion element treated as equity. On issuance the equity conversion feature was valued at $297,394. Share issue costs of $3,247 were allocated to the equity conversion feature, resulting on a net equity conversion feature of $294,147.

The U.S. dollar Note, given it is not denominated in the functional currency of CuMo, is accounted for as a financial liability with an embedded derivative and host debt contract.

The Notes carrying value contains the following components:

	December 31, 2013	June 30, 2013
	$	$
Liability component	**2,209,534**	2,219,050
Option conversion component	**112,286**	290,548
	2,321,820	2,509,598

The current and long-term portions of the Notes are as follows:

	December 31, 2013	June 30, 2013
	$	$
Short-term	**201,767**	200,207
Long-term	**2,120,053**	2,309,391
	2,321,820	2,509,598

(Expressed in Canadian dollars)

Changes in the Notes balances are comprised of the following:

	December 31, 2013	June 30, 2013
	$	$
Issue of Notes	**2,997,996**	2,997,996
Note issue costs	**(21,575)**	(21,575)
Allocation of equity conversion feature	**(297,394)**	(297,394)
Accreted interest	**188,242**	213,841
Change in option conversion component valuation	**(611,318)**	(433,056)
Foreign exchange loss	**65,869**	49,786
	2,321,820	2,509,598

The aggregate of accreted interest, changes in the option conversion component valuation and foreign exchange expense of $16,727 (2013: $27,746) is reported as convertible note expense in the Company's statement of loss and comprehensive loss.

HK CO is a "Related Party" of the Company pursuant to the policies of the TSX-V, as HK CO holds approximately 16.12% of the issued and outstanding common shares of CuMoCo. As such, the Financing constituted a "Related Party Transaction" under the policies of the TSX-V. The Company has relied on exemptions from the formal valuation and minority approval requirements which are available to the Company.

The Financing was unanimously approved by the Board of Directors of the Company, other than a director who declared his interest in the Financing and abstained from voting with respect to the Financing as he holds a controlling interest in HK CO. If the principal amount of the Note is converted to the full extent possible, HK CO will increase its shareholdings in the Company from 13,256,666 common shares (approximately 16.12% of the issued and outstanding common shares) to 16,370,226 common shares (which would represent approximately 19.9% of the issued and outstanding common shares), assuming that no additional common shares of CuMoCo are issued prior to such conversion.

(Expressed in Canadian dollars)

10. Reclamation bonds and provisions

The Company's reclamation provision relates to the following Company properties:

	December 31, 2013	June 30, 2013
	$	$
CuMo	**299,255**	299,255
Pine Tree	**42,155**	42,155
Cariboo	**3,500**	3,500
General reclamation costs	**16,249**	16,249
	361,159	361,159

The reclamation provision is comprised of deposits to the Bureau of Land Management, the Boise National Forest, the United States Forest Service and other agencies for the above properties.

Although the Company does not anticipate being required to perform significant reclamation activities, it has recorded a provision for estimated reclamation costs based on the amount of the reclamation bonds. The reclamation deposits are expected to be refunded once the agencies are satisfied that the Company has performed all necessary decommissioning activities.

The continuity of the reclamation provision is as follows:

	December 31, 2013	June 30, 2013
	$	$
Balance at the beginning and end of the period	**361,159**	361,159

11. Discontinued operations

During the year ended June 30, 2013, the Company discontinued all operations as a provider of drilling services. The Company reached this decision following a change of management in October 2012. Current management has determined it is in the best interest of shareholders to focus corporate efforts to the development of the Company's unproven mineral right interests, and in particular, the CuMo project.

All costs associated with drilling operations have been classified as discontinued operations in the statement of loss and comprehensive loss.

(Expressed in Canadian dollars)

Discontinued operations are comprised of the following:

	December 31, 2013	December 31, 2012
	$	$
Revenue	**-**	470,027
Depreciation	**-**	(219,794)
Operating expenses	**-**	(708,938)
	-	(458,705)

12. Related party transactions

Details of the transactions between the Company and other related parties are disclosed below.

(a) Trading transactions

The Company's related parties consist of companies owned by or associated with executive officers and directors, and former executive officers and directors as follows:

	Nature of transactions
1330275 Ontario Inc.	Management fees
Geologic Systems Inc.	Exploration and administration fees
Delphis Financial Strategies Inc.	Management fees
International Energy & Mineral Resources Investment (Hong Kong) Company Limited	Management fees
Jurisino Group	Management fees

During the six months ended December 31, 2013 and 2012 the Company incurred the following fees in the normal course of operations in connection with companies owned by key management and directors. Fees have been measured at the exchange amount which is determined on a cost recovery basis.

	Six months ended December 31, 2013	2012
	$	$
Salaries and management fees	**169,000**	115,050
Exploration fees	**12,000**	9,000
Investor relations and other fees	**30,000**	-
	211,000	124,050

Amounts due to related parties are unsecured, non-interest bearing and due on demand. Trade and other payables at December 31, 2013 included $54,739 (June 30, 2013: $45,919), which were due to officers, director and private companies controlled by directors and officers of the Company.

(Expressed in Canadian dollars)

Amounts payable by related parties are unsecured, non-interest bearing and payable on demand. Trade and other receivables at December 31, 2013 included $nil (June 30, 2013: $76,838), which were due by a private company controlled by a director and officer of the Company, and by a director and officer of the Company.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the six months ended December 31, 2013 and 2012 were as follows:

	Note	**Six months ended December 31, 2013**	2012
		$	$
Salaries and fees	(i)	**211,000**	124,050
Share-based payment	(ii)	**4,948**	259,255
	(iii)	**215,948**	383,305

(i) Salaries and fees include salaries, management fees, exploration fees and administration fees disclosed in Note 12(a).

(ii) Share-based payments are the fair-value of options granted to key management personnel.

(iii) Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the six months ended December 31, 2013 and 2012.

13. Share capital

(a) *Capital*

At December 31, 2013, CuMoCo's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

No shares were issued in the quarter ended December 31, 2013 or in the year ended June 30, 2013.

On September 30, 2013, the Company announced a financing to raise up to US$3 million by the sale of units ("Units") at a price of US$1,000 per Unit, with each Unit consisting of a US$1,000 non-transferable unsecured convertible debenture (a "Convertible Debenture") of the Company and 1,500 non-transferable common share purchase warrants (the "Warrants"). Each Convertible Debenture has a term of 5 years, bears an interest rate of 8.5% per annum, with interest payable on a semi-annual basis, and is convertible into common shares of the Company at a price of US$0.3333 per common share. Each Warrant will entitle the holder to purchase one additional common share of the Company (a "Warrant Share") for a period of five years at a price of US$0.40 per Warrant Share. The Company will have the right to buy back the convertible portion at any time in which case, subscribers will keep the Warrant. The offering has received conditional acceptance by the TSX Venture Exchange (the "Exchange"). Finder's fees, in accordance with Exchange policy, will be paid in connection with the financing. The Company received funds of $17,874 and US$20,000 pursuant to this financing in the quarter ended

December 31, 2013, recorded as amounts payable by the Company in the statement of financial positon.

On December 18, 2013, the Company announced its intention to undertake a financing to raise up to US$25 million (the “Financing”) through the sale of up to 100 units (“Units”) of its subsidiary, Idaho CuMo Mining Corporation (“Idaho CuMo”), at a price of US$250,000 per Unit, with each Unit consisting of an unsecured and non-transferable promissory note in the principal amount of US$250,000 (a “Note”) and a right (the “Silver Purchase Right”) to enter into a silver purchase and sale agreement (a “Silver Purchase Agreement”) with Idaho CuMo.

The Notes would bear interest at a rate of 6% per annum, payable semi-annually on June 30 and December 31, and would have a term of 5 years. With the consent of the holder of the Note, Idaho CuMo could prepay all or any portion of the principal amount outstanding under such Note at any time, provided that any prepayment in whole or in part of the Note would cause the Silver Purchase Right to immediately expire.

The Silver Purchase Right would be exercisable by the holder within 30 days of completion of a feasibility study and decision by the Company to place the CuMo Project into commercial production provided that the Note had not been repaid in full or in part by the Company. Each Silver Purchase Right would, if exercised, require the purchaser to purchase and Idaho CuMo to sell to the purchaser refined silver in an amount equal to 0.5% of the silver (in any form) produced from the CuMo Project, up to a maximum of 312,500 ounces of refined silver (the “Silver Maximum”) pursuant to a Silver Purchase Agreement.

If all Units under the Financing are issued and all Silver Purchase Rights were exercised, Idaho CuMo would be required to sell up to a maximum of 31,250,000 ounces of refined silver, which silver would be deliverable from 50% of the silver produced from the CuMo Project. Upon exercise of the Silver Purchase Right, the purchaser would pay an upfront cash payment of US$250,000 (the “Deposit”) per Silver Purchase Right exercised upon execution of the Silver Purchase Agreement, which payment would be made by way of a set off against repayment of the principal amount of loans owing by Idaho CuMo to the purchaser. The Deposit would be unsecured.

The purchase price for each ounce of refined silver purchased would be comprised of (a) an ongoing cash payment (“Ongoing Payment”), being the lesser of (i) the London silver spot price and (ii) US$5/oz, subject to an inflationary adjustment; and (b) a deposit reduction amount, being the amount by which the silver spot price exceeds the Ongoing Payment, paid as a reduction to the Deposit and payable until such time as the Deposit is reduced to zero.

The term of the Silver Purchase Agreements would continue until the earlier of (i) the date on which the Silver Maximum has been delivered to the purchaser; and (ii) 40 years (subject to automatic 10-year renewals if the CuMo Project is in operation). Any uncredited balance of the Deposit at the end of a Silver Purchase Agreement’s term would be refunded to the purchaser.

The Financing is subject to TSX Venture Exchange approval and the preparation and approval by the parties of definitive legal documentation.

CuMoCo may pay a cash finder’s fee of 5%, in accordance with TSX Venture Exchange policy, in connection with the Financing.

(Expressed in Canadian dollars)

(b) *Equity reserve*

Share Options

Equity reserve consists of the accumulated fair value of common share options and share purchase warrants recognized as share-based payments.

CuMoCo has an incentive share option plan under which directors, officers, consultants and employees of the Company are eligible to receive stock options. The maximum number of shares reserved for issuance upon exercise of all options granted under the plan is equal to 10% of the then issued and outstanding common shares. No more than 5% of the issued shares may be issued to any eligible person other than a consultant in any 12 month period unless disinterested shareholder approval has been obtained. No more than 2% of the issued shares may be issued to any one consultant in any 12 month period. No more than 2% of the issued shares may be issued to all employees in the aggregate conducting investor relations activities in any 12 month period.

The exercise price of share options is determined by the Board of Directors at the time of grant and may not be less than the discounted market price as calculated and defined in accordance with the policies of the TSX-V. Options granted must be exercised no later than 10 years commencing from the later of the date of grant or such lesser period as determined by the Board. Options shall terminate automatically or 90 days after optionees no longer act as officers, directors or consultants of the Company. In the case of death, options shall terminate within one year from the event.

Once approved, all options are considered vested and are exercisable at any time, except where other vesting periods are determined by the Board.

Share options were awarded during the six months ended December 31, 2013 and the year ended June 30, 2013 as follows:

	Six months ended December 31, 2013		Year ended June 30, 2013	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Balance, beginning of period	**3,950,000**	**0.36**	10,779,972	0.49
Options granted	**-**	**-**	3,700,000	0.35
Options forfeited	**(900,000)**	**0.35**	(10,529,972)	0.49
Balance, end of period	**3,050,000**	**0.36**	3,950,000	0.36

(Expressed in Canadian dollars)

The following table summarizes information about stock options outstanding and exercisable at December 31, 2013:

	Options outstanding			Options exercisable		
Exercise price	Options outstanding	Weighted average exercise price	Weighted average remaining contractual life (years)	Options outstanding and exercisable	Weighted average exercise price	Weighted average remaining contractual life (years)
$		$			$	
0.35-0.36	3,000,000	0.35	3.75	2,850,000	0.35	3.73
0.80	50,000	0.80	1.59	50,000	0.80	1.59
	3,050,000	0.36	3.72	2,900,000	0.36	3.70

The fair value of the share options awarded to employees and directors was estimated using the Black-Scholes option pricing model with the following assumptions for the periods presented below:

	Year ended June 30, 2013
Risk free interest rate	3.70%
Expected life	3.5 years
Expected volatility	68.19%
Expected dividend per share	$Nil

The weighted average fair value of share options awarded during the year ended June 30, 2013, estimated using the Black-Scholes option pricing model was $0.08 per option.

The Black-Scholes option pricing model was developed for use in estimating the fair value of share options that have no vesting provisions and are fully transferable. Also, option-pricing models require the use of estimates and assumptions including the expected volatility. CuMoCo uses expected volatility rates which are based upon their historical volatility. Changes in the underlying assumptions can materially affect the fair value estimates.

The total share-based payment expense calculated for the six months ended December 31, 2013 was $6,597 (2012: $272,366).

Warrants

At December 31, 2013, the Company has 2,608,227 warrants outstanding, at an exercise price of $0.85 with an expiry date of August 25, 2014.

(Expressed in Canadian dollars)

14. Segmented information

The Company operates in two geographical areas, being Canada and the United States. The following is an analysis of the Company's assets by geographical area and reconciled to the Company's consolidated financial statements:

	December 31, 2013	June 30, 2013
	$	$
Assets by geographic segment, at cost		
Canada		
Current assets	**259,431**	820,814
Reclamation bonds	**19,749**	19,749
Property, plant and equipment	**7,432**	8,743
Unproven mineral right interests	**1**	1
	286,613	849,307
United States		
Current assets	**380,922**	167
Assets held for sale	**530,679**	1,321,427
Reclamation bonds	**341,410**	341,410
Unproven mineral right interests	**19,599,130**	19,543,450
Other	**21,926**	21,598
	20,874,067	21,228,052
	21,160,680	22,077,359

15. Commitments

The Company has entered into a lease agreement for the lease of office premises in Vancouver. The commencement date of the lease was December 1, 2011, for a five year term. The Company's basic rent commitments for the remaining term of the contract are approximately $136,600.

16. Contingencies

a) On August 22, 2013, the Company filed a Notice for Civil Claim (the "Claim") for damages against certain former members of management and a private company controlled by former members of management (the "Defendants").The Claim arises from actions undertaken while the Defendants were in positions of management with fiduciary responsibilities to the shareholders of the Company.

The Company is attempting to recover assets and other amounts from a former officer and director. A substantial portion of these amounts relates to equipment transferred at book value to a private Mexican company that was previously considered to be a subsidiary of the Company but which, during the year ended June 30, 2013, was determined to be controlled directly by this former officer and director. The assets of this private company are comprised substantially of drilling equipment.

Given the uncertainties involved surrounding recovery of these amounts, along with substantiating the Company's current beneficial ownership of these assets, during the year ended June 30, 2013, the Company fully provided against this amount through a charge to discontinued operations in the amount of $1,000,185. The Company is pursuing this matter vigorously and in the event of recovery through successful litigation, the Company would record a gain on settlement of litigation.

b) Liberty Mutual Insurance Company asserted a claim against Kirkness for unpaid premium of US$142,374 plus interest, costs of suit and attorney's fees. The amount in dispute is included in accounts payable and accrued liabilities. Management is in the process of settling the matter without further litigation.

c) On February 13, 2013, the Company was served with a Notice of Civil Claim by Bill Jefferies, CuMoCo's former Chief Financial Officer, Corporate Secretary and director, relating to management fees that Mr. Jefferies has alleged are owed to him in the amount of $107,510. The Company disputes the amount is payable. Mr. Jefferies is one of the defendants in the Claim filed by the Company disclosed in paragraph "a" of this note.

d) The Company has received an invoice for $77,705 from a supplier of drill supplies and has disputed this invoice. The drill supplies were shipped directly by the supplier to a Mexican company owned by a former director and officer of the Company. The outcome of this matter is not yet determinable.

17. Supplemental cash flow information

The following significant non-cash transactions have been excluded from the statements of cash flows:

<u>Six months ended December 31, 2013 – No significant transactions.</u>

<u>Year ended June 30, 2013:</u>

- The Company received 200,000 shares valued at $48,000 in connection with the sale of the Laverty property to Mega (Note 8).
- The Company recorded an equity component on convertible notes of $294,147 (Note 9).