TERRAX MINERALS INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

Nine Months ended October 31, 2013

(Expressed in Canadian Dollars)

NOTICE TO READER

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

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

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

TERRAX MINERALS INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars - unaudited)

	Notes		October 31, 2013		January 31, 2013
ASSETS					(audited)
Current assets					
Cash and cash equivalents	4	$	754,593	$	386,558
Receivables	5		47,888		12,588
Marketable securities	6		213,200		-
Prepaids and deposits			1,290		21,100
			1,016,971		**420,246**
Non-current assets					
Exploration and evaluation assets	7		2,867,795		2,080,646
TOTAL ASSETS		**$**	**3,884,766**	**$**	**2,500,892**
LIABILITIES					
Current liabilities					
Trade payables and accrued liabilities	8	$	116,743	$	46,636
TOTAL LIABILITIES			**116,743**		**46,636**
SHAREHOLDERS' EQUITY					
Share capital	10		6,664,582		5,024,405
Share-based payment reserve	10, 11		824,761		610,078
Investment revaluation reserve	6, 11		13,200		-
Deficit			(3,734,520)		(3,180,227)
TOTAL SHAREHOLDERS' EQUITY			**3,768,023**		**2,454,256**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**3,884,766**	**$**	**2,500,892**

Nature and continuance of operations (Note 1)

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

TERRAX MINERALS INC.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars - unaudited)

	Notes	For the three months ended October 31, 2013	For the three months ended October 31, 2012	For the nine months ended October 31, 2013	For the nine months ended October 31, 2012
Expenses					
Consulting		$ 17,001	$ 1,200	$ 33,070	$ 2,550
Office, rent and miscellaneous	9	10,362	4,657	24,413	15,859
Part XII.6 tax		-	-	-	4,154
Professional fees		5,254	1,081	29,583	9,689
Share based payments	10	68,017	23,794	279,233	31,882
Transfer agent, filing fees and shareholder communications		77,559	25,056	157,706	76,201
Travel and related costs		22,781	1,195	36,132	1,665
		(200,974)	(56,983)	(560,137)	(142,000)
OTHER ITEM					
Interest income		3,958	482	5,844	2,171
Loss for the period		(197,016)	(56,501)	(554,293)	(139,829)
Other comprehensive gain (loss):					
Unrealized gain on marketable securities		13,200	-	13,200	-
Comprehensive Loss For The Period		(183,816)	(56,501)	(541,093)	(139,829)
Loss per Share - Basic And Diluted		$ (0.01)	$ (0.00)	$ (0.02)	$ (0.01)
Weighted average number of common shares outstanding – basic and diluted		37,056,520	26,019,131	34,434,212	25,895,773

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

TERRAX MINERALS INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars - unaudited)

		Share capital		Reserves			
	Notes	Number of shares	Amount	Share based payment reserve	Investment revaluation reserve	Deficit	Total
Balance at January 31, 2012		**25,669,131**	**4,730,705**	**566,920**	**-**	**(1,795,661)**	**3,501,964**
Comprehensive loss:							
Loss for the period		-	-	-	-	(139,829)	(139,829)
Transactions with owners, in their capacity as owners, and other transfers:							
Shares issued to acquire exploration and evaluation assets	7, 10	350,000	29,500	-	-	-	29,500
Share-based payments	10	-	-	31,882	-	-	31,882
Balance at October 31, 2012		**26,019,131**	**$ 4,760,205**	**$ 598,802**	**$ -**	**$ (1,935,490)**	**$ 3,423,517**
Balance at January 31, 2013		**29,829,131**	**$ 5,024,404**	**$ 610,078**	**$ -**	**$ (3,180,226)**	**$ 2,454,256**
Comprehensive loss:							
Loss for the period		-	-	-	-	(554,293)	(554,293)
Unrealized gain on available for sale marketable securities	6, 11	-	-	-	13,200		13,200
Transactions with owners, in their capacity as owners, and other transfers:							
Shares issued to acquire exploration and evaluation assets	7, 10	75,000	17,250	-	-	-	17,250
Shares issued on exercise of options		600,000	198,000	-	-	-	198,000
Shares issued for Private placement		6,911,085	1,382,217	-	-	-	1,382,217
Share issuance costs		-	(39,958)	18,118	-	-	(21,840)
Reallocation of share-based payment reserves on exercise of stock options		-	82,668	(82,668)	-	-	-
Share-based payments	10	-	-	279,233	-	-	279,233
Balance at October 31, 2013		**37,415,216**	**$ 6,664,582**	**$ 824,761**	**$ 13,200**	**$ (3,734,520)**	**$ 3,768,023**

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

TERRAX MINERALS INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars - unaudited)

	Nine months ended October 31, 2013	Nine months ended October 31, 2012
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss	$ (554,293)	$ (139,829)
Items not involving cash		
Stock-based compensation	279,233	31,882
Changes in non-cash working capital items:		
Receivables	(35,300)	93,040
Trade payables and accrued liabilities	70,107	(46,905)
Prepaids and deposits	19,810	15,000
Net cash used in operating activities	(220,443)	(46,812)
INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(969,900)	(441,002)
Net cash used in investing activities	(969,900)	(441,002)
FINANCING ACTIVITIES		
Issuance of common shares for cash	1,558,378	-
Net cash provided by financing activities	1,558,378	-
Increase (Decrease) in cash and cash equivalents	368,035	(487,814)
Cash and cash equivalents, beginning of period	386,558	682,644
Cash and cash equivalents, end of period	$ 754,593	$ 194,830

Supplemental cash flow information (Note 13)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

TerraX Minerals Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on August 1, 2007 and its principal activity is the exploration and development of mineral properties in Canada. The Company trades on the TSX Venture Exchange ("TSX-V").

The head office, principal and registered address and records office of the Company are located at suite 2300-1066 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3X2.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at October 31, 2013 the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. These uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management believes that the Company has sufficient funds to finance operating costs over the next twelve months (Note 12).

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

These financial statements were authorized for issue on December 23, 2013 by the directors of the Company.

Statement of compliance to International Financial Reporting Standards ("IFRS")
These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee.

These condensed interim financial statements do not include all of the information required of a full annual financial report and are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended January 31, 2013.

Basis of presentation
These financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, the Company's functional currency, unless otherwise noted.

Significant estimates and assumptions
The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include stock-based awards and payments, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets and provisions for restoration and environmental obligations.

Significant judgments
The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

Exploration and evaluation expenditures
Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Farm outs
The Company does not record any expenditure made by the farmee on its account. It also does not recognize any gain or loss on its exploration and evaluation farm out arrangements but reallocates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the farmee is credited against costs previously capitalized.

Share-based payments
The Company operates a stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.
Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Impairment of assets

The carrying amount of the Company's long-lived assets (which include exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

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

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Income taxes (cont'd)

Flow-through shares:

The Company renounces qualifying Canadian exploration expenditures to certain share subscribers who subscribe for flow-through shares in accordance with the Income Tax Act (Canada). Under these provisions, the Company is required to incur and renounce qualifying expenditures on a timely basis for the respective flow-through subscriptions and, accordingly, it is not entitled to the related tax deductions and tax credits for such expenditures.

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("flow-through tax liability") and included in trade payables and accrued liabilities. A deferred tax liability is recognized and the flow-through tax liability will be reversed provided that the Company has renounced, or there is reasonable expectation that the Company will renounce, the tax benefits associated with the related expenditures. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability.

Restoration and environmental obligations

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

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

As at October 31, 2013, the Company has no known material restoration and environmental obligations.

3. ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2013 or later periods.

The following new standards, amendments and interpretations that have not been early adopted in these financial statements, are not expected to have a material effect on the Company's future results and financial position:

a) IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (New).
b) IFRS 9 Financial Instruments (New; to replace IAS 39 and IFRIC 9);
c) IFRS 10 Consolidated Financial Statements (New; to replace consolidation requirements in IAS 27 (as amended in 2008) and SIC-12);
d) IFRS 11 Joint Arrangements (New; to replace IAS 31 and SIC-13);

3. ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE (cont'd)

e) IFRS 12 Disclosure of Interests in Other Entities (New; to replace disclosure requirements in IAS 27 (as amended in 2008), IAS 28 (as revised in 2003) and IAS 31);
f) IFRS 13 Fair Value Measurement (New; to replace fair value measurement guidance in other IFRSs);
g) IAS 1 Presentation of Financial Statements, (Amendments regarding Presentation of Items of Other Comprehensive Income);
h) IAS 19 Employee Benefits (Amended in 2011);
i) IAS 27 Separate Financial Statements (Amended in 2011); and
j) IAS 28 Investments in Associates and Joint Ventures (Amended in 2011).

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's financial statements

4. CASH AND CASH EQUIVALENTS

Cash equivalents consist of highly liquid Canadian dollar dominated guaranteed investment certificates ("GIC's") that are readily convertible to contracted amounts of cash.

During the period ended October 31, 2013, the GIC's earned a variable interest of prime less 1.80%. The GIC's allow for early redemption after the first 30 days of investment and mature on various dates.

The components of cash and cash equivalents are as follows:

	October 31, 2013	January 31, 2013
Cash at bank	$ 24,593	$ 386,558
Cash equivalents	730,000	-
	$ 754,593	$ 386,558

5. RECEIVABLES

Receivables consist of the following:

	October 31, 2013	January 31, 2013
GST receivable	$ 43,215	$ 12,588
Interest receivable	4,673	-
	$ 47,888	$ 12,588

6. MARKETABLE SECURITIES

In May 2013 the Company received an option payment, consisting of 20,000 shares with a market value of $200,000 from Virginia Mines Inc. (TSX: VGQ). The Company recorded these available for sale shares at their fair value. As at October 31, 2013 the fair value of these shares was $$213,200. During the nine month period ended October 31, 2013 the Company recognized an unrealized gain of $13,200 on its marketable securities.

7. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mining properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

The following are details of the Company's exploration and evaluation assets:

	Sunbeam-Pettigrew	Blackfly	Central Canada	Stewart	Northbelt	Total
Balance, January 31, 2012	**$ 884,483**	**$ 500,786**	**$ 138,412**	**$ 1,219,834**	**-**	**$ 2,743,515**
Acquisition costs	87,000	48,500	24,500	54,300	-	214,300
Exploration costs						
Assays and drilling	152,924	-	54,909	14,513	-	222,346
Consulting	22,780	490	10,580	28,469	-	62,319
Field expenses	15,643	533	39,443	41,847	-	97,467
Geophysical	-	-	-	3,530	-	3,530
Recoveries	-	-	-	(100,000)	-	(100,000)
	191,348	1,023	104,932	(11,641)	-	285,662
Write-off	(1,162,831)	-	-	-	-	(1,162,831)
Balance, January 31, 2013	**$ -**	**$ 550,309**	**$ 267,844**	**$ 1,262,493**	**-**	**$ 2,080,646**
Acquisition costs	-	10,000	20,000	18,939	42,497	91,437
Exploration costs						
Assays and drilling	-	-	-	-	84,248	84,248
Consulting	-	825	-	-	269,369	270,194
Field expenses	-	43	-	-	237,693	237,736
Geophysical	-	-	-		103,535	103,535
	-	868	-	-	694,845	695,712
Balance, October 31, 2013	**$ -**	**$ 561,177**	**$ 287,844**	**$1,281,432**	**$ 737,342**	**$ 2,867,795**

7. EXPLORATION AND EVALUATION ASSETS (cont'd)

Blackfly Property, Ontario

On July 2, 2009 the Company entered into an option agreement to acquire a 100% interest in the Blackfly Property located in Northwest Ontario, for the following consideration:

- $10,000 (paid) and the issuance of 50,000 common shares (issued, with a fair value of $6,250) upon TSX-V approval of the option agreement;
- $20,000 (paid), the issuance of 60,000 common shares (issued, with a fair value of $21,300) and incurring $25,600 in exploration work by July 2, 2010 (completed);
- $30,000 (paid), the issuance of 70,000 common shares (issued, with a fair value of $13,300) and incurring an additional $25,600 in exploration work by July 2, 2011 (completed);
- $40,000 (paid), the issuance of 100,000 common shares (issued, with a fair value of $8,500) and incurring an additional $51,200 in exploration work by July 2, 2012 (completed); and
- incurring an additional $76,800 in exploration work by July 2, 2013 (completed).

To October 31, 2013, the Company has incurred $401,827 in exploration work on the Blackfly Property.

The Blackfly Property is subject to a 2.5% NSR. The Company has the right to purchase 1% of the 2.5% NSR for $1,000,000, or in increments of $500,000 per 0.5%. A pre-production royalty of $10,000 per year is to be in effect, with the first payment to be made on July 2, 2013 (paid). This payment is to continue annually until production commences on the Blackfly Property and this amount will be deducted from any royalties payable by the Company.

Central Canada Property, Ontario

On December 11, 2009, and as amended on December 5, 2012, the Company entered into an option agreement to acquire a 100% interest in the Central Canada Property located in Northwest Ontario, for the following consideration:

- $8,000 (paid) and the issuance of 50,000 common shares (issued, with a fair value of $14,750) upon TSX-V approval of the option agreement;
- $20,000 (paid), the issuance of 60,000 common shares (issued, with a fair value of $17,700) and incurring $20,000 in exploration work by December 11, 2010 (completed);
- $30,000 (paid), the issuance of 70,000 common shares (issued, with a fair value of $5,950) and incurring an additional $20,000 in exploration work by December 11, 2011 (completed);
- $20,000 (paid), the issuance of 100,000 common shares (issued, with a fair value of $4,500) and incurring an additional $40,000 in exploration work by December 11, 2012 (completed);
- the payment of $20,000 by March 31, 2013 (paid); and
- incurring an additional $60,000 in exploration work by December 11, 2013 (completed).

To October 31, 2013, the Company has incurred $146,944 in exploration work on the Central Canada Property.

The Central Canada Property is subject to a 2.5% NSR. The Company has the right, at any time, to purchase 1% of the 2.5% NSR for $1,000,000, or in increments of $500,000 per 0.5%. A pre-production royalty of $10,000 per year is to be in effect, with the first payment to be made on December 11, 2013 (paid subsequent to the period). This payment is to continue annually until production commences on the Central Canada Property and this amount will be deducted from royalties payable by the Company.

7. EXPLORATION AND EVALUATION ASSETS (cont'd)

Stewart Property, Newfoundland

On June 28, 2010, and as amended on February 21, 2012 and September 26, 2012, the Company entered into an option agreement to acquire a 100% interest in the Stewart Property located in the Burin Peninsula of Newfoundland, for following consideration:

- $10,000 (paid) and the issuance of 30,000 common shares (issued, with a fair value of $11,550) upon TSX-V approval of the option agreement;
- $20,000 (paid), the issuance of 40,000 common shares (issued, with a fair value of $8,800) and incurring $75,000 in exploration work by April 13, 2011 (completed);
- $25,000 (paid), the issuance of 50,000 common shares (issued, with a fair value of $4,000) and incurring an additional $100,000 in exploration work by April 13, 2012 (completed);
- the payment of $25,000 by September 30, 2012 (paid);
- the issuance of 75,000 common shares (issued, with a fair value of $17,250) and incurring an additional $150,000 in exploration work by April 13, 2013 (completed); and
- the issuance of 100,000 common shares and incurring an additional $200,000 in exploration work by April 13, 2014 (completed).

The Company also previously paid $2,100 in staking costs. To October 31, 2013, the Company has incurred $1,156,043, net of a $100,000 government grant received in April 2012, in exploration work on the Stewart Property.

The Stewart Property is subject to a 2% NSR. The Company has the right, at any time, to purchase 1% the 2% NSR for $1,000,000.

Northbelt Property, Northwest Territories

On December 17, 2012, the Company submitted an offer to acquire a 100% interest in 121 mineral leases totaling 8802 acres (3562 hectares) 15 km north of the city of Yellowknife known as the Northbelt Property. As consideration, the Company paid a refundable deposit of $21,100 on December 19, 2012 with the balance of the purchase price of $189,900 paid on closing of the transaction in February 2013.

In May 2013 TerraX acquired 12 mineral claims called the Goodwin claims from Sonde Resources Corp for $10,000. These claims total 619.8 acres (250.82 ha) and lie to the south of, and are contiguous to, the southern boundary of the Northbelt property and have been incorporated into the Northbelt project area. TerraX acquired a 100% interest in the claims, which have no underlying royalties and are in good standing until 2058

Concurrent with completion of a private placement with Virginia Mines Inc. (TSX: VGQ) in May 2013, Terrax granted Virginia an option to acquire a 2-per-cent net smelter returns royalty on the Northbelt property. Virginia may exercise the option by payment of $2-million within three months following commencement of production. In consideration of granting the option, Terrax received 20,000 common shares of Virginia at a deemed value of $10 per share, the value of which was applied to reduce the acquisitions costs recorded for Northbelt by $200,000 during the period.

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To October 31, 2013, the Company has incurred $694,845 in exploration work on the Northbelt Property.

7. EXPLORATION AND EVALUATION ASSETS (cont'd)

Walsh Lake Property, Northwest Territories

On October 28, 2013 TerraX entered into an option agreement whereby it can acquire a 100% interest in the Walsh Lake property, which is contiguous with and immediately east of its Northbelt property in the Yellowknife area of the Northwest Territories, Canada. The Walsh Lake property consists of seven leases and five claims totaling 6,659 acres (26.95 sq km).

TerraX can acquire a 100% interest in the Walsh Lake property over a four year period by making option payments totaling $90,000 ($5,000 paid on signing and $10,000 on the first anniversary of signing), issuing 260,000 shares (30,000 shares issued subsequent to the period) and funding $400,000 of exploration expenditures ($25,000 in the first year). The vendor will retain a 2% NSR, of which 1.5% can be purchased by TerraX for $2 Million.

8. TRADE PAYABLES AND ACCRUED LIABILITIES

Trade payables and accrued liabilities consist of the following:

	October 31, 2013	January 31, 2013
Trade payables	$ 49,950	$ 2,816
Due to related parties (Note 9)	66,793	31,320
Accrued liabilities	-	12.500
	$ 116,743	$ 46,636

9. RELATED PARTY TRANSACTIONS

Related party balances

As at October 31, 2013, $66,793 (January 31, 2013 - $31,320) was due to directors or companies controlled by directors and recorded in trade payables and accrued liabilities. These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

Related party transactions

Key management personnel compensation
The Company's related parties include key management. Key management includes executive directors and non-executive directors. The remuneration of the key management of the Company as defined above was as follows:

	Nine months ended	
	October 31, 2013	October 31, 2012
Administrative services	$ 19,500	$ 13,500
Consulting fees	30,694	2,550
Geological consulting – Exploration and evaluation assets	237,094	57,273
	$ 287,288	$ 73,323

10. SHARE CAPITAL

Authorized share capital
Unlimited number of voting common shares without par value.

Issued share capital
At October 31, 2013 there were 37,415,216 issued and fully paid common shares (October 31, 2012 – 26,019,131).

Basic and diluted income (loss) per share
The calculation of basic and diluted income per share for the nine month period ended October 31, 2013 was based on the loss attributable to common shareholders of $554,293 (2012 –$139,829) and the weighted average number of common shares outstanding of 34,434,212 (2012 – 25,895,773 shares).

2014
During the nine months ended October 31, 2013, the Company issued 75,000 common shares at a fair value of $17,250 towards consideration for the acquisition of exploration and evaluation assets (Note 7).

During the nine months ended October 31, 2013, the Company completed a non-brokered private placement of 6,911,085 units at a price of $0.20 per unit for gross proceeds of $1,382,217. Each unit consists of one common share and one-half of one share purchase warrant, exercisable to purchase an additional share at $0.30 until May 8, 2016 (as to 3,393,043 warrants) and May 30, 2016 (as to 125,000 warrants). The Company has not separately disclosed the fair value of the warrants. Finders' fees of $21,840 were paid with respect to this placement along with the issuance of 109,200 finders' warrants exercisable at $0.30 until May 8, 2016.

During the nine months ended October 31, 2013 the Company received net proceeds of $198,000 from the exercise of 600,000 options at $0.33 per share and the fair value of these options of $82,668 was reclassified from share-based payment reserve to capital stock.

2013
During the year ended January 31, 2013, the Company completed a non-brokered private placement of 3,710,000 units at a price of $0.07 per unit for gross proceeds of $259,700. Each unit consists of one common share and one-half of one share purchase warrant, exercisable to purchase an additional share at $0.10 until January 21, 2015. The Company has not separately disclosed the fair value of the warrants.

During the year ended January 31, 2013, the Company also issued 450,000 common shares at a fair value of $34,000 towards consideration for the acquisition of exploration and evaluation assets (Note 6).

Stock options

The Board of Directors of the Company has adopted a stock option plan which permits the Company to grant to directors, officers and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares and be exercisable for a period of up to five years from the date of grant. The number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant or individual conducting investor relations activities will not exceed 2% of the issued and outstanding common shares. Options granted typically vest on the grant date.

10. SHARE CAPITAL (cont'd)

Stock options (cont'd)

The changes in options during the nine months ended October 31, 2013 and the year ended January 31, 2013 are as follows:

	Nine months ended October 31, 2013		Year ended January 31, 2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of the period	2,500,000	$ 0.20	2,120,000	$ 0.29
Options granted	2,510,000	0.20	1,150,000	0.10
Options exercised	(600,000)	0.33	-	-
Options expired	(750,000)	0.25	(770,000)	0.30
Options outstanding, end of the period	3,660,000	$ 0.17	2,500,000	$ 0.20
Options exercisable, end of the period	3,295,000	$ 0.18	2,500,000	$ 0.20

On September 30, 2013, the Company granted 100,000 stock options to consultants at an exercise price of $0.61 per share for a three year period. These options vested immediately. The total fair value of $43,346 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 3 years, a risk-free interest rate of 1.40% and an expected volatility of 120.78%. The granting of these options resulted in a stock based compensation expense of $43,346 being recorded during the three months ended October 31, 2013.

On August 29, 2013, the Company granted 360,000 stock options to a consultant at an exercise price of $0.29 per share for a five year period. These options vested 25% upon grant and 25% every 3 months thereafter. The total fair value of $43,714 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 5 years, a risk-free interest rate of 1.88% and an expected volatility of 130.25%. The granting of these options resulted in a stock based compensation expense of $7,286 being recorded during the three months ended October 31, 2013.

On June 28, 2013, the Company granted 550,000 stock options to consultants at an exercise price of $0.17 per share for a five year period. These options vested 25% upon grant and 25% every 3 months thereafter. The total fair value of $75,150 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 5 years, a risk-free interest rate of 1.80% and an expected volatility of 152.82%. The granting of these options resulted in a stock based compensation expense of $6,262 being recorded during the three months ended July 31, 2013 and $17,386 being recorded during the three months ended October 31, 2013.

On June 28, 2013, the Company also granted 1,500,000 stock options to directors, officers and consultants at an exercise price of $0.17 per share for a five year period. These options vested immediately upon grant. The total fair value of $204,954 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 5 years, a risk-free interest rate of 1.80% and an expected volatility of 152.82%. The granting of these options resulted in a stock based compensation expense of $204,954 being recorded during the three months ended July 31, 2013.

On April 30, 2012, the Company granted 500,000 stock options to consultants at an exercise price of $0.10 per share for a 2 year period. These options vested 25% upon grant and 25% every 3 months thereafter. The total fair value of $34,829 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 2 years, a risk-free interest rate of 1.43% and an expected volatility of 144.23%. The granting of these options resulted in a stock based compensation expense of $22,484 being recorded during the year ended January 31, 2013.

10. SHARE CAPITAL (cont'd)

Stock options (cont'd)

On August 2, 2012, the Company granted 650,000 stock options to officers, directors and consultants at an exercise price of $0.10 per share for a 2 year period. These options vested immediately. The total fair value of $20,674 was estimated using the Black-Scholes Option Pricing Model assuming an expected life of 2 years, a risk-free interest rate of 1.06% and an expected volatility of 125.54%. The granting of these options resulted in a stock based compensation expense of $20,674 being recorded during the year ended January 31, 2013.

The following incentive stock options were outstanding and exercisable at October 31, 2013:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
500,000	500,000	0.10	April 30, 2014
650,000	650,000	0.10	August 2, 2014
2,050,000	1,775,000	0.17	June 28, 2018
360,000	90,000	0.29	August 29, 2018
100,000	100,000	0.61	September 30, 2013
3,660,000	3,115,000		

Warrants

Warrant transactions are summarized as follows:

	Number of warrants	Weighted Average exercise Price
Balance as at January 31, 2012	5,154,701	0.38
Issued	1,855,000	0.10
Expired	(5,154,701)	0.38
Balance as at January 31, 2013	1,855,000	$ 0.10
Issued	3,564,743	0.30
Expired	-	-
Balance as at October 31, 2013	5,419,743	$ 0.23

The following warrants were outstanding and exercisable at October 31, 2013:

Number	Exercise Price	Expiry Date
1,855,000	$ 0.10	January 21, 2015
3,502,243	$ 0.30	May 8, 2016
62,500	$ 0.30	May 30, 2016

11. RESERVES

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

Investment revaluation reserve

The investment revaluation reserve records unrealized gains and losses arising on available-for-sale financial assets, except for impairment losses and foreign exchange gains and losses.

12. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is, therefore, assessed as high.

Foreign exchange risk
Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and other foreign currencies will affect the Company's operations and financial results. The Company operates in Canada and is, therefore, not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash balances at October 31, 2013 and no-interest bearing debt, therefore, interest rate risk is nominal.

Capital management
The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements.

12. FINANCIAL RISK MANAGEMENT (cont'd)

Classification of financial instruments
Financial assets included in the statements of financial position are as follows:

	October 31, 2013	January 31, 2013
FVTPL:		
Cash and cash equivalents	$ 754,593	$ 386,558
Loans and receivables:		
GST recoverable	43.215	12,588
Interest receivable	4,673	-
	$ 802,481	$ 399,146

Financial liabilities included in the statements of financial position are as follows:

	October 31, 2013	January 31, 2013
Non-derivative financial liabilities:		
Trade payables	$ 116,743	$ 34,146

Fair value
The fair value of the Company's financial assets and liabilities approximates their carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at October 31, 2013 and January 31, 2013:

	As at October 31, 2013		
	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 754,593	$ -	$ -
	As at January 31, 2013		
	Level 1	**Level 2**	**Level 3**
Cash and cash equivalents	$ 386,558	$ -	$ -

13. SUPPLEMENTAL CASH FLOW INFORMATION

During the nine months ended October 31, 2013 and 2012 the Company incurred the following non-cash transactions that are not reflected in the statements of cash flows:

	Nine months ended	
	October 31, 2013	**July 31, 2012**
Exploration expenditures included in trade payables and accrued liabilities	$ 15,507	$ -
Fair value of shares received for Northbelt property option payment	200,000	-
Fair value of shares issued for mineral property option payments	17,250	29,500
Reclassification from share-based payment reserve to capital stock on exercise of stock options	82,668	-

14. SUBSEQUENT EVENTS

Subsequent to the period, the Company announced a non-brokered private placement of up to 1,700,000 units at $0.45 per unit for gross proceeds of up to $765,000. Due to additional demand, this private placement was subsequently increased by up to $335,000, bringing the total amount raised up to $1,100,000.

On December 20, 2013 the Company completed an initial closing of 2,261,812 units at $0.45 per unit for gross proceeds of $1,017,815. Each unit consists of one common share and one-half of one share purchase warrant, with each full warrant entitling the holder to purchase an additional common share at an exercise price of $0.50 per share until December 20, 2015. The shares and any shares acquired on the exercise of warrants are subject to a hold period expiring on April 21, 2014. Finder's fees of $25,773 were paid with respect to a portion of this placement along with the issuance of 56,574 finders warrants exercisable at $0.50 until December 20, 2015.

TERRAX MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three and nine months ended October 31, 2013

This Management Discussion and Analysis of TerraX Minerals Inc. ("TerraX" or the "Company") provides analysis of the Company's financial results for three and nine months ended October 31, 2013 and should be read in conjunction with the accompanying unaudited condensed interim financial statements and notes thereto for the three months ended October 31, 2013 and with the audited financial statements and notes thereto for the year ended January 31, 2013, all of which are available at www.sedar.com. This discussion is based on information available as at December 23, 2013.

The accompanying October 31, 2013 condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements. All amounts are expressed in Canadian dollars, unless otherwise stated.

Certain statements made may constitute forward-looking statements. Such statements involve a number of known and unknown risks, uncertainties and other factors. Actual results, performance and achievements may be materially different from those expressed or implied by these forward-looking statements. Additional information about TerraX Minerals Inc. is available at www.sedar.com.

The Company was incorporated on August 1, 2007 pursuant to the provisions of the *Business Corporations Act* (British Columbia) under the name of TerraX Resource Corp. On March 31, 2008, the Corporation amended its notice of articles to change its name to TerraX Minerals Inc. The Company has no subsidiaries.

OVERVIEW

The principal business of the Company is the acquisition and exploration of mineral exploration properties in underexplored areas of Canada. The Company's current focus is the Northbelt property, an advanced exploration stage gold project 15 km north of Yellowknife, Northwest Territories.

TerraX acquired a 100% interest in the Northbelt property in February, 2013. The property has no third party interest or payments, nor any retained NSR royalties, and consists of 121 leases totalling 8,802 acres (3,562 hectares) which cover approximately 13 km of strike along the prolific Yellowknife Belt. Northbelt is host to multiple shears that are the recognized hosts for gold deposits in the Yellowknife camp, including the past producing Giant (7.6 Moz) and Con (5.5 Moz) mines, and it contains innumerable gold showings. Known mineralization on the property contains free milling gold.

TerraX also holds 100% interests in the **Blackfly** and **Central Canada gold** projects in the Marmion Batholith gold district near Atikokan, Ontario as well as the **Stewart copper-gold** property in Newfoundland.

The Blackfly gold property consists of five claims totalling 64 claim units (~10.1 km2) located within 15 km of Osisko Mining Corporation's (TSX: OSK) Hammond Reef gold deposit, which contains a National Instrument 43-101 compliant Global Measured and Indicated resource of 196.4 Mt @ 0.86 g/t (5.43 Moz Au). Osisko Mining Corporation's technical report on the Hammond Reef property is available at www.sedar.com. The geology and known mineralization on the Blackfly property are similar to the Hammond Reef deposit and the Blackfly property appears to be along strike from Hammond Reef.

The Central Canada gold property consists of seven claims totaling 24 claim units (~3.8 km^2) located 20 km east of the town of Atikokan, 160 km west of Thunder Bay and 19 km from the Hammond Reef deposit.

The Stewart copper-gold property consisted of two mineral exploration licenses, totalling 242 claims (~60.5 km^2), located 30 km north-northeast of the town of Marystown, which is in turn approximately 300 km by road southwest of St. John's on the Burin Peninsula. The Stewart property is considered prospective for a large tonnage, low grade copper-gold porphyry deposit and/or a smaller high grade epithermal gold deposit.

NORTHBELT GOLD PROPERTY, NORTHWEST TERRITORIES

On February 13, 2013, the Company completed the acquisition of the Northbelt property in the Yellowknife area of the Northwest Territories, Canada and commenced a compilation of previous work. The property was explored at the beginning of the Yellowknife gold rush in the early 1940s. It was staked by multiple claimholders in 1944 with the discovery of the outcropping Crestaurum deposit. Drilling commenced in 1945 and the property was intermittently active throughout the 1960s and 1970s. By the 1970s Giant Gold Mines had largely consolidated the property and began serious exploration and by the end of the 1980s substantial drill programs were completed. Detailed mapping during this period confirmed that the property hosts the extension of the Yellowknife Gold Camp's gold bearing structures and that the stratigraphy associated with the large mines occurs in the southern part of the property. It was also realized that numerous other sub-parallel structures host gold occurrences, including the Crestaurum deposit. In addition, a precious metal enriched base metal (Zn/Pb +/-Cu) play was identified in the northern part of the property. At least 450 drill holes were completed on the property between 1938 and 1996, mostly concentrated on the Crestaurum deposit (approximately 200 holes).

HISTORICAL WORK

Crestaurum Deposit

The Crestaurum deposit is contained within a shear that trends for at least 1.5 km in a northeast direction. On the order of 200 drill holes intersect the mineralized structure, with the vast majority intersecting the structure at less than 100 m vertical depth. The shoots best defined by drilling (North, Central, and South in the No. 1 Shear) consist of narrow veins, generally less than 1 m thick, within a chloritic (+/- carbonate and sericite) shear that can be up to 25 m wide. Sampling of the historical drilling was mostly confined to the veins, although some holes were more comprehensively sampled and show a wide zone of anomalous mineralization across the shear structure and into wallrocks. The Crestaurum shear bifurcates at its northern end and both horizons have high grade gold intersections. The No. 1 shear is the only one with previous resource estimates.

During the due diligence studies, TerraX reviewed a listing of 169 holes used in the resource calculation prepared by D.W. Lewis for Giant Mines Ltd. in 1985 that estimated a resource of 572,040 tonnes at 6.72 g/t Au (123,489 ounces). Of these holes, 133 had high grade gold intersections, and several were mineralized on two or more shears. Visible gold was common, with 44 holes reporting coarse gold. A selection of some of the higher grade and wider intersections includes:

Hole	From (m)	to (m)	Interval (m)	Au g/t
8	32.82	36.07	3.25	11.65
31	44.68	46.05	1.37	477.66
32	34.49	40.54	6.05	7.78
150	52.94	57.58	4.64	24.60
166	126.03	132.34	6.31	10.72

The Crestaurum deposit was subjected to numerous resource calculations over the years, and to preliminary mine planning by Giant Mines, but its development was largely thwarted by the fact that the free milling gold, similar to Con's Campbell Shear ore, was detrimental to the roasting process used at Giant for its refractory ore. A 1985 metallurgical study based on several drill holes representative of the mineralization and composited into two metallurgical samples reported poor recoveries using the Giant Mine's roasting process (44-62% recovery of gold), but further testing by conventional cyanidation led to the conclusion that "both composite samples were determined to be free milling and best suited for a straight cyanidation process", and that this process would "yield recoveries in the order of 95%". It was also determined during the metallurgical tests that gold head grades were 15% higher than uncut grades estimated from drill sample assays.

TerraX believes the historic resources and the metallurgical testing are relevant but investors are cautioned that the estimates were prepared before the introduction of National Instrument 43-101 Standards of Disclosure for Mineral Projects. A Qualified Person has not completed sufficient exploration work nor conducted an examination of past work to define a resource that is currently compliant with NI 43-101. It is important to note that these calculations relied on sampling procedures that concentrated on quartz vein material and most holes were not sampled throughout the much broader lower grade shear zones hosting the veins. It is TerraX's belief, after reviewing historic drill logs, that the resource would be significantly expanded by including all intercepts greater than 1 g/t Au. In addition, the Crestaurum historical resource calculation is restricted to the No. 1 Shear, and modelled mineralized blocks had a limited strike length. Subsequent drilling has confirmed substantial strike and depth expansion of the zones.

Other Targets

The final significant work on the property was conducted in the first half of the 1990s with work focused on other shear zones (25 gold bearing shears identified in the southern part of the property), and on the southern and northern extensions to the Crestaurum deposit. Significant success was achieved in deeper drilling (up to 300 m below surface) on the northern extension of the Crestaurum, and on what is interpreted as the extension of the main Giant Mine trend.

Beyond the known historical resources at Crestaurum, several drill holes have been drilled over the years to evaluate the extensions to the shears, most importantly to the north where the Crestaurum Shear is intersected by several other shears, including the **20 Shear**, the **20 West Splay** and the **19 Shear** (see the map on the TerraX web site). Drilling in the area in 1995 and 1996 had considerable success in intersecting high grade and wider zones of mineralization, as well as multiple horizons of gold, with some holes reporting up to five significant intersections. Particularly wide intersections occur in some deeper holes, indicating the potential for substantial increases in the size of the Crestaurum zones. These include:

Hole	From (m)	to (m)	Interval (m)	Au g/t
NB-95-3	109.06	110.09	1.03	102.91
NB-96-02	319.58	338.36	18.78	4.74
incl.	320.95	331.01	10.06	8.39
NB-96-16	337.26	347.01	9.75	8.76

The 20 Shear was a well recognized target early in the exploration of Northbelt and there has been considerable success in drilling gold mineralization as this shear began to intersect the Crestaurum structure, possibly creating a classic dilation along orthogonally intersecting structures. A very significant drill intersection on this structure was drilled and reported by Nebex Resources Ltd. in 1994 (Hole NB-94-1A).

Hole	From (m)	to (m)	Interval (m)	Au g/t
NB-94-1A	285.37	305.58	19.71	4.61

In the northern part of the property there is widespread VMS style mineralization. As with the gold targets it was initially found on surface and later explored with drilling. Subsequent drill holes under these showings seem to show relatively good continuity, even of the narrow lenses. The horizons are Pb-Zn rich, with minor Cu, very high silver content and locally appreciable gold. Examples include:

Hole	From (m)	to (m)	Interval (m)	Au g/t	Ag g/t	Zn%	Pb%	Cu%
G2	72.24	74.68	2.44	0.69	162.14	7.64	9.95	0.25
38-2	42.06	48.16	6.10	2.54	204.31	10.82	6.03	0.55

SURFACE EXPLORATION AND GEOPHYSICAL SURVEY

Access and logistics for the project are excellent and field work began in early June 2013 following the compilation of information collected during two work sessions in Yellowknife in January and February. A GIS project has been created to direct 2013 field work, with a digital drill database having been constructed from historical holes for 3D modeling of mineralized bodies.

Terrax commenced exploration at Northbelt May 30, 2013 with an airborne survey to acquire detailed magnetic, electromagnetic (EM) and radiometric data. This survey was completed in the first week of June.

The shears that control gold mineralization on the property are thought to have higher magnetic signatures than the surrounding rocks, and therefore the detailed magnetics should be an effective targeting tool. In addition, the alteration associated with gold mineralization has been shown to have a potassic component which can be picked up by the radiometric survey. Together, magnetic and radiometric data should be helpful in targeting the best portions of the mineralized shears.

The EM survey is designed to identify anomalies associated with any volcanogenic massive sulphide deposits that occur in the north of the property. Initial site reconnaissance carried out earlier in May on outcrop exposures of Zn-Pb-Cu-Ag-Au massive sulphide zones indicates they have sufficient thickness and strike continuity for EM response.

The airborne geophysical survey was conducted by Aeroquest Ltd. of Aurora, Ontario. The survey was flown by helicopter at a height of between 30 m and 60 m and consisted of a total of 520 line km, comprised of east-west lines spaced 100 m apart, and two north-south tie lines 3 km apart. The magnetic survey revealed a major magnetic high in the northern part of the property, as well as strong north-northeast anomaly orientations interpreted to be caused by both stratigraphy and structures. The radiometric count-per-second (CPS) data for potassium showed highs corresponding to granites, and several moderate strength north-northeast trending linear highs that could represent hydrothermal alteration along mineralized structures.

The EM survey revealed a 1.2 km long, north-trending conductor in the northern part of the property, 400 m of which is highly conductive. The source of this conductor is not apparent from surface examination, but numerous base metal occurrences are present in the general area (see below). A 4 km long, north-northeast trending intermittent conductor is present in the central part of the property, and an 800 m long conductor is present in the southern part of the property. Small amounts of graphitic sediments were noted in the central part of the property, and initial reconnaissance of the southern anomaly indicated that it likely has a structural association. Images of the geophysical data are provided on our website at www.terraxminerals.com.

TerraX's initial three week field program in June 2013 concentrated on locating historical drill collars in the field, preliminary surface sampling and first-pass examination of the airborne EM anomalies. In addition, Terrax was able to locate drill core from 176 holes drilled by prior operators.

Historical reports indicate that at least 463 drill holes have been drilled on the Northbelt property, including approximately 190 on the Crestaurum trend, 95 focused on other well defined structures in the southern part of the property, 80 on the base metal targets in the northern part of the property, and the remainder spread across the property. TerraX found the drill collar locations in the field for 123 of the Crestaurum holes, 29 of the 95 holes focused on structures in the southern part, 39 of the 80 holes targeted on base metals, and 39 of the other holes on the property. Many of the historical collars that were not located were drilled from winter ice over lakes and ponds; their locations are known with a considerable degree of accuracy as they were drilled from the same surveyed ground grids as drill collars that were located onshore.

All drill hole locations were recorded with a hand-held GPS and 155 of the most important holes in the southern part of the property were subsequently surveyed with a differential GPS to <1 m accuracy by Ollerhead & Associates Ltd. of Yellowknife. Precise knowledge of the location of historical drill holes will allow TerraX to twin specific holes and also to create accurate 3-D models where drilling is sufficiently dense. In many drill holes casing has been left intact and capped, offering the option of carrying out downhole geophysical surveys and wedging directly from holes with mineralized intersections.

A substantial amount of historical core from the Northbelt property was stored at a storage facility on the Giant mine site. Approximately 30 holes from the northern part of the property, drilled in 1973 and 1974, were recovered along with 86 holes drilled in the 1990's from the southern part of the property. Partial intervals (typically the ore intersections) from at least 60 Crestaurum holes drilled in 1985 were also preserved. In July, TerraX moved five complete holes, the Crestaurum intersections and two pallets of core representing mineralized intersections from 1990's drilling to its new core facility established at the Yellowknife airport. One hole (NB95-16) was completely re-logged and re-sampled (66 samples) with assay results interpreted and released in August, 2013 (see below). The remainder of the Northbelt core at Giant was moved to our core facility during the fall of 2013. Terrax is in the process of re-logging, re-sampling and conducting extra sampling of the many drill hole cores discovered at the Giant mine site.

During June 2013 TerraX conducted preliminary examination and sampling of selected mineralized structures, with 300 surface samples (grabs and chip samples) collected. The structural regime of the property is dominated by north to north-northeast (000 to 030° trending), sub-vertical structures, with lesser north-northwest (typically 340°) structures. Structures observed on surface consist of 0.5 to 15 m wide zones of iron carbonate alteration, with or without sericite or chlorite. One or more quartz veins typically occur within the structure; such veins can be up to 1 m wide and have varying amounts of pyrite, arsenopyrite and base metal sulphides (galena, sphalerite, less commonly chalcopyrite). Bands of semi-massive sulphide up to 1 m wide are common in the northern part of the property and less common in the southern part. In all cases these bands are interpreted to be structurally controlled. Galena and sphalerite predominate in these bands; arsenopyrite is common and chalcopyrite less so.

On July 31 2013 TerraX announced the results of initial surface sampling. The sampling program comprised a total of 293 samples, including 165 chip samples from 80 separate locations and 128 grab samples. The majority of the sampling was from structures identified at the **Homer La**ke area in the northern part of the property, with sampling also conducted on the Pinto structure in the eastern part of the property, the **Jed structure** in the central part of the property, on the **southwestern extension of the Crestaurum deposit,** and in several other locations (see maps on our website at www.terraxminerals.com). Results ranged from below detection to assay values of **49.30 g/t Au and 55.2 g/t Ag** in one grab sample at Pinto and **529 g/t Ag, >20% Pb and 9.44% Zn** in one grab sample from Homer Lake (see Table 1 below).

The first round of surface sampling by TerraX on the Northbelt property has generated very encouraging results from a number of structures. As noted by previous workers, the northern part of the property contains more base metals and silver than gold, whereas the southern part is more gold-rich. However, notable gold values have been obtained in the northern part, and locally high base metals and silver have been observed in the southern part. The initial interpretation is that in spite of the difference in mineralization styles between the northern and southern parts of the property, the overall structural regime is similar throughout the property, with most of the mineralization occurring in north-northeast trending structures. It may be important that auriferous north-northwest trending structures were noted at both Crestaurum Southwest and Homer Lake; the intersection of the two structural trends could be very significant.

Homer Lake Area

Six mineralized structures, labelled Structure 1 to Structure 6, were delineated during reconnaissance prospecting in the Homer Lake area in the northern part of the Northbelt property. Five of these trend north-northeast and the sixth trends north-northwest. Numerous precious and base metal values were obtained from these structures; each structure has at least one sample with **≥2 g/t Au** or **≥100 g/t Ag**, or both, and four of the six have at least one sample with greater than 5% of both Pb and Zn (Table 1). Structure 2 is the most predominant structure. It has been traced for 1,200 m and has a best chip sample result of **7 m @ 0.50 g/t Au, 90.2 g/t Ag, 4.25% Pb and 0.89% Zn**. An intersection of **2.44 m @ 0.69 g/t Au, 162 g/t Ag, 9.95% Pb and 7.64% Z**n from hole G-2, drilled in 1973, is interpreted to be from this structure, as is an intersection of **3.35 m @ 0.49 g/t Au, 90.4 g/t Ag, 3.77% Pb and 1.35% Zn** from hole N92-1, drilled in 1992. Drill logs from historical holes suggest that a number of sulphide bearing structures exist which have not yet been recognized on surface by TerraX. The significant EM anomaly identified by TerraX's airborne geophysical survey occurs in the Homer Lake area, but none of the known mineralized structures are interpreted as the cause of the anomaly.

Pinto Area

The Pinto area in the southeast part of the property consists of at least three subparallel north-northeast trending structures. The northernmost, Pinto #1, is a 1 m wide quartz vein with local galena and chalcopyrite, surrounded by iron carbonate alteration. The structure is exposed in a series of trenches and pits over a strike length of 120 m. Grab samples from this vein returned the two highest gold assays from TerraX's sampling program, **49.3 and 38.5 g/t**, and a chip sample assayed **2 m @ 7.15 g/t Au, 5.6 g/t Ag, 0.23% Pb and 0.20% Zn**. The Pinto South zone (also called AES), 1.5 km south of Pinto #1, likewise consists of quartz veins and iron carbonate alteration in a structure exposed in trenches and veins over a 300 m strike length. Gold grades up to **12.85 g/t** were obtained from this zone, and a chip sample ran **1 m @ 4.76 g/t Au, 0.6 g/t Ag and 0.13% Zn**. Importantly, neither zone has been drill tested. An intervening structure was followed for 150 m along strike but only returned a high of 150 ppb Au.

Jed Structure

The north-northeast trending Jed structure was sampled by TerraX over a strike length of 600 m. The best chip sample results were **1.40 m @ 16.85 g/t Au, 23.7 g/t Ag and 0.20% Pb** in the northern part and **3.40 m @ 2.12 g/t Ag and 19.3 g/t Ag** in the southern part. Historical drilling by the Con Mine in the 1940's confirms that the structure has a minimum strike length of 1,700 m, and is gold bearing over its entire length. The higher grade northern vein exposure trends into a lake and the vein can be seen to extend for at least 20 m further north under the water.

Crestaurum Southwest

Sampling was also completed on the southwestern extension of the structure that hosts the Crestaurum deposit. This northeast trending structure was sampled in three locations over a 200 m strike length, yielding a best chip sample result of **3 m @ 15.24 g/t Au, 3.9 g/t Ag, 0.44% Pb and 0.08% Zn**, as well as a grab sample with **5.36 g/t Au, 43.2 g/t Ag, 3.11% Pb and 10.6% Zn**. The main structure is cut by a number of northwest trending (340°) structures. One of these was sampled over a strike length of 80 m, producing a chip sample of **1 m @ 8.51 g/t Au and 0.3 g/t Ag**, and a best grab sample result of **21.0 g/t Au and 0.3 g/t Ag**. The intersection of the main northeast trending Crestaurum structure with the numerous northwest structures could provide a control on the interpreted high grade lodes defined in historical resource estimates made at Crestaurum.

Table 1: Selected Assay Results from June 2013 Sampling of Northbelt Property

Area	Type	Length	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)
Homer Lake Structure 1	Chip	1 m	2.68	2.3		
Homer Lake Structure 1	Grab	n/a	3.64	0.6		
Homer Lake Structure 2	Chip	7 m	0.50	90.2	4.25	0.89
Homer Lake Structure 2	Chip	7 m	0.88	54.7	2.98	0.43
Homer Lake Structure 2	Chip	5 m	1.54	95.5	3.13	1.59
Homer Lake Structure 2	Grab	n/a	1.75	413.0	13.25	1.41
Homer Lake Structure 2	Grab	n/a	1.42	147.0	8.82	13.15
Homer Lake Structure 2	Grab	n/a	3.91	331.0	17.40	12.50
Homer Lake Structure 2	Grab	n/a	7.54	269.0	1.10	
Homer Lake Structure 3	Chip	2.5 m	0.38	44.5	2.66	1.47
Homer Lake Structure 3	Chip	5 m	1.31	38.4	2.74	2.42
Homer Lake Structure 3	Grab	n/a	1.28	113.0	7.94	6.86
Homer Lake Structure 3	Grab	n/a	4.19	71.0	4.73	11.30
Homer Lake Structure 4	Chip	3 m	0.27	48.2	2.21	0.38

Area	Type	Length	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)
Homer Lake Structure 4	Grab	n/a	3.15	109.0	2.11	0.34
Homer Lake Structure 4	**Grab**	**n/a**	**0.60**	**529.0**	**>20**	**9.44**
Homer Lake Structure 5	Chip	0.5 m	0.09	123.0	8.00	3.60
Homer Lake Structure 5	Grab	n/a	0.10	397.0	>20	6.14
Homer Lake Structure 6	Chip	2 m	3.62	77.1	1.51	
Homer Lake Structure 6	Grab	n/a	9.14	28.4	0.25	
Homer Lake Structure 6	Grab	n/a	25.50	35.3	0.20	
Pinto#1	Chip	2 m	7.15	5.6	0.23	0.20
Pinto#1	Chip	1 m	15.30	2.3		
Pinto#1	Grab	n/a	38.50	23.3		
Pinto#1	**Grab**	**n/a**	**49.30**	**55.2**	**4.37**	**2.01**
Pinto South	Chip	1 m	4.76	0.6		0.13
Pinto South	Grab	n/a	12.05	8.4		1.20
Pinto South	Grab	n/a	6.42	1.5		
Pinto South	Grab	n/a	12.85	2.0		
Crestaurum SW	Chip	3 m	15.24	3.9	0.44	0.10
Crestaurum SW	Chip	2 m	4.51	14.6	0.97	6.91
Crestaurum SW	Chip	1 m	8.51	0.3		
Crestaurum SW	Grab	n/a	5.36	43.2	3.11	10.60
Crestaurum SW	Grab	n/a	9.46	10.4	0.19	0.16
Crestaurum SW	Grab	n/a	16.75	0.3		
Crestaurum SW	Grab	n/a	21.00	0.3		
Jed North	Chip	1.4 m	16.85	23.7	0.20	
Jed North	Chip	1.5 m	5.95	38.8	0.27	
Jed North	Chip	0.39 m	6.09	14.7	0.10	
Jed South	Chip	3.4 m	2.12	19.3		
Jed South	Chip	0.55 m	2.03	1.6		
Jed South	Chip	0.35 m	1.53	1.0		

A second field prospecting program was carried out in September, and results were reported on November 6, 2013. The September exploration program followed up specific anomalous areas delineated during the June 2013 surface sampling campaign and also involved sampling in new areas. A total of 327 separate grab and chip samples were collected from the property, mostly from mineralized showings and historical trenches. New mineralized structures sampled/identified during the fall program included the Island Lake Shear and southwestern extension of the Crestaurum deposit in the southern part of the property, AES in the eastern part, Shear 19 and Shear 20 in the central part, Likely Lake in the north and Ryan Lake to the west. Follow-up sampling on known structures expanded the strike length at the Homer Lake area in the north; the Pinto structure in the eastern part of the property, and the Barney and Jed structures in the central part of the property. Results ranged from below detection to assay values of (different samples) **145 g/t Au, 170 g/t Ag, 11.25% Pb, 6.41% Zn and 0.85% Mo**. Highlights of the assay results are provided in the table below; assay results from the June and September campaigns have been combined and are shown on maps available on our website at www.terraxminerals.com.

The second round of surface sampling by TerraX on the Northbelt property has generated very encouraging results

from a number of structures and expanded TerraX's knowledge of the distribution of mineralization on the property. As noted by previous operators, the northern part of the property contains more base metals and silver than gold, whereas the southern part is more gold-rich. However, notable gold values have been obtained in the northern part, and locally high base metals and silver have been observed in the southern part. Initial examination of the area proximal to the Ryan Lake granite suggests that the property may also host porphyry style mineralization.

Crestaurum Southwest and Island Lake Shear

A trench along the southwestern extension of the structure that hosts the Crestaurum deposit was re-examined in September, when it contained less water. **Visible gold** was noted at this time. It was possible to extend the chip sampling in this trench by 1 m; the new sample ran **1 m @ 51.3 g/t Au and 1.9 g/t Ag**. When combined with the June results, this trench yielded **4 m @ 24.26 g/t Au and 3.4 g/t Ag**. Additional grab sampling from the trench produced results of **145.0 and 97.2 g/t Au**.

The east-northeast trending Island Lake Shear occurs 250 m southwest of the Crestaurum SW trenches. Sampling along this shear and cross-cutting quartz veins over a strike length of 110 m resulted in a chip sample of **1 m @ 27.9 g/t Au and 3.1 g/t Ag**, as well as grab samples of **39.3 g/t Au and 27.5 g/t Au**.

Pinto and AES Area

Pinto grab and chip sampling from small pits added 50 m to the known surface expression of the Pinto vein in the east part of the property; anomalous gold has now been found over a strike length of 155 m. The best new result is a grab sample of **20.20 g/t Au, 7.4 g/t Ag and 0.24% Pb**; the best overall result from both campaigns is a grab sample of **49.30 g/t Au, 55.2 g/t Ag, 4.37% Pb, 2.01% Zn, and 0.5% Cu**. The Pinto vein strikes into areas of no outcrop to the northeast and southwest.

The AES structure is subparallel to the Pinto vein and 1.5 km to the south. Samples collected in June over a restricted portion of the structure returned values including **12.85 g/t Au** (grab sample) and **4.76 g/t Au** (1 m chip sample). Sampling in September revealed that anomalous gold occurs within the structure over a strike length of at least 1.1 km, including the intersection of the AES structure with the Barney Shear. New values associated with this structure include grab samples of **2.80, 4.92 and 7.52 g/t Au**, and chip samples of **1 m @ 2.30 g/t Au and 0.43% Zn** and **1 m @ 2.53 g/t Au**.

Barney Shear

The north-trending Barney Shear has been traced by previous workers over a strike length of 4.5 km and drill tested over 600 m of strike length. A number of high-grade gold results were reported in drilling, mostly beneath Milner Lake. In September, TerraX prospected the length of the Barney Shear, collecting 109 grab and chip samples. Almost half of these samples were anomalous in gold (>50 ppb) and six of the grab samples contained more than 1 g/t Au, with a high of **12.30 g/t**. The shear contains anomalous base metals throughout its length, with high values of **5.77% Pb, 6.41% Zn and 0.75% Cu** (different samples). Thirteen samples contained more than 1% Pb and five contained more than 1% Zn. The most consistent mineralization occurs proximal to intersections of the Barney Shear with northeast-trending shears.

Jed and Shear 19 Structures

The north-northeast trending Jed structure was sampled in June over a strike length of 600 m. The best chip sample results were **1.40 m @ 16.85 g/t Au, 23.7 g/t Ag and 0.20% Pb** in the northern part and **3.40 m @ 2.12 g/t Au and 19.3 g/t Ag** in the southern part. Six additional grab and chip infill samples were collected in September, including two grab samples which ran **10.60 g/t Au and 5.5 g/t Ag**, and **9.6 g/t Au and 34.1 g/t Ag**.

TerraX sampled Shear 19, subparallel to and 150 m to the east of Jed, in September. Thirteen grab and chip samples were collected, indicating mineralization over a strike length of at least 150 m. High values of **5.53 g/t Au, 135 g/t Ag, 1.13% Pb and 0.96% Zn** (different grab samples) were returned.

Shear 20 and West Splay Structures

TerraX collected 18 grab samples along the 1.5 km strike length of the 20 Shear and associated West Splay. Historical drill hole NB94-1A, drilled across the northern part of these structures in 1994, was re-assayed by TerraX and produced an intersection of **21.12 m @ 2.97 g/t Au** (news release, October 16, 2013). The only sample TerraX took proximal to this intersection ran **13.60 g/t Au**; other TerraX samples collected in the southern part of the structures were low grade to non-anomalous.

Homer Lake/Likely Lake Area

Twenty-five grab samples were taken from the immediate Homer Lake area, where six mineralized structures (five trending NE and one trending NW) were defined in the June exploration campaign, with chip sampling results that included **7 m @ 0.50 g/t Au, 90.2 g/t Ag, 4.25% Pb and 0.89% Zn.** Recent samples contained up to **2.25 g/t Au, 159 g/t Ag, 11.25% Pb and 1.49% Zn** (different samples). These samples variably expanded the known strike length of the main structures and indicated that several minor structures are also mineralized.

Sixteen grab and chip samples were collected from the Likely Lake area of mineralization, approximately 500 m southwest of the Homer Lake mineralization. North-northeast trending structures present at Likely Lake are probably extensions of the structures seen at Homer Lake. A grab sample collected in June ran **7.54 g/t Au, 269 g/t Ag, 0.48% Cu and 1.1% Pb.** One September chip sample ran **1 m @ 1.69 g/t Au, 138 g/t Ag and 0.89% Pb**, and one grab sample returned values of **5.18 g/t Au, 27.4 g/t Ag and 0.17% Pb**.

Ryan Lake Area

The Ryan Lake area is interesting because it occurs on the eastern margin of the Ryan Lake granite. Numerous thin quartz veins, some with apparent potassium feldspar, occur near the margins of the granite and pyrite is abundant. A 0.5 to 2 m wide, north-northwest trending vein occurs within the granite, and was sampled by TerraX over a strike length of 475 m. This vein does not carry appreciable gold, but one grab sample assayed **0.85% Mo**, and a chip sample ran **1 m @ 0.25% Mo**. These results suggest the presence of a possible porphyry style mineralization system that should be investigated further. A west-northwest trending 1 m wide quartz vein occurs in the volcanic stratigraphy immediately east of the granite; this vein can be traced for at least 150 m, and has returned grab samples with up to **3.15 g/t Au and 170 g/t Ag** (different samples).

Selected Assay Results from TerraX's September 2013 Surface Sampling, Northbelt Property

Area	**Type**	**Length (m)**	**Au (g/t)**	**Ag (g/t)**	**Pb (%)**	**Zn (%)**
Crestaurum SW	Chip	1	**51.3**	**1.9**	**0.02**	**0.01**
Crestaurum SW	Grab	n/a	**145.0**	**3.8**	**0.01**	**0.01**
Crestaurum SW	Grab	n/a	**97.2**	**2.4**	-	-
Island Lake Shear	Chip	1	**27.9**	**3.1**	-	-
Island Lake Shear	Grab	n/a	**39.3**	**1.0**	-	-
Island Lake Shear	Grab	n/a	**27.5**	**0.8**	-	-
Pinto	Grab	n/a	**20.20**	7.4	0.24	0.03
Pinto	Grab	n/a	**10.55**	2.0	0.01	0.01
Pinto	Grab	n/a	**9.16**	3.6	0.03	0.05
AES	Grab	n/a	4.92	1.9	-	0.08
AES	Chip	1	2.53	0.70	-	-
AES	Chip	1	2.30	1.3	0.02	0.43

AES/Barney	Grab	n/a	7.52	2.4	-	-
Barney Shear	Grab	n/a	**12.30**	0.90	-	-
Barney Shear	Grab	n/a	0.20	18.2	5.77	0.01
Barney Shear	Grab	n/a	0.09	3.2	1.58	**6.41**
Barney Shear	Chip	1	0.05	4.1	1.95	2.07
JED	Grab	n/a	10.6	5.5	0.02	-
JED	Grab	n/a	9.6	34.1	0.07	-
Shear 19	Grab	n/a	5.53	11.0	0.02	-
Shear 19	Grab	n/a	2.29	135.0	0.92	-
Shear 19	Grab	n/a	0.11	30.9	1.13	0.96
Shear 20 West Splay	Grab	n/a	**13.60**	0.6	-	-
Ryan Lake	Grab	n/a	0.38	**170**	0.44	0.72
Ryan Lake	Grab	n/a	3.15	48	0.03	0.16
Ryan Lake	Grab	n/a	**0.85% Mo**			
Ryan Lake	Chip	1	0.25% Mo			
Homer Lake	Grab	n/a	0.09	159.0	11.25	0.33
Homer Lake	Grab	n/a	2.25	21.7	1.73	0.61
Likely Lake	Chip	1	1.69	138.0	0.89	0.07
Likely Lake	Grab	n/a	5.18	27.4	0.17	-

TerraX has collected a total of 620 grab and chip samples to date on the Northbelt property. Numerous anomalous to ore grade metal (Au, Ag, Pb, Zn, Mo, Cu) results have been obtained, and many areas of interest, i.e. potential drill targets, have been delineated. In spite of this, at least eight mineralized trends defined by previous workers have not been examined by TerraX, and over half the property has been examined only superficially by previous companies and not at all by TerraX. The likelihood of discovering additional mineralization on surface in the future is thus considered high.

DRILL HOLE RE-LOGGING AND RE-ASSAYING

Barney Lake Shear Corridor

The first hole submitted for re-assay, NB95-16, was drilled on the Barney Shear by Nebex Resources Ltd. in 1995. Results were reported in August 2013 and included an interval of **20.86 m @ 3.79 g/t Au, inclusive of 4.00 m @ 12.59 g/t Au.**

TerraX had previously discovered drill logs with hand written assay results, and TerraX had the hole collar location of NB95-16 surveyed along with 154 other drill holes in June of this year. Hole NB95-16 has a capped casing which will allow re-entry into this hole to follow-up on the known mineralization. The ready accessibility of 100% of the core from NB95-16, with the exception of 94 cm of high grade core which was taken as display core in 1995, coupled with the known hole collar location, the recorded hole orientation and downhole surveys, and the written annotations and assay values that indicated that NB95-16 had discovered a new zone of mineralization, made NB95-16 the first choice to be re-logged and re-sampled.

The core was subjected to a full geological and geotechnical analysis which included refitting of the core, revealing

excellent 100% recovery and excellent geotechnical rock quality values. Core distances were converted from the original imperial measurements (feet) to metric (meters), and new core sampling intervals designated from the metric measurements. Logging of NB95-16 revealed an extensive zone of alteration (siliceous, carbonate, sericitic, +/- chlorite) and shearing from 265 m to the end of the hole at 408 m. Within this wide zone of alteration were several zones of quartz veining and mineralization (pyrite, arsenopyrite, galena, sphalerite, chalcopyrite and stibnite), with an area of concentrated mineralization and veining from 334.06 to 362.38 m.

TerraX collected 66 samples for assay from hole NB95-16. Results ranged from below detection to a high of 38.1 g/t Au. Best results were obtained between 334 and 362 meters, but anomalous values (0.1-1.18 g/t Au) occur in several other intervals. Sampling by TerraX over the interval from 333.56 to 362.88 m was done by quarter core sampling with a diamond saw of the half sawn core remaining from previous sampling. A quarter core sample remains in the core boxes for further examination if required.

TerraX believes the results of the assaying were excellent confirmation of this important zone of mineralization, especially considering the exclusion of 94 cm of the richest core which was taken in 1995 as display core and therefore was not available for sampling by TerraX. Significant assay results include:

NB95-16 Assay Results					
	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)
Total Zone	334.06	362.38	28.32	2.94	13.11
including	**337.00**	**357.86**	**20.86**	**3.79**	**17.13**
including	337.00	348.00	11.00	6.11	28.23
including	**337.00**	**341.00**	**4.00**	**12.59**	**64.63**

True thickness of this zone is unknown at present, but based on shear foliations (70-75° to core axis) it is believed that the intersections are 90-95% true width. Depth from surface for this intersection is approximately 240 vertical meters.

The assay results from NB95-16 hole confirm the important potential of the Barney Lake Shear Corridor, which is widely recognized in industry publications and historic reports to be the northern continuation of the gold mineralized shear system that hosted the past-producing Con (5.5 Moz) and Giant (7.6 Moz) gold mines in Yellowknife. The Barney Shear has been delineated by previous workers over a strike length of 4.5 km, and has been drill tested over 600 m of strike length. As follow-up, TerraX re-logged and re-sampled drill holes NB96-04 and NB96-02, both of which were drilled by Nebex Resources Ltd. in 1996 to continue testing the Barney Lake Shear Corridor. Assays were interpreted and released in November, 2013

Hole NB96-04 was drilled 60 m north of hole NB95-16 and is interpreted by TerraX to transect the same zone as NB95-16. Hole NB96-04 intersected **1.90 g/t over 27.00 m, including 8.97 g/t Au over 2.70 m**. In addition to the main zone of mineralization NB96-04 intersected other lower grade zones of mineralization above the main zone, including anomalous silver, copper and lead mineralization. There are no drill holes further north into the Barney Shear and the surface expression of this zone has been followed on surface for a further 700 m north of NB96-04. In addition, no holes were drilled up or down dip of NB96-04 or NB95-16. Both hole collars are in place and capped allowing for re-entry into these holes.

Hole NB96-02 is also within the Barney Lake Shear Corridor and is interpreted to intersect a closely parallel zone of mineralization to the Barney Shear. NB96-02 was collared 450 m west of NB95-16 and assayed **5.06 g/t Au over 8.16 m.** This higher grade mineralized zone was sampled to 328.33 m down hole where two boxes of core are missing (assumed to be removed in 1996 for display). The missing core extends from 328.33 m to 340.98 m. Historical assays from 1996 indicated the entire zone was **20.06 m @ 4.45 g/t Au**. The core remaining to TerraX was strongly mineralized to the end of the available core with the last sample interval grading **10.20 g/t Au over 0.64 m**, suggesting the missing core would also be mineralized.

TerraX collected 28 samples for assay from NB96-02 and 187 samples for assay from NB96-04. Results ranged from below detection to a high of 38.6 g/t Au. Best results were obtained between 320 and 328 meters down hole

in NB96-02 and 399 and 426 meters down hole in NB96-04. Both holes contained sporadic anomalous values in several other narrow intervals. Sampling over several intervals, including the main zone, was done by quarter core sampling of half sawn core that remained from previous sampling in 1996.

Significant assay results include:

Drill Hole	From (m)	To (m)	Width (m)	Au g/t	Ag g/t	Cu%	Pb%
NB96-02	**320.17**	**328.33**	**8.16**	**5.06**	**6.32**	-	-
NB96-04	318.00	335.50	17.50	0.31	13.80	0.03	0.55
incl	325.75	329.50	3.75	0.86	23.80	0.14	0.95
	357.00	363.00	6.00	0.73	20.00	-	0.23
	399.00	**426.00**	**27.00**	**1.90**	**6.94**	**-**	**0.11**
incl	399.00	401.70	2.70	8.97	8.06	-	0.22
incl	410.90	417.00	6.10	3.33	8.59	-	0.08

True thickness of the main zones of mineralization is unknown at present. A map showing the location of these drill holes on the Barney Lake Shear Corridor is available on our web site at www.terraxminerals.com.

The assay results from NB96-02 an NB96-04 are very encouraging as they confirm the strike continuation (4.5 km) and substantial areal extent of the Barney Lake Shear Corridor, which surface mapping conducted by TerraX in June and September 2013 indicates consists of multiple mineralized shears over a 200 m width.

As continued follow-up on the Barney Lake Shear Corridor, TerraX re-sampled drill hole NB96-24 which is approximately 200 meters south of NB95-16 along strike on this important structure. NB96-24 was the longest hole drilled on the Northbelt property (+ 630 m) and intersected seven separate zones of mineralization in mafic volcanics, including gold, silver, copper and lead, and then intersected highly altered and mineralized porphyry to the end of the hole hosting gold silver, copper and molybdenum mineralization. The highest grade zones occurred in the porphyry (**4.00 m @ 7.73 g/t Au, 6.8 g/t Ag, 0.13% Mo** and **2.00 m @ 7.44 g/t Au, 14.5 g/t Ag and 0.24% Cu**), and the widest zones in the volcanics (**72.00 m @ 0.43 g/t Au, 2.7 g/t Ag, 0.08% Cu**). The hole was terminated in mineralization.

Hole NB96-24 was collared in largely unaltered and massive to pillowed volcanics 200 m south of hole NB95-16 on the Barney Zone. At 188 m down hole the volcanics become sheared, and at 287 m alteration and visible mineralization (pyrite, arsenopyrite, chalcopyrite, galena, pyrrhotite, sphalerite, stibnite) become pervasive at low levels (1-3% combined sulphides) with significant zones of higher concentration (locally >10% combined sulphides) down to 588 m in the hole. From 588 m to the end of the hole at 674 m, NB96-24 intersected altered and mineralized granodiorite porphyry with feldspar altered to grey clay and amphiboles replaced by carbonate. Mineralization consists of quartz veins with pyrite, chalcopyrite, molybdenite, pyrrhotite and galena. The final 42 m of core from the bottom of the hole was jumbled and disorganized, so was not sampled, although visible alteration and mineralization continued to the end of the hole. Based on the high-grade values from the last 2.00 m of core that we were able to sample (**2.00 m @ 7.44 g/t Au, 14.5 g/t Ag, 0.24% Cu**), re-assembly and analysis of this final 42 m of core has become a high priority.

TerraX considers the results from NB96-24 highly significant as they indicate a new style of mineralization on the Northbelt property (porphyry gold, silver, copper, molybdenum). The potential of this style of mineralization is further enhanced by the fact that TerraX has sampled on surface what appears to be porphyry style mineralization two km to the west of the Barney Lake Shear Corridor within and adjacent to the Ryan Lake granodiorite intrusion. Grab samples of vein material at Ryan Lake assayed up to **3.15 g/t Au, 170 g/t Ag and 0.85% Mo** . Together, these occurrences indicate the potential for a very large mineralized plumbing zone in the Barney Lake Shear Corridor. Historical reports from the Con Mine at Yellowknife indicated similar porphyry mineralization proximal to the Con gold shear zones, and this commonality between the two areas is further encouragement that the Barney Lake

Corridor has the potential to host a large gold deposit.

TerraX collected 282 samples for assay from NB96-24. Results ranged from below detection to a high of 28.6 g/t Au. Sampling over several intervals was done by quarter core sampling of half sawn core that remained from previous sampling in 1996. Significant assay results include:

Drill Hole	From m)	To (m)	Width m)	Au g/t	Ag g/t	Cu%	Pb%	Mo%	Rock Type
NB96-24	306.00	307.40	1.40	0.28	63.90	0.08	1.20	-	Volcanic
	322.00	332.00	10.00	1.20	-	-	-	-	Volcanic
incl	324.00	326.00	2.00	3.64	-	-	-	-	Volcanic
	357.00	372.00	15.00	0.72	5.80	-	0.17	-	Volcanic
incl	358.00	360.00	2.00	0.56	22.30	-	0.84	-	Volcanic
and incl	360.95	365.46	4.51	1.59	3.50	-	0.09	-	Volcanic
	387.00	399.00	12.00	0.24	-	-	-	-	Volcanic
*	420.00	492.00	**72.00**	**0.43**	**2.70**	**0.08**	**-**	**-**	**Volcanic**
incl	420.00	432.00	12.00	0.67	4.60	-	-	-	Volcanic
and incl	439.50	466.00	26.50	0.59	11.30	0.15	-	-	Volcanic
and incl	460.00	466.00	6.00	0.53	26.00	0.37	-	-	Volcanic
	520.00	528.00	8.00	1.35	24.90	0.07	0.65	-	Volcanic
incl	522.00	526.00	4.00	2.57	24.90	0.09	0.66	-	Volcanic
	603.00	607.00	**4.00**	**7.73**	**6.80**	**-**	**-**	**0.13**	**Porphyry**
	613.10	619.00	5.90	0.33	16.00	0.08	0.10	0.02	Porphyry
	630.00	632.00	**2.00**	**7.44**	**14.50**	**0.24**	**-**	**-**	**Porphyry**

*Interval includes 5.61m of un-sampled core which was given a zero grade.

True thickness of the zones of mineralization is unknown at present. An updated map showing the location of NB96-24 and the other drill holes assayed to date on the Barney Lake Shear Corridor is available on our web site at www.terraxminerals.com.

Crestaurum

In February, 2013 TerraX discovered 187 drill logs for holes drilled between 1945 and 1985 on the Crestaurum deposit. These logs contain hand written assay results (no assay certificates are available) which indicated a significantly gold rich shear zone. In June TerraX located 123 drill collars at Crestaurum and had the locations surveyed. This included almost all of the 74 holes drilled in 1985, making the discovered drill core from these 74 holes a high priority choice to be re-logged and re-sampled. TerraX re-logged and re-sampled mineralized core intervals from the 74 holes drilled in 1985 at Crestaurum by Giant Mines to assist them in open pit and underground planning on the Crestaurum deposit.

The core recovered from these 74 holes included most of the mineralized drill core intervals (exceptions noted in table below). Core distances were converted from the original imperial measurements (feet) to metric (meters), and then it was subjected to geological re-logging. New core sampling intervals were designated from the metric measurements based on observed mineralization, but by and large consisted of standard 1 meter sample intervals. Compared to the size of other shears on the property, the logging revealed a relatively narrow zone of alteration (siliceous, carbonate, sericitic, +/- chlorite) and shearing with many holes displaying quartz veining and mineralization (pyrite, arsenopyrite, galena, sphalerite, chalcopyrite and stibnite). Several drill holes displayed visible gold as fine grained aggregates or millimeter scale grains, generally within quartz, but occasionally seen in sheared host rock.

The results from the first 36 holes submitted for re-assay were announced on September 18, 2013. These holes had been drilled at the North Shoot of the Crestaurum deposit, and intercepted high-grade gold near surface in several holes. To the best of our knowledge, the assay results from these holes have never been reported by prior

operators. Highlights included:

- **13.07 g/t Au over 6.87 meters** in hole 85-118
- **67.69 g/t Au over 2.00 meters** in hole 85-136;
- **11.96 g/t Au over 6.00 meters** in hole 85-166; and
- **13.45 g/t Au over 3.00 meters** in hole 95-134.

The 'North Shoot' is an area of higher grade mineralization on the Crestaurum shear that received almost half of Giant Mines' drilling effort in 1985. It is adjacent to an exploratory shaft sunk in 1946 to a depth of 400' (122m) and was subjected to mine planning and metallurgical testing by Giant Mines in the 1985 to 1988 period.

All holes from the North Shoot area are listed in the following table and are categorized into "Inside Shoot" and "Outside Shoot" based on interpretations of the zones done by Giant Mines in 1988. The table includes comment on issues concerning a few holes with missing core in the mineralized zones, and comment on spatial location of holes outside the shoot.

Assay Intervals from Crestaurum

Inside North Shoot

Drill Hole		FROM (m)	TO (m)	Width (m)	Au g/t	Comment
DDH85-118		**91.13**	**98.00**	**6.87**	**13.07**	
DDH85-119		101.00	103.00	2.00	2.77	
DDH85-121		**98.00**	**100.00**	**2.00**	**5.92**	
DDH85-124		43.00	45.00	2.00	3.15	
DDH85-127		92.00	98.00	6.00	1.63	
	incl.	96.00	98.00	2.00	3.89	
DDH85-128		**77.78**	**79.00**	**1.22**	**7.36**	
DDH85-129		62.00	64.00	2.00	0.90	Lost core - 1985 report of gouge with VG
DDH85-131		49.35	53.00	3.65	2.36	
	incl.	51.00	53.00	2.00	4.27	
DDH85-133		46.00	53.00	7.00	1.11	
	incl.	46.00	48.00	2.00	2.96	
DDH85-134		**99.00**	**102.00**	**3.00**	**13.45**	
DDH85-135		51.00	55.00	4.00	1.05	
	incl.	51.00	53.00	2.00	1.71	
DDH85-136		62.00	69.00	7.00	2.96	
	incl.	**63.00**	**65.00**	**2.00**	**6.04**	
DDH85-139		41.00	47.00	6.00	1.46	
	incl.	41.00	45.00	4.00	1.93	
DDH85-140		65.00	667.00	2.00	3.15	
DDH85-157		**146.00**	**148.00**	**2.00**	**67.69**	
DDH85-159		160.35	167.00	6.35	1.44	
	incl.	163.00	165.00	2.00	4.00	
DDH85-164		145.00	148.00	3.00	1.89	
	incl.	145.00	147.00	2.00	2.60	

DDH85-165		57.90	64.00	6.10	0.67	
	incl.	57.90	60.00	2.10	1.52	
DDH85-166		**126.00**	**132.00**	**6.00**	**11.96**	
DDH85-167		**95.10**	**103.00**	**6.90**	**4.14**	
	incl.	**96.00**	**101.00**	**5.00**	**5.47**	
	incl.	**96.00**	**98.00**	**2.00**	**11.28**	
DDH85-168		141.00	142.95	1.95	3.47	Partial Recovery of zone of mineralization
DDH85-172		153.00	157.00	4.00	2.33	
	incl.	153.00	155.00	2.00	4.33	
DDH85-175		**143.00**	**145.00**	**2.00**	**10.46**	

Outside North Shoot

Drill Hole		FROM (m)	TO (m)	Width (m)	Au g/t	Comment
DDH85-120		Core from mineralized interval lost				North between North Shoot and North Extension
DDH85-126		48.00	53.00	5.00	0.78	South of North shoot
	incl.	50.00	52.00	2.00	1.45	
DDH85-132		110.00	111.00	1.00	1.54	South of North shoot
DDH85-137		132.00	133.00	2.00	3.00	South of North shoot
DDH85-138		105.00	109.00	4.00	1.77	South of North shoot
DDH85-141		65.00	68.00	3.00	1.95	North between North Shoot and North Extension
DDH85-142		85.00	88.00	3.00	1.25	South of North shoot
DDH85-143		46.00	49.00	3.00	0.48	North between North Shoot and North Extension
DDH85-144		121.00	124.00	3.00	0.41	South of North shoot
DDH85-145		103.00	104.85	1.85	1.42	South of North shoot
DDH85-154		152.00	155.00	3.00	0.66	South of North shoot
DDH85-162		138.00	141.00	3.00	0.40	North between North Shoot and North Extension
DDH85-169		96.32	97.00	0.68	1.69	South of North Shoot, Missing core from part of zone

Orientation of the Crestaurum Zone is well defined by 187 drill holes (average 035º strike and average 50º dip), and therefore it is confidently known that the drill intersections are close to true thickness, ranging from 85%-100% true width.

TerraX collected 358 samples for assay from the drilling in the North Shoot area. Individual assay results ranged from below detection to a high of 131 g/t Au. Best results were obtained in areas of good quartz veining. Sampling generally was done by quarter core sampling of half sawn core that remained from previous sampling in 1985, although TerraX sampled all of the core that was available, and extended its sampling beyond the previous sample limits. In areas of previous sampling, quarter core samples remain in the core boxes for further examination if required. Newly sampled areas have one half core remaining.

TerraX re-logged and re-sampled mineralized core intervals from 38 more holes drilled in 1985 by Giant Mines on the Crestaurum deposit. These include holes from the North Extension Shoot area (16 holes), the Central Shoot area (11 holes), and the South Shoot area (11 holes). The results from the 22 holes drilled at the Central and South Shoots were reported on September 25, 2013, with high-grade gold intercepted near surface in several holes. Highlights include:

Central Shoot

- **20.66 g/t Au over 5.00 meters** in hole 85-187
- **12.79 g/t Au over 3.00 meters** in hole 85-181

South Shoot

- **12.43 g/t Au over 5.00 meters** in hole 85-173
- **8.03 g/t Au over 5.00 meters** in hole 85-174

The Central Shoot is 150 m south of the 36 drill intersections reported from the North Shoot on September 18, 2013. The South Shoot is a further 300 m southwest of the Central Shoot and is the most southerly area previously drilled on the Crestaurum shear.

All holes from the Central Shoot and the South Shoot areas are listed below and are categorized into "Inside Shoot" and "Outside Shoot" based on interpretations of the zones done by Giant Mines in 1988. The table includes comment on issues concerning a few holes with missing core in the mineralized zones, and comment on spatial location of holes outside the shoot.

Assay Intervals from Crestaurum

Inside Central Shoot

Drill Hole		FROM (m)	TO (m)	Width (m)	Au g/t	Comment
DDH85-177		53.00	60.00	6.00	3.57	
	incl.	**57.00**	**59.00**	**2.00**	**10.04**	
DDH85-179		74.00	80.00	6.00	1.34	
	incl.	76.00	78.00	2.00	2.77	
DDH85-181		**67.00**	**70.00**	**3.00**	**12.79**	
DDH85-185		56.60	63.00	6.40	1.14	Zone bifurcates into two lenses
	incl.	61.00	63.00	2.00	2.96	
	and	78.00	80.00	2.00	2.21	
DDH85-186		80.00	82.00	2.00	4.18	
DDH85-187		**81.00**	**86.00**	**5.00**	**20.66**	
DDH85-191		75.00	83.00	8.00	0.80	
	incl.	81.00	83.00	2.00	2.28	

Outside Central Shoot

Drill Hole		FROM (m)	TO (m)	Width (m)	Au g/t	Comment
DDH85-183		94.00	96.00	2.00	0.71	South of Central Shoot
DDH85-189		Core from mineralized interval lost				North of Central Shoot
DDH85-149		Core from mineralized interval lost				North of Central Shoot
DDH85-152		152.10	153.00	0.90	2.63	North of Central Shoot, partially missing mineralized zone core

Inside South Shoot

Drill Hole		FROM (m)	TO (m)	Width (m)	Au g/t	Comment
DDH85-171		60.00	63.00	3.00	3.35	
DDH85-173		**54.00**	**59.00**	**5.00**	**12.43**	
DDH85-174		**61.00**	**66.00**	**5.00**	**8.03**	
DDH85-176		64.00	66.00	2.00	2.34	
DDH85-178		**63.00**	**66.00**	**3.00**	**4.20**	
DDH85-180		51.00	63.00	13.00	1.23	Zone bifurcates into two lenses

	incl.	51.00	54.00	2.00	3.03	
	and incl.	61.00	63.00	2.00	3.85	
DDH85-190		66.00	67.29	1.29	5.96	Zone bifurcates into two lenses
	and	99.00	101.00	2.00	2.90	

Outside South Shoot

Drill Hole		FROM (m)	TO (m)	Width (m)	Au g/t	Comment
DDH85-170		58.00	60.00	2.23	0.75	North of South Shoot
DDH85-182		72.00	79.00	7.00	0.52	South of South Shoot
	incl.	76.00	78.00	2.00	1.23	
DDH85-184		118.87	121.00	2.13	1.38	Below Plunge
DDH85-188		114.91	122.00	4.89	0.16	Missing 2.1 meters of core from centre of mineralization

TerraX collected 319 samples for assay from the drilling in the Central Shoot and South Shoot areas. Individual assay results ranged from below detection to a high of 85.6 g/t Au. Best results were obtained in areas of good quartz veining.

TerraX released their resampling results from the 16 holes drilled in 1985 by Giant Mines on the North Extension Shoot area of the Crestaurum deposit on October 2, 2013. The North Extension Shoot is 100 m north of the 'North Shoot', and is the most northerly area previously drilled on the Crestaurum shear. Highlights include:

- **62.90 g/t Au over 5.00 meters** in hole 85-150;
- **4.43 g/t Au over 5.00 meters** in hole 85-148; and
- **6.55 g/t Au over 2.00 meters** in hole 85-151

TerraX believes these assay results provide further confirmation of this important zone of mineralization at Crestaurum, which remains open in all directions and down dip. All holes from the North Shoot Extension area are listed below and are categorized into "Inside Shoot" and "Outside Shoot" based on interpretations of the zones done by Giant Mines in 1988.

Assay Intervals from Crestaurum

Inside North-Ext Shoot

Drill Hole		FROM (m)	TO (m)	Width (m)	Au g/t	Comment
DDH85-125		108.00	115.00	7.00	0.72	
	incl.	112.00	114.00	2.00	1.52	
DDH85-148		**70.00**	**75.00**	**5.00**	**4.43**	
DDH85-150		52.00	59.00	7.00	45.05	
	incl.	**53.00**	**58.00**	**5.00**	**62.90**	
DDH85-151		86.00	89.00	3.00	4.59	
	incl.	**86.00**	**88.00**	**2.00**	**6.55**	
DDH85-163		70.00	78.00	8.00	1.73	
	incl.	71.00	75.00	4.00	3.00	

Outside North-Ext Shoot

Drill Hole		FROM (m)	TO (m)	Width (m)	Au g/t	Comment
DDH85-122		No significant assays				Between North Shoot and North Extension

DDH85-123		Core from mineralized interval lost				Between North Shoot and North Extension
DDH85-130		102.00	105.00	3.00	0.16	Between North Shoot and North Extension
DDH85-146		46.00	51.00	5.00	1.02	Between North Shoot and North Extension
	incl.	47.00	49.00	2.00	1.84	
DDH85-147		67.00	69.00	2.00	2.29	Between North Shoot and North Extension
DDH85-153		71.83	77.25	5.42	1.24	North of North-Ext Shoot
DDH85-155		55.00	57.00	2.00	1.32	North of North-Ext Shoot
DDH85-156		107.00	108.81	1.81	1.41	North of North-Ext Shoot, mineralized zone partially missing
DDH85-158		98.00	99.97	1.97	0.83	North of North-Ext Shoot
DDH85-160		108.00	110.00	2.00	1.91	North of North-Ext Shoot
DDH85-161		81.38	82.00	0.62	2.94	North of North-Ext Shoot

TerraX collected 170 samples for assay from the drilling in the North Shoot Extension area. Individual assay results ranged from below detection to a high of 216 g/t Au. Best results were obtained in areas of good quartz veining.

The shear structure containing the Crestaurum mineralization has been drilled for 1400 m of strike length, but the deepest known intersection into the mineralization is less than 150 m vertical depth. The deposit is interpreted to extend further north than the North Extension based on widely spaced drilling with significant gold grades reported in drill logs by previous operators. It has almost no drilling to the south of the South Shoot. The deposit therefore remains open in all directions.

20 Shear

On October 16, 2013 TerraX announced results from the re-sampling of Hole NB94-01A at Northbelt. Hole NB94-01A was drilled on a third mineralized structure, the 20 Shear, located approximately 700 meters east of the Crestaurum Zone and approximately 2000 meters southwest of the drilling reported on the Barney Shear. The 20 Shear strikes north-south, sub-parallel to the Barney Shear. It intersected a mineralized zone totaling **21.12 m @ 2.97 g/t Au, inclusive of 3.88 m @ 8.81 g/t Au.** The results from NB94-01A provide drill assay confirmation of a 3rd gold mineralized shear structure on the Northbelt property. Previous mapping of this structure has extended it for at least 4 km on surface and also identified additional gold mineralized splays and intersections associated with the 20 Shear.

The core was subjected to a full geological and geotechnical analysis which included refitting of the core, revealing 100% recovery and excellent geotechnical rock quality values. Core distances were converted from the original imperial measurements (feet) to metric (meters), and new core sampling intervals designated from the metric measurements. Logging of NB94-01A revealed extensive zones of alteration (siliceous, carbonate, sericitic, +/- chlorite) and shearing from 118 meters to the end of the hole at 325 meters. Within this wide zone of alteration were several zones of quartz veining and pyrite mineralization, with an area of concentrated mineralization and veining from 285.00-307.00 meters. This mineralization occurs in a siliceous rhyolitic tuff.

TerraX collected 64 samples for assay from NB94-01A. Results ranged from below detection to a high of 13.3 g/t Au. Best results were obtained between 285 and 307 meters down hole, with sporadic anomalous values (0.1-4.33 g/t Au) in several other narrow intervals. Significant assay results from hole NB94-01A include:

NB94-01A Assay Results				
	From (m)	To (m)	Interval (m)	Au (g/t)
Main Zone	**285.88**	**307.00**	**21.12**	**2.97**
including	289.86	303.96	14.10	4.07
including	**300.14**	**303.96**	**3.88**	**8.81**

Other Zones	118.08	119.33	1.25	1.11
	320.50	321.90	1.40	2.38

True thickness of the main zone is unknown at present and the depth from surface for this intersection is approximately 230 vertical meters.

The assay results from NB94-01A are very encouraging as they indicate another zone of important potential on the Northbelt property. The 20 Shear has been delineated by previous workers over a strike length of 4 km yet has had very little drill testing, with sporadic drilling over 200 m of strike length in 1994.
Logging and sampling of drill core recovered by Terrax from the Giant Mine site is ongoing, with core from approximately 200 holes now stored at our dedicated core storage facility at the Yellowknife airport.

Core sampling included insertion of certified standards and blanks. Samples were prepared at ALS Chemex's laboratory in Yellowknife and shipped to their Vancouver facility for gold and ICP analysis. ALS is a certified and accredited laboratory service.

The technical information contained in this disclosure has been approved by Joseph Campbell, the President of TerraX, who is a Qualified Person as defined in "National Instrument 43-101, Standards of Disclosure for Mineral Projects."

During the three months ended October 31, 2013 the Company incurred $398,950 in exploration on the Northbelt property, inclusive of geological consulting ($164,138), assays ($73,653) field expenses ($157,067) and geophysical surveys ($4,092).

Goodwin Gold Property, Northwest Territories

In May 2013 TerraX acquired additional property in the Yellowknife gold camp and expanded the overall size of the Northbelt property through the purchase of the Goodwin gold property from Sonde Resources Corp. The Goodwin property occurs 8 km north-northeast of Yellowknife and consists of 12 mineral claims totalling 619.8 acres (250.82 ha) that lie to the south of, and are contiguous to, the southern boundary of the Northbelt property. TerraX acquired a 100% interest in the claims, which have no underlying royalties and are in good standing until 2058. The Goodwin property abuts the Giant Mine property (historical production of 7.6 Moz Au, source: *Guide to Mineral Deposits, Northwest territories, 2007*), which lies immediately to the west. Like the Giant and Northbelt properties, the Goodwin property is predominantly underlain by Archean mafic volcanics of the Yellowknife Volcanic Belt.

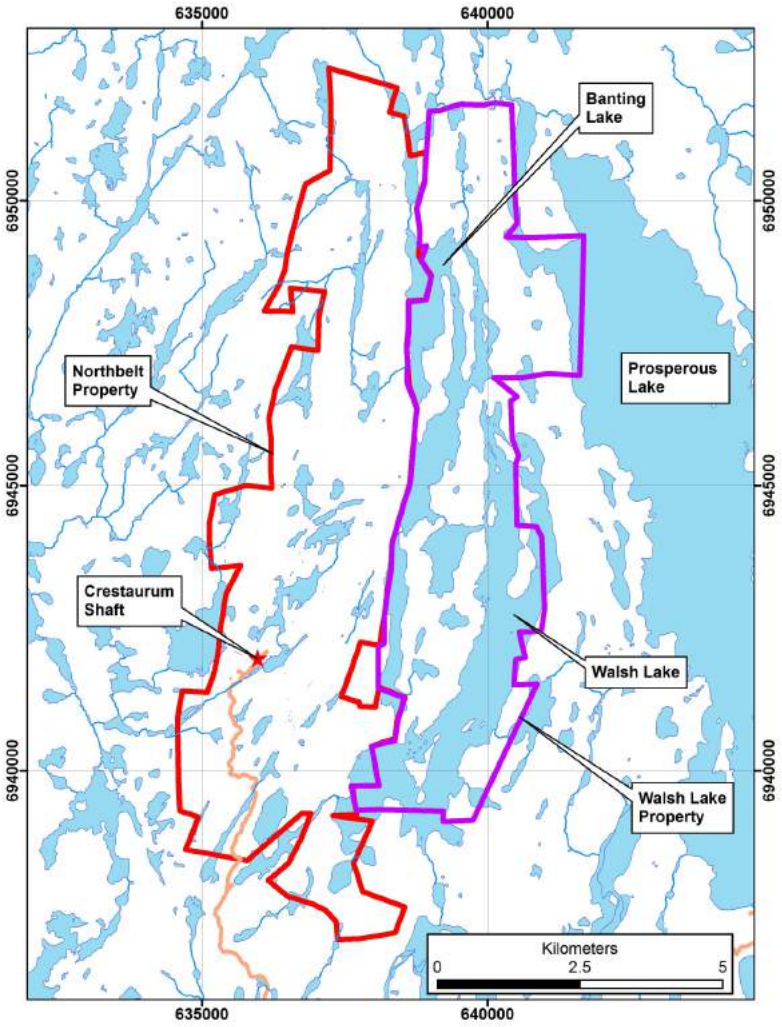
The Goodwin property is 2.6 km long in a north-south direction and almost 1 km wide. The property is known to host one mineral occurrence, the Goodwin showing. Government records indicate that a chip sample of unspecified length assayed 6.86 g/t Au at the Goodwin showing. The sample was said to contain schist and quartz vein material. TerraX does not have complete records of all previous work completed on this property. According to historical maps, at least 37 drill holes have been drilled on the property, but TerraX only has logs for 14 of these holes, and assays from only 3 holes. All known holes are in the southern 1 km of the property, adjacent to the Giant property, although the Goodwin showing is in the northern portion of the property. TerraX expects to be able to use knowledge gained from the Northbelt property to generate targets on the Goodwin property.

Walsh Lake Property, Northwest Territories

On October 28, 2013 TerraX entered into an option agreement whereby it can acquire a 100% interest in the Walsh Lake property, which is contiguous with and immediately east of the Northbelt property. The Walsh Lake property consists of seven leases and five claims totaling 6,659 acres (26.95 sq km). Historical exploration on the property has produced grab samples as high as 150 g/t Au and drill intersections as high as 15.85 m @ 2.59 g/t Au.

During due diligence field work conducted during September 2013 TerraX visited eleven different showings on the Walsh Lake property, sampling trenches and exposed showings. Gold results ranged from below detection to a

chip sample of **1 m @ 30.8 g/t Au**, with each showing returning at least one anomalous (>100 ppb Au) sample. Results confirm that anomalous to significant gold concentrations are widespread on the property. TerraX's sampling produced chip sample assays as high as **6 m @ 7.29 g/t Au.** Highlights of this field work are summarized in the following table. A map showing the location of the sampling referenced below is available on our web site at www.terraxminerals.com.



Results of TerraX's September 2013 Surface Sampling, Walsh Lake Property

Showing	**Length (m)**	**Au (g/t)**
Sam Otto	5.0	1.90
Mispickel Island	4.0	3.55
Mispickel Island	6.0	7.29
including	1.0	30.80
Samex	4.0	6.20
including	1.0	22.30

Nib Central	4.0	1.51
Nib North	3.0	1.45

The Walsh Lake property is underlain by Archean felsic volcanics and sediments. The structural regime on the Walsh Lake and Northbelt properties appears to be similar, with gold on the Walsh Lake property occurring in subvertical, NNW to NNE trending shear zones and associated quartz veins and biotite or sericite schists. TerraX can acquire a 100% interest in the Walsh Lake property over a four year period by making option payments totaling $90,000 ($5,000 on signing and $10,000 on the first anniversary of signing), issuing 260,000 shares (30,000 shares in the first year) and funding $400,000 of exploration expenditures ($25,000 in the first year). The vendor will retain a 2% NSR, of which 1.5% can be purchased by TerraX for $2 Million.

TerraX has not completed a detailed compilation of the property, but as part of its due diligence has reviewed several reports and spent two days in September 2013 collecting samples from trenches and showings. The property has been intermittently explored since the 1930's, including campaigns by Barrick Gold, Rubicon Minerals, Inmet Mining, and Nebex Resources Ltd. This previous exploration activity has included prospecting, mapping, soil geochemistry, airborne geophysics, Induced Polarization (ground geophysics), excavation of numerous trenches, and the drilling of at least 101 drill holes. Numerous anomalous trench and drill hole intersections have been reported, with highlights summarized in the following tables:

Results of Historical Grab and Trench Sampling, Walsh Lake Property

Showing	**Length (m)**	**Au (g/t)**
Sam Otto (Trench 6)	1.5	6.00
Sam Otto (Trench 8)	1.0	4.70
Samex Island	2.4	8.98
Nib North (Trench NN-8)	1.06	15.17
Nib North (Trench NN-9)	3.04	3.45
Mispickel Island	1.10	8.98
Mos	Grab	150.0

Historical Drill Intersections, Walsh Lake Property

Showing	**Drill Hole**	**Length (m)**	**Au (g/t)**
Sam Otto	W89-1	15.85	2.59
Sam Otto	W89-2	29.96	1.11
Sam Otto	W93-1	10.08	3.09
Sam Otto	W95-2	4.16	5.17
Sam Otto	WLP-00-02	11.5	2.47
Sam Otto North	W95-31	2.40	7.00
Sam Otto North	W97-6	1.84	8.31
Sam North	W95-12	3.35	6.11
Dave's Pond	W95-29	4.75	5.61

Dave's Pond	W95-33	1.60	11.81
Mispickel Northwest	W97-4	2.50	3.50

TerraX plans to undertake a detailed compilation of previous work prior to formulating an exploration plan for the Walsh Lake property

The technical information reported above has been approved by Tom Setterfield, Vice President Exploration of TerraX, who is a Qualified Person as defined in "National Instrument 43-101, Standards of Disclosure for Mineral Projects."

Private Placement

On November 25, 2013 TerraX announced a non-brokered private placement of up to 1,700,000 units at $0.45 per unit for gross proceeds of up to $765,000. Due to additional demand, this private placement was subsequently increased by up to $335,000, bringing the total amount raised up to $1,100,000.

On December 20, 2013 the Company completed an initial closing of 2,261,812 units at $0.45 per unit for gross proceeds of $1,017,815. Each unit consists of one common share and one-half of one share purchase warrant, with each full warrant entitling the holder to purchase an additional common share at an exercise price of $0.50 per share until December 20, 2015. The shares and any shares acquired on the exercise of warrants are subject to a hold period expiring on April 21, 2014. Finder's fees of $25,773 were paid with respect to a portion of this placement along with the issuance of 56,574 finders warrants exercisable at $0.50 until December 20, 2015.

Virginia Mines Inc. (TSX: VGQ), a current shareholder of TerraX, purchased 555,556 units of this private placement for net proceeds to TerraX of $250,000. In addition, over a third of this private placement was subscribed for by investors and business persons active in the Yellowknife community, providing us with tangible evidence of the local support for TerraX's exploration at its Northbelt gold project

Advance Notice Policy adopted

At the Annual General Meeting of the Company held on August 14, 2013 the shareholders approved an Advance Notice Policy (the "Policy") which, among other things, includes a provision that requires advance notice to the Company in circumstances where nominations of a person or persons for election to the Board of Directors are made by shareholders of the Company other than pursuant to: (i) a requisition for a meeting made pursuant to the provisions of the *Business Corporations Act* (British Columbia) (the "**Act**"); or (ii) a shareholder proposal made pursuant to the provisions of the Act.

The Policy fixes a deadline by which holders of record of common shares of the Company must submit director nominations to the Company prior to any annual or special general meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Company for the notice to be in proper written form. The Policy provides that the Board of Directors may, in its sole discretion, waive any requirement of the Policy.

In the case of an annual general meeting of shareholders, notice to the Company must be made not less than 30 nor more than 65 days prior to the date of the annual general meeting; provided, however, that in the event that the annual general meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual general meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement.

In the case of a special general meeting of shareholders (which is not also an annual general meeting), notice to the Company must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special general meeting was made.

The full text of the Policy is available via SEDAR at www.sedar.com or upon request by contacting the Company at 604-689-1749 or by e-mail at info@terraxminerals.com.

Vanguard Shareholder Solutions Inc. retained as Investor Relations Consultant

On August 29, 2013 TerraX retained Vanguard Shareholder Solutions Inc. to provide additional investor relations services to the Company.

Based in Vancouver, Vanguard is owned and operated by Paul J. Lathigee and has been providing strategic investor relations services to some of Canada's most successful publicly traded venture-stage companies for over 12 years. Vanguard is to assist TerraX in achieving its near-term objective of increasing market awareness in the financial community in North America and Europe. Since 2001, Vanguard has assisted its client companies in raising hundreds of millions of dollars of equity capital, as outlined on their web site at www.vanguardsolutions.ca.

As consideration for its services, Vanguard will be paid a monthly fee of $6,000 and has been granted 360,000 options exercisable at $0.29 per share for a five year period, subject to vesting provisions. The agreement with Vanguard is for an initial term of six months.

Current Economic Conditions

During early calendar 2013, the ongoing global credit crisis and economic weakness have made for extremely volatile capital markets characterized by weaker equity prices for mineral exploration companies and an environment in which limited opportunities existed to raise additional capital. While stronger commodity prices have provided financing opportunities which TerraX has capitalized on in the past to augment its working capital, management of the Company remains cautious and will continue to take the necessary precautions to maintain its cash reserves. The Company has commitments in the future (later this fiscal year and beyond) on its mineral properties and the Company may be forced to abandon and write-off one or more of these properties if the Company does not have the means to meet these commitments, or does not feel it is fiscally prudent to do so. In order to conserve cash, TerraX elected not to make the annual pre-production royalty payment on the Sunbeam-Pettigrew property when due in April 2013 and returned the property to the vendors while it was still in good standing, thus avoiding further provincial work obligations that would come due in 2014.

With the completion of a private placement for gross proceeds of $1,017,815 in December 2013 the Company currently has sufficient cash to meet all obligations during through fiscal 2015 and does not believe that any write-downs of its mineral properties are required at this time. The Company will be reviewing its mineral property commitments as well as its working capital position on an ongoing basis during fiscal 2015 and may elect to abandon properties when obligations become due if management deems it necessary in order to maintain the long-term viability of the Company.

Results of Operations – Three months ended October 31, 2013

Operating expenses for the three months ended October 31, 2013 totaled $200,974 as compared to $56,983 during the three months ended October 31, 2012. The significant differences in expenditures were as follows:

Consulting expense increased to $17,001 during the three months ended October 31, 2013 from $1,200 incurred during the same period a year prior due to the resumption of investor presentations during the current period in order to facilitate the non-brokered private placement completed in December, 2013.

Office, rent and miscellaneous expenses increased to $10,362 during the three months ended October 31, 2013 due primarily to increased charges for office rent and administration services during the period. This compares to expenditures totaling $4,657 during the same period a year prior.

Professional fees increased to $5,254 during the three months ended October 31, 2013 due to legal fees incurred with respect to the acquisition of the Walsh Lake property. This compares to professional fees of $1,081 incurred during the same period a year prior.

During the three months ended October 31, 2013 the company incurred $68,017 for share-based payments (a non-cash item) for stock options granted and vested during the period. This compares to share based payments of $23,794 granted during the same period a year prior for options that vested during that period.

The Company spent $77,559 for transfer agent, filing fees and shareholder communications during the three months ended October 31, 2013, an increase from the $25,056 incurred during the same period a year prior primarily due to increased expenditures on investor presentations, news dissemination and advertising.
Travel expenditures of $22,781 were incurred during the current period for travel required to attend trade shows and for broker presentations. This compares to travel expenses of only $1,195 incurred during the three month period ended October 31, 2012.

During the three months ended October 31, 2013 the Company earned interest income of $3,958 on cash equivalents on hand. This compares to $482 earned during the same period a year prior.

As a result of the foregoing, the Company recorded a loss for the three months ended October 31, 2013 of $197,016 as compared to a loss of $56,501 during the same period a year prior.

Summary of Quarterly Results

	Q4-2014	Q2-2014	Q1-2014	Q4-2013	Q3-2013	Q2-2013	Q1-2013	Q4-2012
Net loss ($)	197,016	293,292	63,633	1,244,736	56,501	43,587	39,742	50,983
Per Share ($)	0.01	0.01	0.00	0.05	0.00	0.00	0.00	0.00

The loss for the fourth quarter of fiscal 2012 increased to $50,983 from the loss of $26,529 incurred during the third quarter as operating expenses were not offset by any flow-through share liability reversal during the current period, although operating expenses were reduced by the elimination of share-based payments expense during the fourth quarter as no options were granted during the period.

The loss for the first quarter of fiscal 2013 decreased to $39,742 from the loss of $50,983 incurred during the fourth quarter of fiscal 2012 primarily due to a reduction in professional fees and travel expenses during the current period.

During the second quarter of fiscal 2013, the loss increased to $43,587 from the loss of $39,742 incurred during the first quarter primarily due to a share-based payment expense of $5,185 incurred during the period.

The loss for the third quarter of fiscal 2013 increased to $56,501 from the loss of $43,587 incurred during the second quarter primarily due to an additional share-based payment expense incurred during the current period for the granting of options.

The loss for the fourth quarter of fiscal 2013 increased to $1,244,736 from the $56,501 incurred during the prior quarter primarily due to a $1,162,831 write-off of exploration and evaluation assets related to the Sunbeam-Pettigrew property in Ontario subsequent to the period.

The loss for the first quarter of fiscal 2014 decreased to $63,633 from the loss of $1,244,736 incurred during the fourth quarter of fiscal 2013 primarily due to the elimination of the write-off of $1,162,831 incurred during the prior period on the abandonment of exploration and evaluation assets.

The loss for the second quarter of fiscal 2014 increased to $293,292 from the loss of $63,633 incurred during the first quarter primarily due to share-based payment expense of $211,216 incurred during the current period for options granted and vested during the period along with additional shareholder communication and travel expenses.

The loss for the third quarter of fiscal 2014 was reduced to $197,016 primarily because of a reduction in share-based payments expense to $68,017, a non-cash expense, from the $211,216 incurred during the second quarter when a larger number of incentive stock options were granted to management, directors and consultants. This reduction

was partially offset by increases in shareholder communication and travel expenses during the current quarter.

Liquidity and Solvency

TerraX is in the development stage and therefore has no regular cash flow. As at October 31, 2013, the Company had working capital of $900,228, inclusive of cash and cash equivalents of $754,593. This compares to working capital at January 31, 2013 of $373,610, inclusive of cash and cash equivalents of $386,558.

As at October 31, 2013, the Company had current assets of $1,016,971, total assets of $3,884,766 and total liabilities of $116,743. The Company has no long-term debt. There are no known trends in the Company's liquidity or capital resources.

The principal assets of the Company are its mineral exploration properties, amounting to $2,867,795 as at October 31, 2013.

The increase in cash during the nine months ended October 31, 2013 of $368,035 was due to cash received from completion of a private placement in May 2013 for net proceeds of $1,360,377 and exercise of options for $198,000, offset by cash used in mineral property acquisition and exploration of $969,900 and cash used by operating activities of $220,443. During the nine months ended October 31, 2012, cash decreased by $487,814 as a result of cash spent on mineral property acquisition and exploration of $441,002 and cash used by operating activities of $46,812.

On December 20, 2013 the Company completed an initial closing of a planned private placement of up to $1.1 Million for gross proceeds of $1,017,815. The net proceeds from this placement, along with cash on hand, will be sufficient to fund the Company's planned exploration activities through fiscal 2015 as well as its general and administrative expenses through the same period. As at the date of this report, the Company has approximately $1.42 Million in cash and cash equivalents.

Cash flow to date has not satisfied the Company's operational requirements. The development of the Company in the future will depend on the Company's ability to obtain additional financings. In the past, the Company has relied on the sale of equity securities to meet its cash requirements. Future developments, in excess of funds on hand, will depend on the Company's ability to obtain financing through joint venturing of projects, debt financing, equity financing or other means. There can be no assurances that the Company will be successful in obtaining any such financing or in joint venturing its property; failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of the Company's properties.

Risk, Uncertainties and Outlook

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. Other risks facing the Company include competition for mineral properties, environmental and insurance risks, fluctuations in metal prices, fluctuations in exchange rates, share price volatility and uncertainty of additional financing.

Going concern

The Company is in the exploration stage and has no revenue or income from operations. The Company has limited capital resources and has to rely upon the sale of equity and/or debt securities for cash required for exploration and development purposes, for acquisitions and to fund the administration of the Company. Since the Company does not expect to generate any revenues from operations in the near future, it must continue to rely upon the sales of its equity or debt securities or joint venture agreements to raise capital. It follows that there can be no assurance that financing, whether debt or equity, will be available to the Company in the amount required by the Company at any particular time or for any period and that such financing can be obtained on terms satisfactory to the Company.

The Company's financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable

future. The continuing operations of the Company are dependent upon its ability to obtain the necessary financing to meet its ongoing commitments and further its mineral exploration programs.

The Company may encounter difficulty sourcing future financing in light of the recent economic downturn. The current financial equity market conditions and the inhospitable funding environment make it difficult to raise capital through the private placements of shares. The junior resource industry has been severely affected by the world economic situation as it is considered speculative and high-risk in nature, making it even more difficult to fund. While the Company is using its best efforts to achieve its business plans by examining various financing alternatives, there is no assurance that the Company will be successful with any financing ventures.

Related Party Transactions

During the three months ended October 31, 2013, $9,000 (2012 - $4,500) was paid to a private company wholly-owned by Stuart Rogers, a director and officer of the Company, for office rent and administration services provided to the Company.

During the three months ended October 31, 2013, the Company paid $141,963 (2012 – $4,725) to a private company in which Joseph Campbell, the President of the Company, and Thomas Setterfield, a director of the Company, are principals for geologic consulting services incurred on the Company's properties during the current period. In addition, a further $15,150 (2012- $1,200) was paid to this same private company for consulting services provided during this same period.

These transactions were in the normal course of operations and were measured at the exchange amount as agreed to by the related parties.

Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its other receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign exchange risk
The Company's functional currency is the Canadian dollar. All of its major expenses are transacted in Canadian dollars and the Company maintains all of its cash in Canadian dollars. As such, the Company has no immediate

exposure to fluctuations in foreign exchange rates at the present time.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash equivalents as these instruments have original maturities of three months or less and are therefore exposed to interest rate fluctuations on renewal. A 1% change in market interest rates would have an impact on the Company's net loss of approximately $7,500 over the course of a year.

Capital Management
The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	October 31, 2013	January 31, 2013
FVTPL:		
Cash and cash equivalents	$ 754,593	$ 386,558
Loans and receivables:		
GST recoverable	43,215	12,588
Interest receivable	4,673	-
	$ 802,481	$ 399,146

Financial liabilities included in the statement of financial position are as follows:

	October 31, 2013	January 31, 2013
Non-derivative financial liabilities:		
Trade payables	$ 116,743	$ 34,136

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at October 31, 2013 and January 31, 2013:

	As at October 31, 2013		
	Level 1	**Level 2**	**Level 3**
Cash and cash equivalents	$ 754,593	$ -	$ -
	As at January 31, 2013		
	Level 1	**Level 2**	**Level 3**
Cash and cash equivalents	$ 386,558	$ -	$ -

Contingencies

The Company is aware of no contingencies or pending legal proceedings as of December 23, 2013.

Off Balance Sheet Arrangements

The Company has no Off Balance Sheet arrangements.

Equity Securities Issued and Outstanding

The Company had 39,707,028 common shares issued and outstanding as of December 23, 2013. In addition, there were 3,660,000 incentive stock options and 6,607,223 share purchase warrants outstanding as of December 23, 2013.

Disclaimer

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at www.sedar.com. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements. Such factors include, among others, the following: mineral exploration and development costs and results, fluctuation in the prices of commodities for which the Company is exploring, competition, uninsured risks, recoverability of resources discovered, capitalization requirements, commercial viability, environmental risks and obligations, and the requirement for obtaining permits and licenses for the Company's operations in the jurisdictions in which it operates.