



(An Exploration Stage Entity)

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

For the Nine Months ended August 31, 2014

(Unaudited)

Notice of No Auditor Review

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a), the Company discloses that the unaudited condensed consolidated interim financial statements, and accompanying notes thereto, for the nine months ended August 31, 2014 have been prepared by and are the responsibility of the Company's management. They have been reviewed and approved by the Company's Audit Committee and the Board of Directors.

The Company's independent auditor, PricewaterhouseCoopers LLP, has not performed a review of these unaudited condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants.

China Minerals Mining Corporation
(An Exploration Stage Entity)
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - in Canadian dollars)

	August 31, 2014	November 30, 2013
ASSETS		
Current assets		
Cash and cash equivalents (Note 3)	\$ 850,336	\$ 673,413
Short-term investments	11,500	833,853
Other receivables	2,926	1,506
Prepaid expenses	40,139	39,885
Supplies inventory	10,000	10,000
	914,901	1,558,657
Property, plant and equipment (Note 4)	979,143	1,068,513
Reclamation bonds (Note 5)	349,444	349,444
Exploration and evaluation assets (Note 5)	18,891,651	18,764,216
	\$ 21,135,139	\$ 21,740,830
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 5,181	\$ 137,064
Asset retirement obligation (Note 5)	1,315,336	1,313,150
	1,320,517	1,450,214
EQUITY		
Share capital (Note 6)	51,550,715	51,550,715
Share-based payment reserve	9,764,046	9,764,870
Foreign currency translation reserve	(1,929)	(1,929)
Deficit	(41,498,210)	(41,023,040)
	19,814,622	20,290,616
	\$ 21,135,139	\$ 21,740,830

Nature of operations (Note 1)

Commitments (Note 8)

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

Approved on behalf of the Board:

"Harvey Brooks"

Chairman of the Audit Committee

"Ling Zhu"

Director

China Minerals Mining Corporation
(An Exploration Stage Entity)
Condensed Consolidated interim Statements of Comprehensive Loss
(Unaudited - in Canadian dollars)

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>August 31,</i>		<i>August 31,</i>	
	2014	2013	2014	2013
Accretion of asset retirement obligation	\$ 728	\$ 16,765	\$ 2,186	\$ 29,777
Amortization	604	1,166	1,811	3,500
Bank charges and financing interests	667	484	1,605	1,651
Director and executive fees	55,500	55,500	166,500	172,500
Filing fees and transfer agent	8,851	7,666	18,789	20,794
Investor relations	1,302	12,384	2,596	37,517
Loss from disposal of equipment	2,620	86,624	2,620	155,750
Professional and consulting fees	1,720	8,628	23,916	26,720
Project investigation	-	1,851	243	3,600
Rent and office expenses	58,359	124,877	275,010	432,125
Salaries and benefits	53,577	102,168	162,828	332,186
Shareholder information	863	220	3,025	3,637
Share-based payments	-	1,450	(107)	8,388
Travel	583	377	1,022	7,429
Loss before the undernoted	(185,374)	(420,160)	(662,044)	(1,235,574)
Other income (expenses)				
Interest income	5,271	5,411	13,673	13,433
Other income	34,948	91,596	171,390	210,437
Foreign exchange gain	1,091	4,278	1,811	17,731
Loss and comprehensive loss for the period	(144,064)	(318,875)	(475,170)	(993,973)
Basic and diluted loss per common share	(0.00)	(0.00)	(0.00)	(0.01)
Weighted average number of common shares outstanding	189,873,268	189,873,268	189,873,268	189,873,268

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

China Minerals Mining Corporation

(An Exploration Stage Entity)

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited - in Canadian dollars)

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>August 31,</i>		<i>August 31,</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
Cash provided by (used in):				
Operating activities				
Net loss for the period	\$ (144,064)	\$ (318,875)	\$ (475,170)	\$ (993,973)
Items not affecting cash:				
Accretion of asset retirement obligation	728	16,765	2,186	29,777
Amortization	604	1,166	1,811	3,500
Loss from disposal of equipment	2,620	86,624	2,620	155,750
Share-based payments	-	1,450	(107)	8,388
	(140,112)	(212,870)	(468,660)	(796,558)
Changes in non-cash working capital				
Other receivables and prepaid expenses	(231)	11,555	(1,674)	123,459
Supplies inventory	-	(3,214)	-	935
Accounts payable and accrued liabilities	(43,481)	35,814	(131,882)	(40,251)
	(183,824)	(168,715)	(602,216)	(712,415)
Investing activities				
Proceeds from sale of equipment	1,280	15,860	1,280	39,640
Exploration and evaluation expenditures	(23,080)	(41,437)	(44,494)	(211,244)
Short-term investments	-	-	822,353	15,000
	(21,800)	(25,577)	779,139	(156,604)
(Decrease) increase in cash and cash equivalents	(205,624)	(194,292)	176,923	(869,019)
Cash and cash equivalents, beginning of period	1,055,960	1,468,957	673,413	2,143,684
Cash and cash equivalents, end of period	\$ 850,336	\$ 1,274,665	\$ 850,336	\$ 1,274,665

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

CHINA MINERALS MINING CORPORATION
(An Exploration Stage Entity)
Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited - in Canadian dollars)

	Number of Shares	Share Capital	Share-based Payment Reserve	Foreign Currency Translation Reserve	Deficit	Total Shareholders' Equity
Balance, December 1, 2013	189,873,268	\$ 51,550,715	\$ 9,764,870	\$ (1,929)	\$ (41,023,040)	\$ 20,290,616
Share-based payments expensed	-	-	(107)	-	-	(107)
Share-based payments capitalized	-	-	(717)	-	-	(717)
Net loss for the period	-	-	-	-	(475,170)	(475,170)
Balance, August 31, 2014	189,873,268	\$ 51,550,715	\$ 9,764,046	\$ (1,929)	\$ (41,498,210)	\$ 19,814,622
Balance, December 1, 2012	189,873,268	\$ 51,550,715	\$ 9,754,913	\$ (26,516)	\$ (39,703,954)	\$ 21,575,158
Share-based payments expensed	-	-	8,388	-	-	8,388
Share-based payments capitalized	-	-	(96)	-	-	(96)
Net loss for the period	-	-	-	-	(993,973)	(993,973)
Balance, August 31, 2013	189,873,268	\$ 51,550,715	\$ 9,763,205	\$ (26,516)	\$ (40,697,927)	\$ 20,589,477

CHINA MINERALS MINING CORPORATION
(An Exploration Stage Entity)
Notes to Condensed Consolidated Interim Financial Statements
For the Nine Months ended August 31, 2014
(Unaudited – in Canadian Dollars)

1. NATURE OF OPERATIONS

China Minerals Mining Corporation (“China Minerals” or the “Company”) was incorporated in January 2006 under the laws of British Columbia, Canada as Hawthorne Resources Inc. and renamed as Hawthorn Gold Corp. in October 2006. In April 2011, the Company’s name was further changed to China Minerals. The Company’s registered office is Suite 1100 – 1111 Melville Street, Vancouver, British Columbia, Canada. China Minerals is listed on the TSX Venture Exchange under the trading symbol “CMV”. The Company and its subsidiaries are in the business of acquisition, exploration and development of mineral properties.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operations for the foreseeable future and meet its obligations and commitments in the normal course of business. At August 31, 2014, the Company had an accumulated deficit of \$41,498,210 (2013 - \$41,023,040) and no sources of revenue. The Company’s continued operations and the recoverability of the amounts for its exploration and evaluation assets are dependent upon the discovery of economically recoverable reserves and its ability to raise the necessary financing to successfully complete the exploration and development of its properties into profitable operations. Although the Company has been previously successful in raising the necessary capital to meet its obligations as they come due, there can be no assurance that the Company will have continual access to the financing market in the future or such financing will be on reasonable commercial terms to the Company. These financial statements do not reflect adjustments in the carrying values of the assets and liabilities and the reported expenditures that would be necessary if the Company was unable to realize its assets and discharge its liabilities in the normal course of business. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended November 30, 2013 which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). These condensed consolidated interim financial statements have been prepared on a historical cost basis.

These condensed consolidated interim financial statements were approved by the Audit Committee and authorized for issue with a consent resolution by the Board of Directors dated October 7, 2014.

(b) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Cassiar Gold Corp. (“Cassiar”) and North American Mining Consulting Ltd. (“NAM”). The Company consolidates these subsidiaries on the basis that it controls these subsidiaries, either directly or indirectly, through its ability to govern their financial and operating policies so as to obtain benefits from their activities. All intercompany transactions and balances have been eliminated on consolidation.

(c) Accounting judgments and estimates

The preparation of financial statements in accordance with IFRS requires management the use of certain critical accounting estimates and their exercise of judgment in applying the Company’s accounting policies.

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Area that management judgments and estimates having the most significant effect on the financial statements is:

Impairment of exploration and evaluation assets

The Company carries out impairment assessments on its exploration and evaluation assets when circumstances indicate their carrying values may exceed their recoverable amounts. The process of determining if an impairment indicator exists involves significant judgment and estimation on the recoverability of exploration and evaluation assets as it relies on both an interpretation of technical geological data as well as economic considerations including current and estimated future commodity prices, global market volatility and exploration activities. As new information becomes available, the recoverable amounts of the assets and the impairment loss may be different from these judgments and estimates.

(d) Changes in accounting policies

The standards and amendments to IFRS that are effective up to the date of authorization of these condensed consolidated interim financial statements are described below. The Company does not expect the amendments to the standards have a material impact on the Company's condensed consolidated interim financial statements.

IFRS 9 - Financial Instruments

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The IASB recently deferred the original planned effective date of January 1, 2015 to January 1, 2018. The Company does not expect any impact from the final standard on its financial position.

IAS 32 - Offsetting Financial Assets and Financial Liabilities
(Amendments to IAS 32 Financial Instruments: Presentation)

IAS 32 was amended to provide clarification on the application of the offsetting rules. The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and some gross settlement systems which may be considered equivalent to net settlement. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014. The amendments to the standard would not have impact on the Company's financial position.

IFRIC 21 - Levies

IFRIC 21 provides guidance on the accounting for a liability to pay a levy, providing that liability is within the scope of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. Levies are imposed by governments in accordance with legislation and do not include income taxes or fines/penalties imposed for breaches of legislation. A common levy example is property taxes. A liability to pay a levy is recognized at the date of the obligating event which may be at a point in time or over a period of time. An obligating event triggers the payment of the levy as identified by legislation. The interpretation is effective for annual periods beginning on or after January 1, 2014. The Company does not expect any impact the interpretation may have on its consolidated financial statements.

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3. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents are denominated in Canadian dollar, U.S. dollar and Chinese renminbi and the details are as follows:

	August 31, 2014	November 30, 2013
Cash at bank and in hand - Canadian dollars	\$ 144,742	\$ 83,177
Cash at bank and in hand - U.S. dollars	47,490	121,113
Cash at bank and in hand - Chinese renminbi	8,972	14,073
Short-term deposits - Canadian dollars	649,132	455,050
Cash and cash equivalents	\$ 850,336	\$ 673,413

4. PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Buildings	Site Equipment	Vehicles	Computers	Office Furniture	Total
As at November 30, 2012	\$ 20,000	\$ 1,290,049	\$ 495,566	\$ 99,648	\$ 69,988	\$ 46,064	\$ 2,021,315
Disposals	-	(65,638)	(413,035)	(78,648)	-	(20,000)	(577,321)
As at November 30, 2013	20,000	1,224,411	82,531	21,000	69,988	26,064	1,443,994
Disposals	-	-	-	-	(5,000)	(8,000)	(13,000)
As at August 31, 2014	\$ 20,000	\$ 1,224,411	\$ 82,531	\$ 21,000	\$ 64,988	\$ 18,064	\$ 1,430,994
Accumulated amortization							
As at November 30, 2012	\$ -	\$ 165,709	\$ 279,486	\$ 52,856	\$ 61,726	\$ 35,121	\$ 594,898
Amortization	-	108,397	34,246	7,227	2,479	1,146	153,495
Disposals	-	(25,275)	(282,589)	(51,448)	-	(13,600)	(372,912)
As at November 30, 2013	-	248,831	31,143	8,635	64,205	22,667	375,481
Disposals	-	-	-	-	(3,500)	(5,600)	(9,100)
Amortization	-	73,168	7,709	2,782	1,301	510	85,470
As at August 31, 2014	\$ -	\$ 321,999	\$ 38,852	\$ 11,417	\$ 62,006	\$ 17,577	\$ 451,851
Net book value							
As at November 30, 2013	20,000	975,580	51,388	12,365	5,783	3,397	1,068,513
As at August 31, 2014	20,000	902,412	43,679	9,583	2,982	487	979,143

For the nine months ended August 31, 2014, amortization of \$83,659 (2013 - \$119,273) was capitalized to exploration and evaluation assets and \$1,811 (2013 - \$3,500) expensed to operations.

5. EXPLORATION AND EVALUATION ASSETS

Cassiar Project, British Columbia

The Company, through its subsidiary Cassiar Gold Corp., owns 100% of the Cassiar mineral assets. The Cassiar project, located in northern British Columbia, Canada, comprises approximately 58,900 hectares of mineral rights. The Cassiar project's two major areas of exploration and development activities to date are the Table Mountain and the Taurus properties.

Table Mountain Property

Table Mountain is a past-producing underground gold mine. The property has a fully permitted gold mill and tailings management facility which are available for future ore processing. In 2012, the

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Company carried out a drilling program on the area named the Sky Vein prospect for possible gold-bearing veins. In 2013, a short surface exploration program was conducted on the southwest part of the property. The goal of the exploration work was to further explore gold and other types mineralization potentials.

Taurus Property

The Taurus property contains the Taurus gold deposit, a large gold system, located about 8 kilometres from the Table Mountain milling facility. In 2012, a drilling program was conducted on the property. The program focused on tests for extensions of the Taurus deposit to the east and south of the known mineralization as well as on infilling the internal gaps within the Taurus deposit.

The Company's expenditures on its exploration and evaluation assets were as follows:

	Nine months ended August 31, 2014	Year ended November 30, 2013
<i>Balance, beginning of the period</i>	\$ 18,764,216	\$ 18,480,553
<i>Acquisition and maintenance of mineral claims</i>	796	116
<i>Exploration costs</i>		
Amortization	83,659	149,870
Asset retirement obligation	-	378,930
Camp and expediting	-	55,967
Equipment rental and maintenance	-	11,929
Environmental and permits	13,215	1,581
Assaying	-	11,206
Geological and geophysics	-	11,655
Consulting and professional	13,833	116,312
Share-based payments	(717)	392
Travel, helicopter and vehicle expenses	-	30,381
Property tax, insurance and others	16,649	24,946
Wages and benefits	-	55,218
<i>Costs incurred during the period</i>	127,435	848,503
<i>Less: Mineral exploration tax credits</i>	-	(564,840)
<i>Balance, end of the period</i>	\$ 18,891,651	\$ 18,764,216

Certain Canadian provincial government authorities provide incentives to encourage mineral property exploration and development in their jurisdictions. Such incentives include reimbursements of qualifying expenditures to a Company's exploration activities. The expenditures claimed for rebate is subject to review, audit and approval by the government authorities. When the Company is advised that such rebate has been approved and will be made to the Company, the reimbursement will be recorded as a recovery of the exploration and evaluation costs.

During fiscal year 2013, the Company received British Columbia mining exploration tax credits ("BCMETS") from Canada Revenue Agency in the amounts of \$475,626 and \$89,214 for reimbursements of its 2012 and 2011 qualifying exploration expenditures on the Cassiar project respectively. Both exploration tax credits were recorded as a reduction to the exploration and evaluation assets.

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Asset Retirement Obligation (“ARO”)

The Company has future obligations in retiring its exploration and evaluation assets at the Cassiar Property including dismantling, remediation and treatment of the site. The exact nature and costs of the obligation are subject to change because of the ongoing changes of environmental requirements enacted by government agencies.

The Company prepares estimates of the timing and amount of expected cash flows when an ARO will be incurred. The net present value of the ARO is initially recognized as a long-term liability and is added to the exploration and evaluation assets; and it is subsequently re-measured at each reporting period.

A continuity of the asset retirement obligation relating to the exploration and evaluation assets is as follows:

	August 31, 2014	November 30, 2013
Asset retirement obligation - beginning balance	\$ 1,313,150	\$ 898,546
Change in estimates	-	378,930 (1)
Accretion expense	2,186	35,674
Asset retirement obligation - ending balance	\$ 1,315,336	\$ 1,313,150

(1) *The Company revised its retirement obligation cost estimates after reassessing the expected timing of the abandonment of its properties including new inflationary data.*

The total discounted cash flow estimated to settle the obligations as at August 31, 2014 was \$1,313,697 which was adjusted for inflation at the rate of 2% and then discounted at a risk free rate of 3.15%. Certain minimum amounts of ARO will occur each year with the significant amounts expected to be incurred in 2016.

At August 31, 2014, the Company has \$349,444 (2013 - \$349,444) of reclamation bonds with the Ministry of Energy and Mines of British Columbia as commitments to meet its regulatory obligations. The reclamation bonds are interest-bearing at prime rate less 1.8%. \$85,000 of the reclamation bonds will be maturing on February 13, 2015 and \$264,444 on August 15, 2014. The reclamation bonds are automatically renewed upon maturity.

6. SHARE CAPITAL

Authorized - unlimited number of common shares without par value

Issued and outstanding – see Consolidated Statements of Changes in Equity

Stock option plan

The Company has a stock option plan whereby the maximum number of common shares reserved for issue shall not exceed 10% of the total number issued and outstanding common shares of the Company as at the grant date. At August 31, 2014, the maximum number of shares that may be reserved for issuance was 14,722,327. The term of option grants is from five to ten years. Options granted to investor relations consultants generally have one to two-year terms and are vested over a twelve-month period with 25% vested every three months from the date of grant. Options granted to directors, officers, employees and consultants have a five-year term and a vesting period of eighteen months with one-third vested every six months from the date of grant.

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Stock options

No stock options were granted during the period ended August 31, 2014.

The continuity of the Company's stock options to August 31, 2014 is as follows:

	Number of options	Weighted average exercise price
Balance, December 1, 2012	8,280,000	\$ 0.24
Expired	(3,029,800)	(0.33)
Forfeited	(90,600)	(0.10)
Balance, November 30, 2013	5,159,600	\$ 0.19
Expired	(894,600)	(0.29)
Balance, August 31, 2014	4,265,000	\$ 0.17

At August 31, 2014, the Company's outstanding stock options are as follows:

Number of Options Outstanding and Exercisable	Weighted Average Remaining Contractual Life (Yr)	Weighted Average Exercise Price	Expiry Date
500,000	0.03	0.48	Sept., 2014
1,655,000	1.60	0.16	April, 2016
500,000	1.91	0.12	July, 2016
1,610,000	2.79	0.10	June, 2017
4,265,000	1.90	0.17	

Share-based Payments

During the nine months ended August 31, 2014 and 2013, the Company recognized share-based payments in the financial statements as follows:

	Nine months ended August 31,	
	2014	2013
Share-based payments capitalized to exploration and evaluation assets	\$ (717)	\$ (96)
Share-based payments expensed	(107)	8,388
	\$ (824)	\$ 8,292

7. RELATED PARTY TRANSACTIONS

For the nine months ended August 31, 2014, the Company was charged office rents of \$31,870 (August 31, 2013 - \$79,835) in regards to its Beijing subsidiary's office lease with Beijing Mansion No. 1 Real Estate Ltd. As of August 31, 2014, the Company had no outstanding amounts (2013 - \$nil) owed to its related party.

Beijing Mansion No.1 Real Estate Ltd. is considered a party related by way of a director and shareholder in common. The related party expenses were recorded at the exchange amounts as

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determined and agreed to by the parties. Balances with related parties are non-interest bearing, unsecured and payable on demand.

Key management compensation

The Company's directors and officers are considered key management personnel and their compensation comprises the followings:

	Nine months ended August 31,	
	2014	2013
Remuneration and short-term benefits	\$ 261,789	\$ 267,789
Share-based payments	-	6,816
Total compensation	\$ 261,789	\$ 274,605

8. COMMITMENTS

The Company's commitments to office leases are \$15,102 for 2014 and \$4,500 for 2015. The lease commitments include Vancouver office's six-month lease ending February, 2015 and a one-year lease for its Chinese subsidiary ending November 30, 2014.

9. SEGMENTED INFORMATION

Operating segment

The Company has one operating segment, being the acquisition, exploration and evaluation of mineral properties.

Geographic segments

The Company has two geographic segments - Canada and China. Their assets, liabilities, expenses and other income are as follows:

	Nine months ended August 31, 2014		
	Canada	China	Total
Current assets	\$ 857,079	\$ 57,822	\$ 914,901
Property, plant and equipment	979,143	-	979,143
Reclamation bonds	349,444	-	349,444
Exploration and evaluation assets	18,891,651	-	18,891,651
Total assets	\$ 21,077,317	\$ 57,822	\$ 21,135,139
Current liabilities	\$ 3,959	\$ 1,222	\$ 5,181
Asset retirement obligation	1,315,336	-	1,315,336
Total liabilities	\$ 1,319,295	\$ 1,222	\$ 1,320,517
Expenses	\$ (609,749)	\$ (52,295)	\$ (662,044)
Other income	184,959	1,915	186,874
Loss and comprehensive loss for the period	\$ (424,790)	\$ (50,380)	\$ (475,170)

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	Nine months ended August 31, 2013		
	Canada	China	Total
Current assets	\$ 1,176,938	\$ 196,992	\$ 1,373,930
Property, plant and equipment	1,108,253	-	1,108,253
Reclamation bonds	349,444	-	349,444
Exploration and evaluation assets	19,019,042	-	19,019,042
Total assets	\$ 21,653,677	\$ 196,992	\$ 21,850,669
Current liabilities	\$ 121,789	\$ 8,394	\$ 130,183
Asset retirement obligation	1,131,009	-	1,131,009
Total liabilities	\$ 1,252,798	\$ 8,394	\$ 1,261,192
Expenses	\$ (1,005,276)	\$ (230,298)	\$ (1,235,574)
Other income (expense)	223,701	17,900	241,601
Loss and comprehensive loss for the period	\$ (781,575)	\$ (212,398)	\$ (993,973)

10. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, short term investments, other receivables, accounts payable and accrued liabilities.

The fair values of the Company's cash and cash equivalent, short-term investments and other receivables approximate their carrying values, which are the amounts receivable on the consolidated interim statements of financial position date.

The fair values of the Company's accounts payable and other liabilities are lower than their carrying values, which are the amounts payable on the consolidated interim statements of financial position dates as a result of liquidity risk. The effect of discounting is immaterial.

Financial risk management

The Company is exposed to certain financial risks and the material ones are liquidity risk and credit risk. The Company's overall risk management is to maintain the Company's ability to continue as a going concern.

Liquidity risk

Liquidity risk is the risk that the Company might not be able to meet its obligations and commitments as they come due. As of August 31, 2014, the Company has accumulated a deficit of \$41 million and has no sources of revenue.

The Company manages this risk with an annual budget to identify the timeline and amounts of its financial requirements. By monitoring the monthly actual expenditures against the budget, the Company ensures it has the control and flexibility to meet its operating obligations. Based on the 2014 operational budget authorized by the Board of Directors, the Company has sufficient cash reserves to meet its general operational obligations for the next twelve months. The Company continues to source funding for its exploration activities via equity/debt financings and/or joint venture partners.

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Credit risk

Credit risk arises from cash and cash equivalents and short-term investments held with financial institutions as well as credit exposure on outstanding receivables.

The Company's cash and cash equivalents, including guaranteed investment certificates, are held at high-credit rating financial institutions. The Company's maximum exposure to credit risk is the carrying amounts of cash and receivables on its consolidated statement of financial position.

Foreign exchange risk

The functional currency of the Company is the Canadian dollar and the functional currency of its Chinese subsidiaries is RMB. Most of the foreign currency risk is related to US dollar funds held by its Chinese subsidiaries. Therefore, the Company's net earnings are impacted by fluctuations in the valuation of the US dollar in relation to the RMB.

The Company does not hedge its exposure to currency fluctuations. Based on the Company's monetary assets of US\$55,240 at the period ended August 31, 2014, a sensitivity analysis shows that a change of +/- 10% in US\$ foreign exchange rate would have an effect of +/- US\$5,524 impact on the net loss.

11. CAPITAL RISK MANAGEMENT

The Company's capital management objectives are to ensure its ability to continue as a going concern to meet its obligations in general operations and to maintain capital access for funding of its exploration activities at the Cassiar property.

The capital that the Company manages is the total of liabilities and equity on the consolidated statements of financial position. The Company may modify the capital structure to meet its funding needs by issuing new equity shares and/or debt instruments, disposing assets or bringing in joint venture partners. To facilitate the management of its capital, the Company prepares annual budgets approved by the Board of Directors. The budget is reviewed and updated periodically to account for changes in the expenditures and economic conditions.



(An Exploration Stage Entity)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Nine Months Ended

August 31, 2014

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GENERAL

China Minerals Mining Corporation ("China Minerals" or the "Company") was incorporated in January 2006 under the laws of British Columbia, Canada as Hawthorne Resources Inc. and renamed as Hawthorn Gold Corp. in October 2006. In April 2011, the Company's name was further changed to China Minerals. China Minerals is listed on the TSX Venture Exchange under the symbol "CMV". The Company, an exploration stage entity, is in the business of acquisition, exploration and development of resource properties.

This Management's Discussion and Analysis ("MD&A") of the Company was prepared as of October 7, 2014 and should be read in conjunction with the Company's condensed consolidated interim financial statements for the nine months ended August 31, 2014 as well as the audited financial statements for the year ended November 30, 2013.

The financial information disclosed in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All monetary amounts are expressed in Canadian dollars.

The Company's shares are listed on the TSX Venture Exchange under the symbol "CMV", and quoted on the Pink Sheets in the United States under the symbol "HWTHF". Additional information is available on SEDAR at www.sedar.com and on the Company's website at www.chinamineralsmning.com.

FORWARD-LOOKING STATEMENTS

Information and statements contained in this MD&A that are not historical facts are forward-looking information within the meaning of National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators that involve risks and uncertainties.

This MD&A contains forward-looking statements, such as estimates and statements regarding the Company's goals and future plans, including words to the effect that the Company expects a stated result or event to occur. These forward-looking statements are subject to known or unknown risks and uncertainties which could cause actual results or performance of the Company to differ materially from results implied by such forward-looking information. Factors that could cause the actual results to differ include commodity price fluctuations, market capital access, global economy and politics, government regulations, environmental restrictions, exploration results, mineral title disputes, limitation on insurance coverage and availability of consultants delivering timely services, as well as those factors discussed in the section entitled "Risks and Uncertainties" in this MD&A.

Although the Company has attempted to identify important factors that could affect the Company or may cause actual actions, events or results to differ, there may be other causing factors out of the Company's anticipation or estimation. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results otherwise. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

DESCRIPTION OF BUSINESS

The Company and its wholly owned subsidiaries, Cassiar Gold Corp. ("Cassiar") and North American Mining Consulting Ltd., are engaged in the exploration and development of mineral properties. The Company's main asset is the Cassiar Gold Project comprising the Table Mountain Property ("Table Mountain") and Taurus Property ("Taurus"), of which it owns 100% through its subsidiary, Cassiar.

The Company has conducted an extensive review of its mineral assets at Table Mountain and Taurus. The evaluation suggests that intensive exploration expenditures are required to prove up the asset potential and to further advance the projects. As such, an 8,200 metre exploration-focused drilling campaign was carried

out during the summer of 2012. The completed drilling program comprised 43 drill holes at Taurus and 10 drill holes at Table Mountain.

At Taurus, the 2012 drill holes were designed to a) test for down dip and along strike extensions to high-grade intercepts identified in the historic drill hole database, b) step-out into peripheral, open areas of the deposit and c) infill, internal gaps in the deposit. In general this program succeeded in demonstrating the presence of gold-bearing veins and structures well outside the known deposit area. Drill-testing adjacent to high-grade intercepts, however, met with mixed success.

At Table Mountain, the 2012 drill holes tested the Sky Vein prospect – a little-drilled but significant east-west trending structure known to contain gold-bearing veins in a setting very similar to the past-producing vein deposits on the property. Five of the ten drill holes encountered significant (> 10 m true width) veins below the Table Mountain thrust. However, assays are variable and inconclusive.

In 2013, the Company carried out a short surface exploration program on the southeast part of the Cassiar properties where geological mapping, prospecting and silt-sampling were conducted. A geologist and a crew of three technicians completed the short field program under the supervision of the Chief Geologist. A total of 150 silt samples and 83 soil samples were taken as well as 22 outcrop rock samples showing alteration and/or veining.

The purpose of the field exploration program was to search for more Table Mountain style gold vein systems on the 50 square kilometre Hunter-Pooley claims area. Some low grade veins are known to exist in the north western portion of the claims, but much of this area is under explored. The work will also be applied for assessment credits.

In addition to a short surface exploration program in 2013, the Company also engaged Dale Sketchley, a specialist in gold resource evaluation with experience in the Cassiar Gold camp, to complete an in-depth evaluation of the Taurus gold deposit. His assessment report was to evaluate resource opportunity at Taurus and determine if further work could increase gold resources on the complex Taurus gold deposit.

EXPLORATION AND EVALUATION ASSETS

Darcy Baker, Ph.D., P.Geo., the Company's advisor and a Qualified Person as defined by National Instrument ("NI") 43-101, has reviewed and approved the technical information contained in this MD&A.

Cassiar Gold Project, British Columbia

The Cassiar Gold Project is located in northern British Columbia. It comprises approximately 58,900 hectares (including two placer claims) of which the Company has 100% interest, which comprise the Table Mountain and Taurus Properties in the Liard Mining Division. The area is easily accessible by an all-weather road along Highway 37, which runs through the center of the Cassiar properties, and by subsidiary roads which allow easy access to many parts of the projects. The area also can be accessed via fixed-wing aircraft flights to the Cassiar airstrip which lies immediately to the west of the Taurus Property near the old Cassiar town site. The Company owns an accommodation facility on Highway 37 in Jade City, British Columbia located between Table Mountain and Taurus that can accommodate up to 70 people. An office and core logging facility are located to the southwest of the camp area.

Approximately 425,000 ounces of gold have historically been produced from the Cassiar district, mainly from underground mines on the Company's current land holdings on the Table Mountain Property. Gold mineralization is of the orogenic (mesothermal) gold type, and has many similarities in mineralization style and geological controls to the Cariboo Gold district in British Columbia, the Mother Lode belt of California, and to gold deposits of the Abitibi Greenstone belt in Ontario. Mineralization occurs in mafic volcanic-hosted, steeply dipping quartz-sulphide-carbonate vein systems which splay off shear zones that are developed in stacked thrust fault surfaces localized along carbonate altered ultramafic rocks and carbonaceous sedimentary rocks.

The Company has entered into a Resource Funding Agreement with the First Nation Kaska Dena Council on behalf of the BC Kaska in connection with the continued exploration and development of the Cassiar Gold Camp. Under the Agreement, China Minerals has agreed to provide resource funding to the BC Kaska to contribute to the cost of negotiating a Traditional Knowledge Protocol (the "TK Agreement") and a Socio-Economic Participation Agreement (the "SEPA"). The TK Agreement will assist the parties in establishing the appropriate traditional knowledge protocols for the exploration and development of the Property. The SEPA would include environmental, cultural and socio-economic and business opportunities and benefits for members of the BC Kaska and their businesses.

In January 2012, the Company initiated a systematic compilation and evaluation of the data available for the Cassiar Gold Project. In spite of gaps in historic reporting, the Company amassed a coherent database comprising 2,418 drill hole collar locations (521 Taurus; 1,897 Table Mountain), 48,862 drill hole lithological intervals (15,486 Taurus; 33,376 Table Mountain) and 84,466 gold assay results (54,424 Taurus; 27,042 Table Mountain). Collectively, this database represents 259,814 m of drilling including 201,187 of surface and underground drilling at Table Mountain and 58,627 m of surface drilling at Taurus.

This database formed the basis for target evaluation and recommendation for the 2012 summer drilling program. Additionally, areas for historic core re-sampling and re-logging were identified.

Table Mountain Property

The Table Mountain Property is located south of Highway 37 with in the southern portions of the Cassiar Gold Project and contains the Main (formerly Erickson), Bain, Cusac and Vollaug mines which are past producing underground high-grade gold mines. A permitted 270 tonne per day gravity/flotation mill, power plant, assay lab and tailings impoundment facility are located on the property, and were put under care and maintenance by previous owners in October 2007. Thirteen adits/portals, approximately 25 km of underground workings, and more than 23 km of surface access roads occur on the property.

Table Mountain contains several areas hosting NI 43-101 compliant resources supported by a technical report (the "Table Mountain Report") titled, "Technical Report on the Table Mountain Property, Liard Mining District, British Columbia" prepared by Clifford A. Pearson, P. Geo and Finley J. Bakker, P. Geo, which was filed at www.sedar.com May 26, 2010. Resources occur principally in the Bain and Cusac mine areas, and include an indicated resource of 21,471 tonnes at an average grade of 18.02 g/t Au (approximately 12,440 troy ounces of gold) and an additional inferred resource of 19,306 tonnes at an average grade of 31.76 g/t Au (approximately 19,714 troy ounces of gold) in the East Bain system. Additional resources occur in the Cusac mine, mainly in the Eileen vein system. A summary of resources on the Table Mountain property that are derived from the Table Mountain Report are summarized in the table below:

Category	Tonnes	Au uncut g/t	Au cut g/t	Density
Indicated Total	21,471	18.02	16.24	2.70
Inferred Total	65,757	24.30	20.12	2.70

A feasibility study has not been completed on the Table Mountain property and there is no certainty that economically viable mining is possible.

During the year ended November 30, 2012, ten exploration drill holes for 1,340 metres were completed at the Sky Vein prospect ("Sky Vein"). Sky Vein is hosted in a steeply-dipping fault / shear structure which splays from the shallowly dipping Table Mountain Thrust. The thrust structure separates overlying argillite sedimentary rocks from underlying basalt and locally the thrust contains strongly hydrothermally altered ultramafic rocks (listwanite). This is a similar geological setting to the veins exploited, for example, at the Main and Cusac mines. Sulphide-bearing quartz veins from 8.30 to 30.10 metres true width were encountered in five of the ten 2012 drill holes. Assay results were generally low from these quartz intersections, however, wallrock adjacent to this vein returned up to 1.91 g/t Au over 12.50 metres.

Taurus Property

The Taurus Property is located north of Highway 37 within the northern portions of the Cassiar Gold Project. The Property contains the Taurus Gold Deposit ("Taurus Deposit"), a large gold system which has been the focus of recent exploration on the project. The Taurus Deposit is located approximately eight kilometres from the company's milling facility, and is located along the main access road to the former town of Cassiar. It lies low in the valley in an area of subdued topography, allowing year round exploration and ease of access. The Taurus underground mine produced approximately 35,000 ounces of gold from eastern portions of the Taurus Deposit in the 1980s. The Taurus Deposit was explored by previous operators with the objective of evaluating the potential for both large tonnage open pit and high grade underground mines. Sable Resources Ltd. holds a 2.5% Net Smelter Return Royalty (NSR) on a group of ten claims (Mack 1 to 4, Hopeful 1 to 4, Hillside and Highgrade) on the Taurus Property which cover a portion of the Taurus Deposit.

The Taurus Deposit hosts an inferred resource of 1.06 million ounces of gold comprising of 33.1 million tonnes at an average capped grade of 0.99 g/t Au using a cut-off grade of 0.50 g/t Au. This resource is supported by the NI 43-101 technical report titled "Updated Resource Report on the Taurus Deposit – Liard Mining District, B.C." prepared by Thomas C. Stubens and Morinus Andre de Ruijter of Wardrop Engineering Inc. which was filed at www.sedar.com on March 11, 2009.

After a review of the Taurus database in early 2012, the Company developed a three dimensional model of the major planar fault and shear structures and identified several target areas. The Taurus deposit is open in many directions around the periphery of the deposit but also internal to the known deposit footprint. Additionally, several targets were identified to have potential for higher-grade mineralization.

Between June and August 2012, the Company completed 43 drill holes for 6,857 metres of drilling at Taurus utilizing a single, skid-mounted drill. These holes targeted open areas of the Taurus deposit and potential higher-grade zones. Concurrent with the drilling, geological crews re-logged 69 historic drill holes within and proximal to drill targets to better refine structural models.

Drill results announced in the Company's news releases dated September 18, October 2 and October 24, 2012 from Taurus include several holes designed to test open areas of the Taurus Deposit which intersected ankerite altered basalt with veins, associated sulphide mineralization and gold mineralization. Some of the highlighted results include:

- Holes TA12-16 and TA-19 intersected, respectively, 8.80 m at 5.05 g/t Au and 19.00 m at 2.13 g/t Au outside previous eastern boundary of Taurus deposit
- A high grade vein grading 8.77 g/t Au over 1.80 m in hole TA12-24 demonstrates that gold mineralization at the Sable Zone extends to the south-east
- Wide gold intersections of 23.00 m grading 3.83 g/t Au and 10.45 m grading 4.42 g/t Au in holes TA12-38 and TA12-40, respectively, show new opportunity in the 88 Hill / Highway Gap

OUTLOOK

With the drilling results from the 2012 exploration program and sample collection from the 2013 surface work, the Company continues to review and interpret the geological data gathered from the exploration programs in order to identify high grade drilling targets for future exploration activities. Concurrently, the Company continues exploring high quality projects for potential merger and acquisition.

SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

The table presented below highlights the Company's unaudited quarterly results for the last eight quarters.

	2014			2013			2012
	Aug 31	May 31	Feb 28	Nov 30	Aug 31	May 31	Nov 30
	\$	\$	\$	\$	\$	\$	\$
Revenue	-	-	-	-	-	-	-
Net loss	(144,064)	(176,086)	(155,020)	(325,113)	(318,875)	(301,283)	(334,357)
Net loss per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

The Company has not yet generated revenue as it is at the exploration stage. Since 2012, the Company has been steadily decreasing its expenditures from an average of \$470,000 per quarter in 2012 to quarterly averages of \$330,000 and \$158,000 in 2013 and 2014 respectively.

REVIEW OF FINANCIAL RESULTS

(Rounded to the nearest thousand ('000))

Net Loss

For the three and nine months ended August 31, 2014, the Company incurred net losses of \$144,000 and \$475,000 respectively as compared to \$319,000 and \$994,000 for the same respective periods in 2013. Details of the Company's expenses and other income are described below.

Expenses

Administrative expenses for the three and nine months ended August 31, 2014 were \$185,000 and \$662,000 (2013 - \$420,000 and \$1,236,000) respectively. Excluding non-cash expenses for accretion and amortization (2014 - \$1,300 and \$4,000; 2013 - \$18,000 and \$33,000), loss from disposal of equipment (2014 - \$2,600; 2013 - \$87,000 and \$156,000) and share-based payments (2014 - nil and (\$107); 2013 - \$1,500 and \$8,400) the administrative (cash) expenses for the three and nine months ended August 31, 2014 were \$181,000 and \$656,000 respectively (2013 - \$314,000 and \$1,038,000) respectively.

Other Income (Expenses)

For the three and nine months ended August 31, 2014 and 2013, other income and expenses were \$41,000 and \$187,000 (2013 - \$101,000 and \$242,000) respectively. Other income was related to the rental income from subleasing its Vancouver offices and the provision of office administrative services to a sub-tenant; the rental agreements ended in June and March, respectively. The Company and its subsidiaries have their functional currencies in Canadian dollar and Chinese renminbi. Currency fluctuations in their holdings of financial assets and liabilities have resulted in the gain/loss in the foreign exchange. The foreign exchange loss for the three quarters of 2014 and 2013 were \$1,800 and \$17,700 respectively.

Exploration and Evaluation Assets Expenditures

The Company capitalizes expenditures incurred in connection with the acquisition and exploration of its mineral property interests. In 2013, the Company received mineral exploration tax credits ("METC") of \$564,840 which have been recorded as a reduction to the exploration and evaluation assets. At August 31, 2014, the carrying value of the Company's mineral assets was \$18,892,000, net of METC (November 30, 2013 - \$18,764,000). For the three and nine months ended August 31, 2014, \$23,000 and \$44,000 (cash) expenditures were incurred on exploration activities (2013 - \$41,000 and \$211,000) respectively. Details of the exploration and evaluation expenditures are disclosed in Note 5 to the condensed consolidated interim financial statements as at August 31, 2014.

LIQUIDITY AND CAPITAL RESOURCES

At August 31, 2014, the Company's cash and cash equivalents were \$850,000 compared to \$673,000 at November 30, 2013; and its short-term investments were \$11,500 at August 31, 2014 and \$834,000 at November 30, 2013. The Company's working capital at August 31, 2014, was \$910,000 (November 30, 2013 - \$1,422,000).

To preserve its cash reserves, the Company continues trimming its operating expenses in 2014. Current fiscal year's expenditures have been budgeted at \$210,000 per quarter. The average of actual expenditures for the nine months of 2014 was \$158,000. Accordingly, the Company believes that it has sufficient working capital to operate as a going concern for the coming twelve months.

For the activities of its exploration and evaluation assets, the Company continues assessing the results of its 2012 and 2013 drilling programs to refine high potential targets for its future exploration program upon the recovery of the market. In addition, management maintains its plan on searching for quality projects for a potential merger and acquisition.

Under operating activities, the Company used \$469,000 of its cash for the nine months ended August 31, 2014 compared with \$797,000 for the same period in 2013.

In the investing activities, the Company incurred \$44,000 on the exploration and evaluation asset for the three quarters of 2014 (2013 - \$211,000). The 2013 expenditures were primarily for the assessment work and government reports and filings of 2012 drilling program.

The Company has no long-term debt obligations or off-balance sheet arrangements. However, the Company has commitments to the rentals of its offices in Vancouver and Beijing, which are disclosed below under "Commitments".

The Company's exploration and evaluation assets are at the exploration stage and will not generate cash flow in near term; accordingly, the Company will depend on equity/debt financings to continue its exploration activities and general administrative requirements. There is no assurance that the Company could raise such financings and on reasonable economic terms.

RELATED PARTY TRANSACTIONS

For the nine months ended August 31, 2014, the Company was charged office rents of \$31,870 (2013 - \$79,835) in regards to its Beijing subsidiary's office lease with Beijing Mansion No. 1 Real Estate Ltd. As of August 31, 2014 and 2013, the Company had no outstanding amounts owed to its related party.

Beijing Mansion No.1 Real Estate Ltd. is considered a party related by way of a director and shareholder in common. The related party expenses were recorded at the exchange amounts as determined and agreed to by the parties. Balances with related parties are non-interest bearing, unsecured and payable on demand.

Key management compensation

The Company's directors and officers are considered key management personnel and their compensation comprises the following:

	Nine months ended August 31,	
	2014	2013
Remuneration and short-term benefits	\$ 261,789	\$ 267,789
Share-based payments	-	6,816
Total compensation	\$ 261,789	\$ 274,605

COMMITMENTS

The Company's commitments to office leases are \$15,102 for 2014 and \$4,500 for 2015. The lease commitments include Vancouver office's six-month lease ending February 28, 2015 and one-year lease for its Chinese subsidiary ending November 30, 2014.

OUTSTANDING SHARE DATA

As at October 7, 2014, the date of this MD&A, the Company's issued and outstanding common shares were 189,873,268; its share purchase options granted to directors, employees and consultants were 3,765,000 with a weighted average exercise price at \$0.13. For additional details on share capital, see Note 6 of the condensed consolidated interim financial statements for the nine months ended August 31, 2014.

FINANCIAL INSTRUMENTS AND RELATED RISKS

The Company's financial instruments comprise cash and cash equivalents, short-term investments, other receivables, accounts payable and accrued liabilities. The fair values of the financial instruments referred above approximate their carrying value due to their short term maturity.

The Company is exposed to a variety of financial instrument related risks as follows:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations and commitments as they come due. As of August 31, 2014, the Company has accumulated a deficit of \$41 million and no sources of revenue.

The Company manages its liquidity risk with an annual budget to identify the timeline and amounts of its financial requirements. By monitoring the monthly actual expenditures against the budget, the Company ensures it has the control and flexibility to meet its operating obligations. Based on the 2014 operational budget authorized by the Board of Directors, the Company has sufficient cash reserves to meet its general operational obligations for the next twelve months. The Company continues to source funding for its exploration activities via equity/debt financings and/or joint venture partners.

As at August 31, 2014, the Company had cash resources of \$850,000 to settle current liabilities of \$5,000. Management believes the Company has sufficient liquidity to meet its commitments and general operational needs for fiscal year 2014.

Credit risk

Credit risk arises from cash and cash equivalents and short-term investments held with financial institutions as well as credit exposure on outstanding receivables.

The Company's cash and cash equivalents and short-term investments are held at high-credit rating financial institutions. The Company's maximum exposure to credit risk is the carrying amounts of cash and short-term investments on its consolidated financial statements.

Foreign exchange risk

The functional currency of the Company is the Canadian dollar and the functional currency of its Chinese subsidiaries is RMB. Most of the foreign currency risk is related to US dollar funds held by its Chinese subsidiaries. Therefore, the Company's net earnings are impacted by fluctuations in the valuation of the US dollar in relation to the RMB.

The Company does not hedge its exposure to currency fluctuations. Based on the Company's monetary assets of US\$55,240 at the period ended August 31, 2014, a sensitivity analysis shows that a change of +/- 10% in US\$ foreign exchange rate would have an effect of +/- US\$5,524 impact on net loss.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make estimates and judgments that affect the reported amounts of the Company's financial position and operating results. Estimates are based on various assumptions such as expectations of future events that are believed to be reasonable under the circumstances.

The following is considered to be essential to the understanding of the estimates and judgments used in the preparation of these financial statements. Due to the uncertainties and volatile changes in the industry, actual results could differ from management's estimates which could impact significantly the Company's financial position, operational results and cash flows.

Exploration and evaluation ("E&E") assets and Impairment assessment

Costs related to acquisition, exploration and development are capitalized to the E&E assets until economical recoverable mineral reserves are determined. The capitalized costs are then reclassified as mining assets and amortized on a unit-of-production basis.

The process of determining if an impairment indicator exists involves significant judgment and estimation on the recoverability of exploration and evaluation assets as it relies on both an interpretation of technical geological data as well as economic considerations including current and estimated future commodity prices, global market volatility and exploration activities. As new data or information comes up, the recoverable amounts of the assets and the impairment loss may be different from these judgments and estimates.

When impairment indicators are identified, an impairment loss is recognized for any amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and from its ultimate disposal.

CHANGES TO ACCOUNTING STANDARDS

The International Accounting Standards Board ("IASB") issues new accounting standards, amendments and interpretation from time to time that may impact the Company's future financial statements.

IFRS 9 - Financial Instruments

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The IASB recently deferred the original planned effective date of January 1, 2015 to January 1, 2018. The Company does not expect any impact from the final standard on its financial position

IAS 32 - Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32 Financial Instruments: Presentation)

IAS 32 was amended to provide clarification on the application of the offsetting rules. The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and some gross settlement systems which may be considered equivalent to net settlement. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014.

The amendments to the standard would not have impact on the Company's financial position.

IFRIC 21 - Levies

IFRIC 21 provides guidance on the accounting for a liability to pay a levy, providing that liability is within the scope of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. Levies are imposed by

governments in accordance with legislation and do not include income taxes or fines/penalties imposed for breaches of legislation. A common levy example is property taxes. A liability to pay a levy is recognized at the date of the obligating event which may be at a point in time or over a period of time. An obligating event triggers the payment of the levy as identified by legislation. The interpretation is effective for annual periods beginning on or after January 1, 2014. The Company does not expect any impact the interpretation may have on its consolidated financial statements.

RISKS AND UNCERTAINTIES

Due to nature of the Company's business in mineral exploration and development, it is subject to various risks and uncertainties associated with the mining and extraction industry. If any of the following risks occur, the Company's going concern, operating results and financial position could be adversely impacted.

Exploration Risk

Mineral exploration activities are inherently risky. Few properties that are explored are eventually developed into producing mines. Exploration activities on the Company's Cassiar mineral properties have not yet resulted in discoveries of commercial mineralization to take the Company to the producing stage. If there are no further discoveries of mineral reserves, the Company may be forced to look for other exploration projects and abandon the existing properties.

Titles to Mineral Properties

While the Company exercises due diligence with respect to determining titles to its mineral properties it has interests in and claims in good standing, there is no guarantee that titles to such properties will not be challenged or expropriated. The Company's properties may be subject to prior unregistered agreements or transfers, indigenous or government land claims. Any of which could result in the total loss of the Company's mineral property interests.

Mineral Resources

The mineral resource figures disclosed in the MD&A are estimates only and the Company cannot be certain that specific quantities of gold or other minerals will be realized. These estimates are subject to the assumptions and judgments used in the geological interpretations. Any material changes in the mineralization, grade, metal prices and market conditions could have a serious adverse effect on the economic viabilities of the Company. Until the estimated deposits are mined and processed, the mineral resources and its grades remain estimates only.

Commodity Prices

The Company's future viability depends largely on the movement of the price of gold as the Company's mineral resources are primarily of gold. Gold prices have historically been volatile reacting to conditions beyond the Company's control, including international politics, economic crisis, global production, consumption pattern and speculative activities. These uncertainties and volatility could affect negatively the Company's ability to raise capital and its continual operation.

Global Economy and Financial Markets

The Company has no revenue from its operations and relies on the capital markets to raise equity financings for its exploration activities, operating expenses and business development. The continual rising debts of European countries and United States have led to shortage of capital and tightening of credit facilities. This results in increasing difficulties for the exploration companies to access to the financial markets.

Share Price Volatility

The financial crisis in Europe and the slowdown of growth in China have resulted in reduced demand of base and precious metals and a general drop in the share prices of many companies in the mining industry. As a junior mineral explorer, the Company's share price has been unavoidably affected by such volatile market conditions, which may not be necessarily related to the financial condition and underlying assets of the Company. For the Company's ongoing working capital and exploration activities, it relies on the issuance of common shares. The Company's depressed share price will cast a doubt on its ability to raise future equity financing.

Government and Environmental Regulations

The Company's operations are subject to various regulations governing prospecting, permitting, mine safety, labour standards, explosive storage, reclamation, spills, tailings disposal and any other environmental issues. There is no guarantee that new rules and compliances will not be enacted or existing regulations will not be changed and applied in such a way that they may adversely impact the Company's operations. Environmental legislation has becoming more stringent and penalties are enforced for non-compliance. Compliance with existing and evolving regulations means increasing costs to the Company.

Competition

The Company is in competition with all of its mining counterparts which may have greater financial resources and expertise. It competes with them in the acquisition of quality mineral properties, recruitment of qualified technical and geological employees in addition to the attraction of investors and joint venture partners. All these competitions create uncertainties to the Company's ongoing operations.

Foreign Operation

The Company's mineral properties are in Canada with the executive administration in China. This operation in the foreign country may expose the Company to local political and economic risks such as risks of nationalization or expropriation, changes in taxation rules, controls in capital flow in and out of the country, restrictions on currency exchange and high rates of inflation. Any changes in the local government's policies and politics could result in the executive management's business decisions on the Company's operating activities.

Uninsured Hazards

The Company may be subject to liabilities on hazards such as unusual geological conditions during exploration and drilling which cannot be insured against or against which the Company may elect not to insure because of the high premium or for other reasons. Such liability may result in the loss of the Company assets and its insolvency.

Key Personnel

The Company's success is substantially dependent on the performance and intangible qualities of its key officers and the Board of Directors – their experience, judgment, discretion and integrity. The termination of any of their services could have a material adverse effect on the Company's business direction and continual operations.