CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2013 and 2012

In Canadian dollars

April 30, 2014

Independent Auditor's Report

To the Shareholders of
Maya Gold & Silver Inc.

We have audited the accompanying consolidated financial statements of Maya Gold & Silver Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2013 and 2012 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Maya Gold & Silver Inc. and its subsidiaries as at December 31, 2013 and 2012 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to note 2 in the consolidated financial statements which describe matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Maya Gold & Silver Inc's ability to continue as a going concern.

PricewaterhouseCoopers LLP[1]

[1] CPA auditor, CA, public accountancy permit No. A122718

Maya Gold & Silver Inc.
Consolidated Statements of Financial Position
(in Canadian dollars)

	December 31, 2013	December 31, 2012
	$	$
ASSETS		
Current		
Cash and cash equivalents	157,410	2,788,597
Marketable securities (Note 6)	175,573	1,732,347
Sales taxes receivable	37,981	83,771
Advance to a related party (Note 19)	-	201,684
Prepaid expenses	53,225	36,986
	424,189	4,843,385
Non-current		
Restricted short-term investment (Note 5)	20,000	20,240
Advance to a related party (Note 19)	193,081	-
Property, plant and equipment (Note 7)	7,612,635	541,833
Exploration and evaluation assets (Note 8)	22,420,183	18,350,509
TOTAL ASSETS	30,670,088	23,755,967
LIABILITIES		
Current		
Accounts payable and accrued liabilities	905,892	431,360
Accounts payable and accrued liabilities to a related party (Note 19)	3,642,085	-
Balances of purchase price payable (Note 8)	4,452,227	3,292,800
Provision for environmental remediation (Note 10)	150,000	-
Non-convertible debentures (Note 9)	-	1,760,000
	9,150,204	5,484,160
Non-current		
Balances of purchase price payable (Note 8)	1,689,439	-
Asset retirement obligations and provision for environmental remediation (Note 10)	622,443	150,000
Convertible debentures (Note 9)	1,773,693	-
TOTAL LIABILITIES	13,235,779	5,634,160
EQUITY		
Share capital (Note 11)	26,806,931	24,652,678
Share purchase warrants (Note 11)	796,991	3,076,885
Share purchase options (Note 12)	1,418,154	860,375
Equity component of convertible debentures (note 9)	264,511	-
Contributed surplus	3,617,095	1,689,107
Deficit	(15,492,933)	(11,963,549)
Accumulated other comprehensive loss	23,560	(193,669)
TOTAL EQUITY	17,434,309	18,121,807
TOTAL LIABILITIES AND EQUITY	30,670,088	23,755,967

Going concern (Note 2), Commitments (Note 18), Events after the reporting date (Note 20)

The accompanying notes are an integral part of these consolidated financial statements. On behalf of the Board,

/s/ Guy Goulet

Guy Goulet, CEO and Director

/s/ Martin Wong

Martin Wong, Director

Maya Gold & Silver Inc.
Consolidated Statements of Comprehensive Loss
(in Canadian dollars)

	Year ended December 31, 2013	Year ended December 31, 2012
	$	$
		(Note 3)
Expenses and other items		
Management and administration (Note 13)	1,962,864	1,714,309
Investor relations and corporate development	622,199	592,555
Impairment of property, plant and equipment (note 7)	119,672	-
Impairment of exploration and evaluation assets	-	175,893
Loss (gain) on foreign exchange	(240,857)	222,954
Operating loss	2,463,878	2,705,711
Impairment of marketable securities- shares (Note 6)	632,727	-
Change in fair value of marketable securities - subscription shares (Note 6)	122,156	(141,416)
Loss on disposal of marketable securities- shares	433,325	-
Finance expense	374,464	70,164
Gain on settlement of debentures	(140,185)	-
Loss before income taxes	3,886,365	2,634,459
Deferred income tax recovery (Note 14)	(396,948)	(353,194)
Net loss	3,489,417	2,281,265
Other comprehensive loss		
Item that may be classified to net loss		
Foreign currency translation of foreign subsidiary	(58,160)	34,600
Change in fair value of marketable securities– shares(Note 6)	906,983	159,069
Disposal of marketable securities – shares – reclassification to the statement of income of the realized loss	(433,325)	-
Impairment of marketable securities shares - reclassification to net loss	(632,727)	-
	(217,229)	193,669
Comprehensive loss	3,272,188	2,474,934
Basic and diluted loss per share	0.03	0.03
Weighted average number of shares - basic and diluted	108,815,936	77,461,442

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

Maya Gold & Silver Inc.
Consolidated Statements of Changes in Equity
(in Canadian dollars)

	Number of issued and outstanding shares	Share capital	Share purchase warrants	Share purchase options	Equity component of convertible debentures	Contributed surplus	Deficit	*Accumulated other comprehensive loss*	Total equity
		$	$	$	$	$	$	$	$
Balance as at January 1, 2013	107,639,967	24,652,678	3,076,865	860,375	-	1,689,107	(11,963,549)	(193,669)	18,121,807
Warrants exercised (Note 11)	330,000	167,773	(52,273)	-	-	-	-	-	115,500
Share issued under Long term incitative plan					-			-	
("LTIP") (Note 11)	1,118,792	296,480	-	-		-	-		296,480
Issuance of shares (Note 11)	6,760,000	1,690,000	-	-	-	-	-	-	1,690,000
Share issue costs (Note 11)	-	-	--	-	-	-	(39,967)	-	(39,967)
Expiration of warrants (Note 11)	-	-	(2,227,601)	-	-	2,227,601	-	-	-
Equity component of convertible debenture									
(Note 9)	-	-	-	-	361,846	-	-	-	361,846
Deferred income tax	-	-	-	-	(97,335)	(299,613)	-	-	(396,948)
Share-based payments (Note 12)	-	-		557,779	-	-	-	-	557,779
	115,848,759	26,806,931	796,991	1,418,154	264,511	3,617,095	(12,003,516)	(193,669)	20,706,497
Net loss for the year	-	-	-	-	-	-	(3,489,417)	-	(3,489,417)
Other comprehensive loss	-	-	-	-	-	-	-	217,229	217,229
Comprehensive loss for the year	-	-	-	-	--	--	(3,489,417)	217,229	(3,272,188)
Balance as at December 31, 2013	**115,848,759**	26,806,931	796,991	1,418,154	264,511	3,617,095	(15,492,933)	23,560(1)	17,434,309
Balance as at January 1, 2012	60,546,967	14,391,012	2,748,943	529,563	-	252,098	(8,340,312)	-	9,581,304
Private placements (Note 11)	46,708,000	10,180,816	1,231,184	-	-	-	-	-	11,412,000
Share issue costs (Note 11)	385,000	80,850	33,684	-	-	-	(620,715)	-	(506,181)
Effect of warrants re-pricing (Note 11)	-	-	721,257	-	-	-	(721,257)	-	-
Expiry of warrants (Note 11)	-	-	(1,644,563)	-	-	1,644,563	-	-	-
Deferred income tax	-	-	-	-	-	(221,194)	-	-	(221,194)
Expiry of agent options (Note 11)	-	-	(13,640)	-	-	13,640	-	-	-
Share-based payments (Note 12)	-	-	-	330,812	-	-	-	-	330,812
	107,639,967	24,652,678	3,076,865	860,375	-	1,689,107	(9,682,284)	-	20,596,741
Net loss for the year	-	-	-	-	-	-	(2,281,265)	-	(2,281,265)
Other comprehensive loss								(193,669)	(193,669)
Comprehensive loss for the year	-	-	-	-	-	-	(2,281,265)	(193,669)	(2,474,934)
Balance as at December 31, 2012	**107,639,967**	24,652,678	3,076,865	860,375	-	1,689,107	(11,963,549)	(193,669)	18,121,807

The accompanying notes are an integral part of these consolidated financial statements. (1) Composed of cumulative foreign currency translation of foreign subsidiary

Maya Gold & Silver Inc.
Consolidated Statements of Cash Flows
(in Canadian dollars)

	Year ended December 31, 2013	Year ended December 31, 2012
Cash flows provided by (used in)	**$**	$
OPERATING ACTIVITIES		
Net loss	(3,489,417)	(2,281,265)
Adjustments for non-cash items		
Share-based payments	854,259	330,812
Depreciation	11,705	4,054
Impairment of property, plant and equipment	119,672	-
Gain on settlement of debentures	(140,185)	
Finance expenses	362,625	-
Impairment of exploration and evaluation assets	-	175,893
Deferred income tax recovery	(396,948)	(353,194)
Unrealized loss (gain) on foreign exchange	(95,808)	194,867
Impairment of marketable securities -shares	632,727	-
Change in fair value of marketable securities – subscription shares	122,156	(141,416)
Loss on disposal of marketable securities - shares	433,325	-
Changes in working capital items (Note 17)	492,210	(265,013)
	(1,093,679)	(2,335,262)
INVESTING ACTIVITIES		
Payment of balances of purchase price payable	(2,429,524)	-
Restricted short-term investment	240	(200)
Disposal of marketable securities	527,635	-
Acquisition of property, plant and equipment	(529)	(250,000)
Additions of exploration and evaluation assets	(1,830,000)	(6,539,577)
	(3,732,178)	(6,789,777)
FINANCING ACTIVITIES		
Issuance of shares and warrants, net of issue costs	-	8,945,819
Exercise of warrants, net of issue costs	75,533	-
Issuance of debentures, net of issue costs	2,119,137	1,000,000
	2,194,670	9,945,819
Effect of exchange rate changes on cash held in foreign currencies	-	62,396
Net increase in cash and cash equivalents	(2,631,187)	883,176
Cash and cash equivalents, beginning of year	2,788,597	1,905,421
Cash and cash equivalents, end of year	157,410	2,788,597

Going concern (Note 2)

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

1. NATURE OF OPERATIONS AND GENERAL INFORMATION

Maya Gold & Silver Inc. (“Maya”) was incorporated on December 19, 2007 under the Canada Business Corporations Act and is listed on the TSX Venture Exchange (“TSXV”) under the symbol “MYA”. Maya’s registered office is located at Suite 207, 10 de la Seigneurie Blvd. East, Blainville, Quebec, Canada.

Maya and its subsidiaries (the “Corporation”) are at the exploration and evaluation stage and their operations include the acquisition, exploration, evaluation and development of mining properties. To date, the Corporation has not earned any revenue from mining operations.

The Corporation has not yet determined whether its mineral properties contain ore resources that are economically recoverable. The recoverability of amounts shown as exploration and evaluation assets is dependent upon the existence of reserves on these properties, the ability of the Corporation to obtain necessary financing to complete the development of those reserves and upon future profitable production from these reserves or sufficient proceeds from their disposal thereof. The Corporation will periodically have to raise additional funds to continue operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

2. GOING CONCERN

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Corporation's ability to continue as a going concern as described in the following paragraph, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These consolidated financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

For the year ended December 31, 2013, the Corporation reported a net loss of $3,489,417 ($2,281,265 in 2012) and a comprehensive loss of $3,272,188 ($2,474,934 in 2012) and has an accumulated deficit of $15,492,933 at December 31, 2013 ($11,963,549 as at December 31, 2012). In addition to ongoing working capital requirements, the Corporation must secure sufficient funding to meet its existing commitments, including future payments to acquire mineral properties and conduct minimum exploration and evaluation program and pay for general and administration costs. As at December 31, 2013, the Corporation had a negative working capital of $8,726,015 ($640,775 at December 31, 2012), including cash and cash equivalents of $157,410 ($2,788,597 as at December 31, 2012). Management estimates that these funds will not be sufficient to meet the Corporation’s obligations and budgeted expenditures through December 31, 2014. Any funding shortfall may be met in the future in a number of ways including but not limited to, the issuance of new equity, debt financing or other means. During the year ended December 31, 2013, the Corporation raised $2,194,670 from convertible debentures and exercise of warrants ($9,945,819 in 2012, from private placements and debentures) to finance exploration and evaluation programs and for general corporate purposes.

2 GOING CONCERN (continued)

Subsequent to year end, the Corporation closed a US$ 3,500,000 loan, $ 8,300,000 convertible debentures and $87,500 of warrants exercised (Note 20). While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that these sources of funding or initiatives will be available to the Corporation or that they will be available on terms which are acceptable to the Corporation. If management is unable to obtain new funding, the Corporation may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in there consolidated financial statements.

3. CHANGES IN ACCOUNTING POLICIES

Adopted new standards:

The Corporation has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2013. These changes were made in accordance with the applicable transitional provisions.

The IASB issued or amended the following standards which are relevant: IFRS 10, Consolidated Financial Statements; IFRS 11, Joint Arrangements; IFRS 12, Disclosure of Interests in Other Entities; IFRS 13, Fair Value Measurement; and IAS 28, Investments in Associates and Joint Ventures. Each of the new standards or amendments is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. Also, there were amendments to IAS 1, Presentation of Financial Statements effective for annual periods beginning on or after July 1, 2012 that was adopted for the year ended December 31, 2013.

The following is a brief summary of the new standards or amendments:

IFRS 10, Consolidated Financial Statements, ("IFRS 10")

IFRS 10 replaces the guidance on control and consolidation in IAS 27, *Consolidated and Separate Financial Statements* and SIC-12, *Consolidation – Special Purpose Entities*. IFRS 10 requires consolidation of an investee only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. Detailed guidance is provided on applying the definition of control. The accounting requirements for consolidation have remained largely consistent with IAS 27. The Corporation assessed its consolidation conclusions on January 1, 2013 and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of any of its subsidiaries and investees.

IFRS 11, Joint Arrangements ("IFRS 11")

IFRS 11 supersedes IAS 31, Interests in Joint Ventures and requires joint arrangements to be classified either as joint operations or joint ventures depending on the contractual rights and obligations of each investor that jointly controls the arrangement. For joint operations, a company recognizes its share of assets, liabilities, revenues and expenses of the joint operation. An investment in a joint venture is accounted for using the equity method as set in IAS 28, Investments in Associates and Joint Ventures ("IAS 28"). The adoption of IFRS 11 did not affect the Corporation's consolidated financial statements.

3. CHANGE IN ACCOUNTING POLICIES (continued)

IFRS 12, Disclosure of Interest in Other Entities, ("IFRS 12")

IFRS 12 establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure that address the nature of, and risks associated with, an entity's interests in other entities. The standard includes disclosure requirements for entities covered under IFRS 10 and IFRS 11. The adoption of IFRS 12 did not affect the Corporation's consolidated financial statements.

IFRS 13, Fair Value Measurement, ("IFRS 13")

IFRS 13 provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The Corporation adopted IFRS 13 on January 1, 2013 on a prospective basis. The adaptation of IFRS 13 did not require any adjustments to the valuation techniques used by the Corporation to measure fair value and did not result in any measurement adjustments as at January 1, 2013.There was no material impact on the Corporation's consolidated financial statements upon adoption of IFRS 13 on January 1, 2013. However, additional disclosures on financial instruments are required.

Amendments to Other Standards

IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13. The Corporation assessed that the impact of these amendments on its consolidated financial statements is not significant.

Moreover, amendments to IAS 1, Presentation of Financial Statements have been made to require entities to group items within other comprehensive income (loss) that may be reclassified to net income (loss). The Corporation has grouped such items in its consolidated statement of comprehensive loss beginning January 1, 2013.

Functional currency

Until December 31, 2011, the functional currency of the Maya's wholly-owned Moroccan subsidiary, Compagnie Minière Maya-Maroc S.A.R.L. ("CMMM"), was the Canadian dollar. On January 1, 2012, given the increasing level of activity undertaken by the subsidiary with Moroccan suppliers and that amounts disbursed are now mostly denominated in the local currency, CMMM changed prospectively its functional currency from the Canadian dollar to the Moroccan dirham ("MAD").

Effective January 1, 2012, assets, liabilities and transactions of CMMM are therefore translated into Canadian dollars on consolidation, whereby assets and liabilities are translated into Canadian dollars using the reporting date closing exchange rate. Income and expenses are translated into the Canadian dollars at the average exchange rate over the reporting period. Exchange differences are presented in other comprehensive loss and recognised in the accumulated other comprehensive loss.

3. CHANGE IN ACCOUNTING POLICIES (continued)

Accounting standards issued but not yet applied

IFRS 9, Financial Instruments ("IFRS 9")

In November 2009 and October 2010, the International Accounting Standards Board ("IASB") issued the first phase of IFRS 9. In November 2013, the IASB issued a new general hedge accounting standard, which forms part of IFRS 9. The new standard removes the January 1, 2015 effective date of IFRS 9. The new mandatory effective date will be determined once the classification and measurement and impairment phases of IFRS 9 are finalized.

This standard is part of a wider project to replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset or liability. It also introduces additional changes relating to financial liabilities and aligns hedge accounting more closely with risk management. The mandatory effective date is not yet determined; however, early adoption of the new standard is still permitted. The Corporation does not intend to early adopt IFRS 9 in its consolidated financial statements for the annual period beginning January 1, 2014. The extent of the impact of adoption of IFRS 9 has not yet been determined.

IFRIC 21, Levies ("IFRIC 21")

In May 2013, the IASB issued IFRIC 21, which is effective for annual periods beginning on or after January 1, 2014 and is to be applied retrospectively. IFRIC 21 provides guidance on accounting for levies in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. The Corporation will adopt IFRIC 21 in its consolidated financial statements for the annual period beginning January 1, 2014. The extent of the impact of adoption of IFRIC 21 has not yet been determined.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Corporation's audited consolidated financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Corporation has consistently applied the accounting policies used in the preparation of its IFRS financial statements, including the comparative figures, except for the changes in accounting policies presented in note 3. The Board of Directors approved the consolidated financial statements as at April 30, 2014.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for the calculation of certain financial asset, including derivative instrument which are measure at fair value. The Corporation has elected to present the statement of comprehensive loss in a single statement.

Basis of consolidation

These consolidated financial statements include the accounts of Maya and its subsidiaries. Subsidiaries are all entities over which the Corporation has control. The Corporation controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to Maya and are de-consolidated from the date that control ceases. Accounting policies of subsidiaries are consistent with the policies adopted by Maya. All intercompany transactions, balances, income and expenses are eliminated upon consolidation. Maya and all of its subsidiaries have a reporting date of December 31. The following entities have been consolidated within these consolidated financial statements:

Entities	Registered	% of ownership and voting right	Principal activity	Functional Currency
Maya Gold & Silver inc. (“Maya”)	Canada	n/a	Holding	Canadian dollar
Compagnie Minière Maya-Maroc S.A.R.L. ("CMMM")	Morocco	100%	Exploration	Moroccan dirham
Metales de la Sierra, S. de R.L. de C.V. ("Metales")	Mexico	99%	Exploration	Canadian dollar

Foreign currency translation

These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of Maya. The functional currency is the currency of the primary economic environment in which the Corporation operates.

CMMM have the Moroccan dirham as functional currency. Assets, liabilities and transactions of CMMM are therefore translated into Canadian dollars on consolidation, whereby assets and liabilities are translated into Canadian dollars using the reporting date closing exchange rate. Income and expenses are translated into the Canadian dollars at the average exchange rate over the reporting period. Exchange differences are presented in other comprehensive loss and recognised in the accumulated other comprehensive loss.

Monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the financial position date, whereas non-monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the transaction date. Expenses denominated in a foreign currency are translated at the average rate in effect during the period with the exception of depreciation that is translated at the historical rate. Gains and losses on exchange arising from the translation of foreign operations are recorded in the consolidated statement of comprehensive loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and liabilities

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Corporation classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired or issued:

Financial assets	**Classification**
Cash and cash equivalents	Loans and receivables
Marketable securities - shares	Available for sale investments
Marketable securities – subscription shares	Financial asset with variations in fair value charged to profit or loss
Advance to a related party	Loans and receivables
Restricted short-term investment	Loans and receivables
Financial liabilities	
Accounts payable and accrued liabilities	Financial liabilities at amortized cost
Accounts payable and accrued liabilities to a related party	Financial liabilities at amortized cost
Balances of purchase price payable	Financial liabilities at amortized cost
Convertible and non-convertible debentures	Financial liabilities at amortized cost

Income and expenses related to financial assets that are recognized in the consolidated statement of comprehensive loss are presented as finance income and finance expense.

i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ii) Available for sale investments

Available for sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive loss. Available for-sale investments are classified as non-current, unless the investment matures within twelve months, or management expects to dispose of them within twelve months. Interest on available-for-sale investments, calculated using the effective interest method, is recognized in the consolidated statement of comprehensive loss as part of interest income.

iii) Financial asset with variations in fair value charged to profit or loss

Financial asset with variations in fair value charged to profit or loss are held as investment and quoted in an active market. Such assets are initially recognized at fair value with transactions costs charges to profit or loss. Subsequent to initial recognition, these assets are recorded at fair value and unrealized gain or loss related to changes in fair value is reported under change in fair value of marketable securities in the consolidated statement of comprehensive loss.

iv) Financial liabilities at amortized cost

Financial liabilities at amortized cost are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities are de-recognized when the obligations are extinguished, discharged, cancelled or expired.

v) Impairment of financial assets

At each reporting date, the Corporation assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Corporation recognizes an impairment loss. For the financial assets carried at amortized cost, the loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

For the financial assets available for sale, the impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the consolidated statement of comprehensive loss this amount represents the cumulative loss in accumulated other comprehensive loss that is reclassified to the consolidated statement of comprehensive loss. Impairment losses on available-for-sale equity financial asset may not be reversed.

Cash and cash equivalent

Cash and cash equivalents include cash on hand, bank balances and highly liquid short-term investments with maturities of three months or less.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted short-term investment

Restricted short-term investment consists of a short-term deposit held as collateral against the Corporation's credit cards.

Exploration and evaluation assets

Exploration and evaluation assets are comprised of rights on mining properties or options to acquire undivided interests in mining rights, deferred exploration and evaluation expenses and mining properties. They are recorded at their acquisition cost or at their recoverable amount being the higher of their fair value less cost to sell or their value in use following a devaluation caused by an impairment of value. Expenditures incurred prior to securing the legal rights to explore an area are expensed immediately.

Exploration and evaluation expenditures for each property are capitalized and include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore like topographical, geological, geochemical and geophysical studies. They also reflect costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition. Exploration and evaluation expenditures include the cost of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body;
- determining the optimal methods of extraction and metallurgical and treatment processes;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

Exploration and evaluation expenditures include overhead expenses directly attributable to the related activities.

When a mine project moves into the development phase, exploration and evaluation expenditures are capitalized to mine development costs in property and equipment and are tested for impairment.

Cash flows attributable to capitalized exploration and evaluation costs are classified as investing activities in the consolidated statements of cash flows under the heading increase in exploration and evaluation assets and cash flows attributable to expensed general exploration and evaluation expenditures are classified as operating activities in the consolidated statements of cash flows.

Proceeds on the sale of or interests in exploration properties are applied to reduce the related carrying costs; any excess is reflected as a gain in the consolidated statement of comprehensive loss. Losses on partial sales are recognized and reflected in the consolidated statement of comprehensive loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment consists of the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Where parts of an item of property, plant and equipment have a different useful life, they are accounted for as separate items of property, plant and equipment.

Depreciation is recognized on a straight-line basis using the cost of property, plant and equipment, less its estimated residual value, over its estimated useful life.

Repairs and maintenance costs related to exploration and evaluation assets are capitalized to exploration and evaluation assets. Other repairs and maintenance costs are charged to the statement of comprehensive loss during the period in which they are incurred.

Each asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis. The Corporation has applied the following estimated useful lives:

	Method	Rate
Office furniture	Straight-line	20%
Exploration and evaluation equipment	Straight-line	20%
Vehicles	Straight-line	30%
Computer equipment	Straight-line	30%

The buildings and equipment related to mining production has not been amortized since the mine is not yet in production. Depreciation expense is capitalized in exploration and evaluation assets if the assets are attributable to exploration and evaluation activities.

Impairment of non-financial assets

At the end of each reporting period and when impairment indicators are identified, the Corporation reviews the carrying amounts of its non-financial assets which are composed of property, plant and equipment and exploration and evaluation assets, to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs must be determined. In testing an individual asset or cash generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. The recoverable amount is the higher of an asset or a cash generating unit’s fair value less cost to sell or its value in use. Value in use takes into account estimated future cash flows associated with the asset or cash generating unit, such value being discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash generating unit. In the case of exploration and evaluation assets, impairment reviews are carried out on a property-by-property basis or by area of interests, with each property representing a potential cash-generating unit, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A previous impairment is reversed if the asset’s recoverable amount exceeds its carrying amount. However, the impairment is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Convertible debentures

The liability and equity components of convertible debentures are presented separately on the consolidation statements of financial position starting from initial recognition.

The liability component is recognized initially at the fair value, by discounting the stream of future payments of interest and principal at the prevailing market rate for a similar liability of comparable credit status and providing substantially the same cash flows that do not have an associated conversion option. Subsequent to initial recognition, the liability component is measured at amortized cost using the effective interest method; the liability component is increased by accretion of the discounted amounts to reach the nominal value of the debentures at maturity.

The carrying amount of the equity component is calculated by deducting the carrying amount of the financial liability from the amount of the debentures and is presented in shareholders' equity as equity component of convertible debentures. A deferred tax liability is recognized with respect to any temporary difference that arises from the initial recognition of the equity component separately from the liability component. The deferred tax is charged directly to the carrying amount of the equity component. Subsequent changes in the deferred tax liability are recognized through the consolidated statement of comprehensive loss.

Provisions

A provision is recognized when the Corporation has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Timing or amount of the outflow may still be uncertain. If the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Provisions for asset retirement obligations and environmental remediation, restructuring costs and legal claims, where applicable, are recognized when:

- *(i)* The Corporation has a present legal or constructive obligation as a result of past events.
- *(ii)* It is probable that an outflow of resources will be required to settle the obligation.
- *(iii)* The amount can be reliably estimated.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material. The increase in the provision due to passage of time is recognized as finance expense. Changes in assumptions or estimates are reflected in the period in which they occur.

Provision for asset retirement obligations represents the legal and constructive obligations associated with the eventual dismantling of the Corporation's buildings and equipment related to mining production. These obligations consist of costs associated with the removal of tangible assets. The discount rate used is based on a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation, excluding the risks for which future cash flow estimates have already been adjusted.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Income tax on income for the periods presented comprises current and deferred tax. Income tax is recognized in income except to the extent that it relates to items recognized in other comprehensive loss or in equity, in which case it is recognized in other comprehensive loss or in equity, respectively.

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that do not affect accounting or taxable income; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date and which are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset only when the Corporation has a legally enforceable right and intention to set-off current tax assets and liabilities from the same taxation authority.

Share capital and warrants

Share capital and share purchase warrants are classified as equity. The Corporation allocates the proceeds from an equity financing between common shares and share purchase warrants based on the relative fair value of each instrument using the Black-Scholes pricing model.

Share-based payment transactions

Equity-settled share-based payments are made in exchange for services received, for the acquisition of properties or for settlement of debentures. The value of the equity instruments granted is determined upon the fair value of the services received or the properties acquired unless impracticable. In such case, the fair value of the services rendered or the properties acquired is determined indirectly by reference to the fair value of the equity instruments granted. The fair value of share-based payments to directors, officers, employees and consultants is recognized as an expense over the vesting period with a corresponding increase to the share purchase option component of the equity. The fair value is measured at the grant date and recognized over the period during which the options vest or the service period for consultant that do not qualify as an employee of the Corporation. The fair value of the options granted is measured using the Black-Scholes option pricing model and takes into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Share issue expenses

Share issue expenses are accounted for as decrease of equity when incurred by increasing the deficit.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss per share

The Corporation presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

For the purpose of calculating diluted loss per share, the Corporation assumes the exercise of its dilutive share purchase warrants and share purchase options.

Segmented information

The Corporation currently has only one operating segment which is mineral exploration and evaluation.

Significant accounting judgments and estimates

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the application of accounting policies as well as the carrying amounts of assets, liabilities, revenues and expenses. The Corporation also makes estimates and assumptions concerning the future. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgments in applying accounting policies

Going concern

The assessment of the Corporation's ability to execute its strategy by funding future working capital and exploration and evaluation activities involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Areas of significant judgments in assessing whether the going concern assumption is appropriate relate to the expected timing to secure its financing on a timely basis.

Critical judgments in applying accounting estimates

Impairment of non-financial assets

The Corporation's recoverable amount measurements with respect to the carrying amount of non-financial assets are based on numerous assumptions and may differ significantly from actual recoverable amounts. The recoverable amounts are based, in part, on certain factors that may be partially or totally outside of the Corporation's control. This evaluation involves a comparison of the estimated recoverable amounts of non-financial assets to their carrying values. The estimated recoverable amounts may differ from actual recoverable amounts, and these differences may be significant and could have a material impact on the Corporation's financial position and results of operations. Non-financial assets are reviewed for an indication of

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgments and estimates *(continued)*

impairment at each consolidated statement of financial position date or when a triggering event is identified. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to:

- Rights to explore in an area have expired or will expire in the near future without renewal;
- No further substantive exploration or evaluation activities are planned or budgeted;
- A decision to discontinue exploration and evaluation activities in an area because of the absence of commercial reserves; and
- Sufficient data exists to indicate that the book value will not be fully recovered from future development and production.

Management plans to execute further substantive exploration and evaluation activities on Zgounder, Boumadine, Amizmiz, Azegour, permit 233263 and Touchkal properties. Management believes the fundamental outlook for those properties remains good for the near future and therefore, based on those judgments, no impairment charge is required for those properties for which the net book amount as at December 31, 2013 is $22,420,183. Based on an impairment analysis performed in 2012, the Mexican property was impaired by $175,893 given that no expenses were budgeted. The estimation of the impairment charge requires judgment from the management.

Based on an impairment analysis performed in 2013, some exploration equipment are impaired by $119,672 given that they are no more functional. The estimation of the impairment charge requires judgment from the management.

A number of judgments were made in the determination of the Corporation's cash generating units. If a different conclusion had been reached for any one of those assumptions, it could have resulted in the identification of cash generating units different from those actually identified by the Corporation.

Asset retirement obligations

The Corporation's activities are subject to various laws and regulations governing the protection of the environment. The Corporation recognizes management's best estimate for decommissioning and restoration obligations in the period in which they are incurred. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, timing of cash outflows and discount rates could affect the carrying amount of this provision.

Provision for environmental remediation

The Corporation's is committed to carry out environmental work to improve certain aspects of the existing situation at the acquisition date of Zgounder's property. The Corporation recognizes management's best estimate for obligations at the acquisition date of Zgounder's property. Actual costs incurred in future periods could differ materially from the estimates.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgments and estimates *(continued)*

Income taxes

The Corporation is subject to income taxes in different jurisdictions. Significant judgement is required in determining the total provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Corporation recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

The assessment of availability of future taxable profits involves judgment. A deferred tax asset is recognized to the extent that is probable that taxable profits will be available which deductible temporary differences and the carry-forward of unused tax credits and unused losses can be utilized.

Impairment of available-for-sale investment

The Corporation follows the guidance of IAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgement in evaluating if a decline in fair value is significant or prolonged, which triggers an impairment loss. Management defines a significant decline as a decrease of at least 50% of its fair value and a prolonged decline as a decline under its cost for over two (2) consecutive fiscal periods.

5. RESTRICTED SHORT-TERM INVESTMENT

As at December 31, 2013, an amount of $20,000 ($20,240 at December 31, 2012) was held as collateral of the Corporation's credit cards. This collateral was invested in a guaranteed investment certificate bearing interest at a fixed rate of 1%, maturing in September 2014 and redeemable at any time.

December 31, 2013 and 2012 (in Canadian dollars)

6 MARKETABLE SECURITIES

Pursuant to the July 12, 2012 share exchange agreement with London stock exchange-listed Praetorian Resources Limited ("Praetorian"), as fully described in note 11, the Corporation received 2,185,315 ordinary shares of Praetorian at a price of £0.50 ($0.81) per ordinary share and 1,092,657 subscription shares of Praetorian. These ordinary shares were valued at $1,750,000 and the subscription shares at nil on the date of the share exchange agreement, being the same value as the shares issued to Praetorian. Each subscription share of Praetorian entitles the Corporation to purchase one additional ordinary share of Praetorian at a price of £0.70 ($1.23) per share, payable in full on subscription. The expiry date for the exercise of the subscription shares is the last business day in July 2015. The Praetorian ordinary shares received have been classified as available for sale investments and the subscription shares received have been classified as a financial asset with variations in fair value charged to profit or loss.

The fair value of the ordinary shares and subscription shares held as at December 31, 2013 were established using the closing market price at that date (£0.09 or $0.16 for ordinary share and £0.01 or $0.02 for subscription share in 2013 and (£0.45 or $0.73 for ordinary share and £0.08 or $0.13 for subscription share in 2012). The changes in fair value of marketable securities held were as follows:

	$
Balance at December 31, 2011	-
Value of Praetorian units received in July 2012 (Note 11)	1,750,000
Change in fair value – ordinary shares	(159,069)
Change in fair value – subscription shares	141,416
Balance at December 31, 2012	**1,732,347**
Value of 1,200,000 shares of Praetorian sold in 2013	(527,635)
Change in fair value – ordinary shares	(274,256)
Impairment – ordinary shares	(632,727)
Change in fair value - subscription shares	(122,156)
Balance at December 31, 2013	**175,573**

As at December 31, 2013, the Corporation owns 985,315 ordinary shares (2,185,315 – 2012) and the adjusted cost is $0.16 per share ($0.80 - 2012). The Corporation also owns 1,092,657 subscription shares (1,092,657 – 2012) at a cost of nil as at December 31, 2013 (nil -2012).

December 31, 2013 and 2012 (in Canadian dollars)

7 PROPERTY, PLANT AND EQUIPMENT

	Computers, equipment and office furniture	Exploration and evaluation equipment	Buildings and equipment related to mining production	Vehicles	Total
	$	$	$	$	$
Cost					
Balance at December 31, 2011	70,286	466,877	-	82,390	619,553
Additions	-	-	250,000	-	250,000
Foreign exchange	(2,839)	(4,132)	-	(7,804)	(14,775)
Balance at December 31, 2012	67,447	462,745	250,000	74,586	854,778
Additions	529	-	7,330,400	-	7,330,929
Foreign exchange	3,098	2,942	-	5,082	11,122
Balance at December 31, 2013	71,074	465,687	7,580,400	79,668	8,196,829
Accumulated depreciation					
Balance at December 31, 2011	37,711	160,983	-	42,407	241,101
Depreciation	8,442	61,321	-	10,289	80,052
Foreign exchange	(807)	(5,045)	-	(2,356)	(8,208)
Balance at December 31, 2012	45,346	217,259	-	50,340	312,945
Depreciation	15,303	115,466	-	13,865	144,634
Impairment	-	119,672	-	-	119,672
Foreign exchange	1,989	1,522	-	3,432	6,943
Balance at December 31, 2013	62,638	453,919	-	67,637	584,194
Carrying amounts					
At December 31, 2012	22,101	245,486	250,000	24,246	541,833
At December 31, 2013	8,436	11,768	7,580,400	12,031	7,612,635

Depreciation expense of $11,705 (2012 - $4,054) and impairment of $119,672 is included in the consolidated statement of comprehensive loss and an amount of $132,929 (2012 - $75,998) was charged to deferred exploration and evaluation expenses.

December 31, 2013 and 2012 (in Canadian dollars)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Property and equipment are located as follows:

	Computers, equipment and office furniture	Exploration and evaluation equipment	Buildings and equipment related to mining production	Vehicles	December 31, 2013 Total
	$	$	$	$	$
Morocco	8,436	11,768	7,580,400	12,031	7,612,635
	8,436	11,768	7,580,400	12,031	7,612,635

	Computers, equipment and office furniture	Exploration and evaluation equipment	Buildings and equipment related to mining production	Vehicles	December 31, 2012 Total
	$	$	$	$	$
Canada – corporate office	11,706	-	-	-	11,706
Morocco	10,395	245,486	250,000	24,246	530,127
	22,101	245,486	250,000	24,246	541,833

December 31, 2013 and 2012 (in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS

Changes in exploration and evaluation assets were as follows:

	December 31, 2013	December 31, 2012
	$	$
Rights on mining properties		
Opening balance	9,915,519	4,627,618
Additions	4,438,257	5,547,250
Impairment	-	(171,629)
Foreign exchange	259,080	(87,720)
Ending balance	14,612,856	9,915,519
Advances for property acquisition and exploration and evaluation work		
Opening balance	3,156,356	245,806
Advances during the year	1,830,000	4,075,000
Applied on acquisition of rights and mining properties	(739,399)	(593,500)
Applied as buildings and equipment related to mining production and as deferred exploration and evaluation expenses	(4,246,957)	(590,563)
Foreign exchange	-	19,613
Ending balance	-	3,156,356
Deferred exploration and evaluation expenses		
Opening balance	5,278,634	4,473,619
Additions		
Salaries and benefits	183,184	167,432
Drilling and sampling	626,967	11,066
Geology and consulting	941,866	289,400
Supplies and others	184,624	424,018
Administrative	181,874	37,275
Depreciation	132,929	75,998
Foreign exchange	277,249	(195,910)
Impairment	-	(4,264)
Ending balance	7,807,327	5,278,634
Balance, end of year	22,420,183	18,350,509

December 31, 2013 and 2012 (in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (continued)

Exploration and evaluation assets are as follows:

	December 31, 2013	
	Morocco	Total
	$	$
Rights on mining properties	14,612,856	14,612,856
Deferred exploration and evaluation expenses	7,807,327	7,807,327
	22,420,183	22,420,183

	December 31, 2012	
	Morocco	Total
	$	$
Rights on mining properties	9,915,519	9,915,519
Advances for property acquisition and exploration and evaluation work	3,156,356	3,156,356
Deferred exploration and evaluation expenses	5,278,634	5,278,634
	18,350,509	18,350,509

The Corporation has a cumulative impairment related to the Mexican property for an amount of $175,893.

a) Boumadine project

In February 2013, the Corporation and L'Office National des Hydrocarbures et des Mines ("ONHYM"), a Moroccan state institution, entered into a Joint Venture for the Boumadine polymetallic deposit (the "Convention"). Under the terms of the Convention, the Corporation acquired 85% of the Boumadine project for total cash payments of $5,155,700 (43,000,000 dirham), including an initial amount of $719,400 (6,000,000 dirham) paid by Glowat on behalf of the Corporation, an amount of $781,800 (6,000,000 dirham) payable in February 2014, $781,800 (6,000,000 dirham) payable in February 2015, a final payment of $1,303,000 (10,000,000 dirham) payable in February 2016 and an amount of $1,954,500 (15,000,000 dirham) that relates to past expenses incurred by the vendor for which the vendor can either demand reimbursement of this amount or apply it as a capital contribution of the future company to be created. The transfer of the property will occur once a separate company owned at 85% by the Corporation and 15% by ONHYM has been established in Morocco under the terms of the Convention, a letter of credit amounting to $286,660 (22,000,000 dirham) has been subscribed by the Corporation to the benefit of OHNYM and all cash payments have been completed.

The Corporation has agreed under the Convention to invest an overall budget of $16 million (122,793,553 dirham) which includes cash payments and exploration and development expenditures within 60 months of the approval of the Convention. ONHYM will receive a 3% royalty on sales from the Boumadine project. In the event where delay in production would be greater than 60 months from the date of approval of the Convention, the Corporation undertakes to pay to the vendor a cancellation annual royalty of 100,000 dirham ($13,030) until production actually begins.

8. EXPLORATION AND EVALUATION ASSETS (continued)

The Corporation has also agreed to undertake a work program beginning three months after the transfer of the property. For the development of the Boumadine property, the Corporation agreed to realize the following actions correspondingly;

(i) Certification of reserves (18 months);
(ii) Testing recovery (6 months);
(iii) Mining development (48 months); and
(iv) Research and exploration (60 months).

The period of execution of the proposed work is 60 months for all of the actions mentioned above.

The realization of all work and installations needed for the exploitation of the deposit are the responsibility of the new company to be created to be 85% owned by the Corporation and 15% owned by ONHYM.

The acquisition of Boumadine property does not meet the definition of a business as the property does not have ore reserves nor does it have a processing infrastructure. Consequently, the property has been recorded as an acquisition of assets.

The balance of purchase price due does not bear interest. The purchase price of $5,155,700, excluding initial cash payment of $719,400, was discounted to $4,438,257 with an interest rate of 15%. The amount was allocated to the assets acquired based on the fair value of the total consideration at the closing date of the transaction.

Two months after the initial due date, the initial cash payment of $719,400 (6,000,000 dirham) related to the acquisition of the Boumadine property, was paid by Glowat on behalf of the Corporation.

b) Zgounder project

In January 2012, the Corporation and ONHYM, entered into an Assignment Agreement for the Zgounder Silver project. Under the terms of the Assignment Agreement, the Corporation acquired 85% of the Zgounder Silver project for total cash payments of $5,647,250 (48,000,000 dirham) at the date of transaction, including an amount of $2,382,450 (20,000,000 dirham) paid in February 2012, an amount of $1,710,124 (14,000,000 dirham) paid in February 2013 and a final amount of $1,824,200 (14,000,000 dirham) now payable in May 2014. The transfer of the property will occur once a separate company owned at 85% by the Corporation and 15% by ONHYM has been established in Morocco under the terms of the Convention, a letter of credit amounting to $364,840 (2,800,000 dirham) has been subscribed by the Corporation to the benefit of OHNYM and all cash payments have been completed. The last payment was initially due on July 2013; however, the Corporation obtained the consent from the creditor to defer the payment until May 2014.

December 31, 2013 and 2012 (in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (continued)

Under the terms of the Assignment Agreement, the Corporation also agreed to make an additional cash payment (the "Additional Payment") to ONHYM, no later than the latter of 6 months following the completion of a feasibility study and the decision to bring the project into production, or 24 months following the transfer of the property to the Corporation. The Additional Payment will total $1.5 million if the established mineral reserves are at least 10 million ounces of silver, $3.0 million if the established mineral reserves exceed 20 million ounces of silver and $4.0 million if the established mineral reserves exceed 30 million ounces of silver. The Corporation has also agreed to undertake a $5.0 million exploration program to be spent within 24 months of the transfer of the property and to spend an amount of $9.5 million in rehabilitation and development expenditures within 18 months of the approval of the Act of the transfer of the property. ONHYM will receive a 3% royalty on sales from the Zgounder project.

The acquisition of Zgounder property did not meet the definition of a business as the property did not have ore reserves and the processing infrastructure is non-functional and incomplete. Consequently, the property has been recorded as an acquisition of assets.

In the event where delay in production would be greater than 18 months after the approval of the Act of the transfer of the property, the Corporation undertakes to pay to the vendor a cancellation annual royalty of 100,000 dirham ($13,030) until production actually begins.

The total purchase price of $5,647,250 was allocated to the assets acquired and the liabilities assumed based on the fair value of the total consideration at the closing date of the transaction. All property, plant and equipment acquired and provision of environmental remediation assumed were recorded at fair value and the residual amount as compared to the consideration paid was allocated to the mining property.

The purchase price was calculated as follows:

Consideration paid

	$
Cash	2,382,450
Balance of purchase price payable	3,264,800
	5,647,250

Net assets acquired

	$
Property, plant and equipment	250,000
Mining property	5,547,250
Provision for environmental remediation	(150,000)
	5,647,250

8. EXPLORATION AND EVALUATION ASSETS (continued)

c) Amizmiz Property

In October 2010, the Corporation entered into a property purchase agreement with Société d'Exploration Géologique des Métaux ("SEGM"), a Moroccan private company holding the right on the Amizmiz mining permits, replacing and cancelling the previous option agreement of March 2009, whereby it acquired from SEGM, 100% of the rights on the Amizmiz property in consideration for 1,555,555 common shares of the Corporation. In accordance with the 2009 option agreement and the 2010 acquisition agreement, the Corporation made cash payments of $250,000 in 2009 and issued 500,000 common shares in 2009, 666,667 common shares in March 2010 and 1,555,555 common shares in June 2011, respectively valued at $190,000, $180,000 and $622,223 at the date of the transactions. SEGM retains a 2.5% net smelter royalty (NSR) on the acquired permits. The 2010 acquisition agreement was approved by the Moroccan Mining Authorities in June 2011.

In 2012, one of the permits held at the Amizmiz property was not renewed. Since no value was allocated to this permit at the acquisition date, no impairment was necessary.

d) Azegour property

On March 2, 2011, the Corporation entered into a property purchase agreement with Ouiselat Mines (a private Moroccan company) to acquire a 100% interest in mining permit No 183208 (Azegour property) for a total cash consideration of 20.0 million dirhams (approximately $2.4 million) and the issuance of 500,000 common shares of the Corporation in favour of Ouiselsat Mines.

In accordance with the agreement, the Corporation paid in 2011, in two tranches, a total amount of 15.0 million dirhams (approximately $1.8 million) and issued all 500,000 common shares of the Corporation, valued at $175,000. The third and final cash payment of 5 million dirhams ($593,500) was due in March 2012, 12 months following the signing of the purchase agreement. This payment was made in March 2012.

The Corporation will pay a 2.5% royalty on revenue to Ouiselat Mines on any production derived from the property.

The transfer of property titles to the Corporation as well as the regulatory approval of the transaction by the Ministère de l'Énergie, des Mines, de l'Eau et de l'Environnement du Maroc ("Moroccan Mining Authorities") were confirmed in May 2011.

e) Mining permit No 233263

On March 2, 2011 the Corporation entered into a property purchase agreement with a private individual to acquire a 100% interest in mining permit no 233263 by making cash payments of 400,000 dirhams (approximately $50,000), including 200,000 dirhams ($24,160) at the signing of the agreement and the remaining 200,000 dirhams (approximately $24,680) upon approval from the Ministère des Mines (received on November 11, 2011).

A further payment of 400,000 dirhams (approximately $50,000) is to be paid to the seller, if future exploration work confirms a minimum of 10,000,000 ounces of silver on the property.

December 31, 2013 and 2012 (in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (continued)

f) La Campaña property

Based on an impairment analysis performed in 2012 and given that no expenses was budgeted, this property was fully impaired for an amount of $175,893.

g) Balances of purchase price payable related to acquisition of properties

	Zgounder	Boumadine	Total
	$	$	$
Balance at December 31, 2011	-	-	-
Additions for the year	5,647,250	-	5,647,250
Payment	(2,382,450)	-	(2,382,450)
Foreign exchange	28,000	-	28,000
Balance at December 31, 2012	**3,292,800**	**-**	**3,292,800**
Additions for the year	-	4,438,257	4,438,257
Payment	(1,710,124)	(719,400)	(2,429,524)
Accretion expense	-	276,039	276,039
Foreign exchange	241,524	322,570	564,094
Balance at December 31, 2013	**1,824,200**	**4,317,466**	**6,141,666**
Current portion	**1,824,200**	**2,628,027**	**4,452,227**
Non-current portion	**-**	**1,689,439**	**1,689,439**

9. DEBENTURES

	Non-convertible	Convertible	Total
	$	$	$
Balance at December 31, 2012	1,760,000	-	1,760,000
Issuance of 6,760,000 shares for the settlement of $1,690,000 debentures (Note 9a)	(1,690,000)	-	(1,690,000)
Transfer in accounts payable and accrued liabilities (for settlement in cash or silver ingot)	(70,000)	-	(70,000)
Issuance of convertible debentures	-	2,200,000	2,200,000
Issuance costs	-	(80,863)	(80,863)
Equity component	-	(361,846)	(361,846)
Accretion expense	-	16,402	16,402
Balance at December 31, 2013	**-**	**1,773,693**	**1,773,693**

9. DEBENTURES (continued)

a) Non-convertible debentures

On February 13, 2012, April 5, 2012 and June 14, 2012 the Corporation completed financings of non-convertible debentures. The principal amount for each of the financing amounted to $200,000, $280,000 and $580,000 respectively.

On November 17, 2011, the Corporation completed a financing of non-convertible debentures in the principal amount of $700,000.

These non-convertible debentures had a maturity date of December 31, 2013. The Corporation agreed to reimburse the principal amount of the non-convertible debentures by the delivery of silver ingots produced by the Corporation on the basis of one silver ingot of 10 kg for each tranche of $10,000 in capital. Should the Corporation not be in a position to deliver such silver ingots on the maturity date, the Corporation agreed to reimburse the principal amount of the debentures in cash, with interest at the rate of 5% per annum.

On December 31, 2013, the Corporation agreed with all debentures holder to settle all debentures as follow:

(i) Issuance of 6,760,000 shares as settlement of $1,690,000 debentures.
(ii) One silver ingot as settlement of $10,000 debentures.[(1)]
(iii) Payment in cash as settlement of $60,000 debentures [(1 & 2)]

[(1)]This amount is payable as at December 31, 2013.
[(2)]Transactions with a related party (Note 19).

b) Convertible debenture into common shares

On June 25, 2013, the Company completed the financing of a $500,000 convertible debenture bearing interest at a rate of 7.5% per annum and maturing on June 25, 2015. The principal amount of the debenture and accrued interest will be payable on maturity date.

The debenture is convertible into common shares of Maya at the option of the holder at any time prior to the maturity date, at a conversion price equal to $0.35 per common share. On conversion, the holder will receive accrued interest on the debenture from the date of issue of the debenture up to and including the last day prior to conversion.

Forced conversion of the debenture into common shares will occur, at a conversion price of $0.35 per common share, if, at any time, the weighted average trading price of the common shares of the Corporation listed on the TSX Venture Exchange is equal to or above $0.75 per share for a period of 20 consecutive trading days.

The convertible debenture is a compound financial instrument and as such it has been recorded as a liability and as equity. The liability component was valued first, and the difference between the proceeds of the debenture and the fair value of the liability was assigned to the equity component. The present value of the liability was calculated using discount rate of 15%.The effective interest rate used of 15% represents the estimated market rate at closing that the Corporation would obtain for similar financing without the conversion option. The liability component would be accreted to the face value of the debenture over the term of the debenture with a resulting charge to interest expense. The equity component of $73,237 was accounted for net of tax effect of $19,700.

An issuance cost of $ 10,000 was paid in total in relation with this closing.

9. DEBENTURES (continued)

c) Convertible debentures into common shares or silver ingots

On November 20, 2013, the Company completed the financing of $1,700,000 unsecured convertible debentures bearing interest at a rate of 8% per annum and maturing on November 20, 2016. The principal amount of the debentures will be payable on maturity date and accrued interest payable quarterly.

At maturity date, the debenture holders will have the option to receive:

(i) cash; or
(ii) common shares of Maya, at a conversion price equal to $0.35 per common share; or
(iii) silver ingots produced from the Zgounder mine at the option of the holders at a price per ounce of silver equal to equal to the greater of:
    (a) the spot market price of silver at the date of payment minus 12.5%; or
    (b) $US18 per ounce

An issuance cost of $ 70,863 was paid in total in relation with this first closing.

The debentures issued will be subject to a statutory hold period of four months and one day from the date of issuance in accordance with applicable securities legislation.

The convertible debenture is a compound financial instrument and as such it has been recorded as a liability and as equity. The liability component was valued first, and the difference between the proceeds of the debenture and the fair value of the liability was assigned to the equity component. The effective interest rate used of 15% represents the estimated market rate at closing that the Corporation would obtain for similar financing without the conversion option. The liability component would be accreted to the face value of the debenture over the term of the debenture with a resulting charge to interest expense. The equity component of $288,609 was accounted for net of tax effect of $77,635.

10. ASSET RETIREMENT OBLIGATIONS AND PROVISION FOR ENVIRONMENTAL REMEDIATION

The asset retirement obligations represent the legal and contractual obligations associated with the eventual dismantling of the Corporation's assets. As at December 31, 2013, the estimated inflation-adjusted discounted cash flows required to settle the asset retirement obligations amounts to $622,443. The discount rate used is 4.86 % and the disbursements are expected to be made in 2024.The estimated undiscounted value of this liability was estimated using an expected value approach which combines probability weighted outcomes for a variety of possible scenarios from an amount of $750,000 to $900,000 (nil in 2012).

The Corporation has also a provision for environmental remediation of $150,000 recorded in the acquisition of Zgounder property in 2012.The provision is related to the environmental remediation work to be performed principally for the tailings in the next year. There is no variation of this provision during the year.

December 31, 2013 and 2012 (in Canadian dollars)

10. ASSET RETIREMENT OBLIGATIONS AND PROVISION FOR ENVIRONMENTAL REMEDIATION (continued)

	Asset retirement obligations	Provision for environmental remediation	Total
	$	$	$
Balance at December 31, 2011	-	-	-
New obligation	-	150,000	150,000
Balance at December 31, 2012	**-**	**150,000**	**150,000**
New obligation	622,443	-	622,443
Balance at December 31, 2013	**622,443**	**150,000**	**772,443**
Current portion	**-**	**150,000**	**150,000**
Non-current portion	**622,443**	**-**	**622,443**

11. SHARE CAPITAL AND WARRANTS

Authorized

Unlimited number of common shares without par value.

Issuance of securities

2013

On March, 2013, 330,000 warrants at a unit price of $0.35 were exercised for total cash proceeds of $115,500.

On March 2013, the Corporation issued 559,396 Common Shares to each of the CEO and President (former COO) for accomplishments realized in 2010, 2011 and 2012. The market price of the Common Shares on March 7, 2013 was $0.265. The Corporation was not able to reliably determine the fair value of services received and therefore the fair value of the shares were evaluated based on the market price at the date of grant.

On May 15, 2013, the Corporation issued to Praetorian Resources Limited, a total number of 3,500,000 common share purchase warrants of the Corporation, as part of the share exchange concluded between the Corporation and Praetorian Resources Limited, each of such common share purchase warrant entitling the holder thereof to purchase one common share of the Corporation at a price of $0.35 for a period of 24 months from its date of issuance; with a deemed date of issuance of October 31, 2012. The share exchange agreement ("Exchange Agreement") with Praetorian occurred in 2012 and the Corporation needed the approval of shareholders at the annual general meeting to issue these warrants. In 2012 the entire value was allocated to the shares since the warrants were not yet issue. At the grant date, the fair value of the warrants was estimated at nil considering that no counterparty was received.

On December 31, 2013, the Corporation issued 6,760,000 shares as settlement of $1,690,000 debentures maturing on December 31, 2013 (Note 9a).

December 31, 2013 and 2012 (in Canadian dollars)

11. SHARE CAPITAL AND WARRANTS (continued)

2012

The following table details private placements completed during the year ended December 31, 2012:

	Shares issued	Proceeds	Warrant exercise price (6) (7)	Expiry date of warrants
February 13, 2012 (1)	3,000,000	$700,000	$0.35	December 31, 2013
April 5, 2012 (1) (5)	4,200,000	$980,000	$0.35	December 31, 2013
June 14, 2012(1)	8,700,000	$2,030,000	$0.35	December 31, 2013
July 12, 2012 (2)	7,000,000	$1,750,000	-	-
September 13, 2012 (3)	5,000,000	$1,250,000	$0.35	September 12, 2014
November 22, 2012 (4)	18,808,000	$4,702,000	$0.35	November 26, 2014
Total	46,708,000	$11,412,000		

(1) A total of 53 units were issued On February 13, April 5 and June 14, 2012 at a price of $70,000 per unit, for total gross proceeds of $3,710,000. Each unit consists of 300,000 common shares and 150,000 common share purchase warrants. Each warrant entitles the holder thereof to purchase one common share of the Corporation at an exercise price of $0.35, exercisable at any time on or before December 31, 2013. The securities issued under the private placement are subject to a four-month hold period.

(2) On July 12, 2012, the Corporation entered into a share exchange agreement with Praetorian. Pursuant to the Exchange Agreement, the Corporation issued to Praetorian 7,000,000 common shares of its share capital at a deemed issue price of $0.25 per common share (for a total deemed value of $1,750,000) and issue in 2013 to Praetorian 3,500,000 share purchase warrants at $0.35, exercisable at any time on or before October 31, 2014, enabling Praetorian to purchase one additional common share of the Corporation for each share purchase warrant held. In exchange, the Corporation received 2,185,315 ordinary shares and 1,092,657 subscription shares of Praetorian, as fully described in Note 6. The common shares issued by the Corporation under the Exchange Agreement are subject to a four-month hold period, expired in November 2012.

(3) On September 13, 2012, the Corporation issued 5,000,000 units in connection with a subscription agreement with Praetorian. The units were issued at a price of $0.25 per unit for a gross proceed of $1,250,000. Each unit consists of one common share and one half common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the Corporation at an exercise price of $0.35, exercisable at any time on or before September 12, 2014. The securities issued under the private placement are subject to a four-month hold period.

(4) On November 22, 2012, the Corporation issued 18,808,000 units for total gross proceeds of $4,702,000. Each unit consists of one common shares and one half common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the Corporation at an exercise price of $0.35, exercisable at any time on or before November 26, 2014. The securities issued under the private placement are subject to a four-month hold period.

(5) As part of the April 5, 2012 private placement, three units for a total amount of $210,000 were issued as settlement of a bonus payment due to a director and officer of the Corporation.

All warrants are subject to an accelerated expiry if, following the hold period of four months and one day from the closing date of the private placement, the weighted average trading price (as such term is defined in the TSXV Exchange Policies) of the common shares of the Corporation is equal to or greater than $0.50 for any 20 consecutive trading days (after taking into account the change in strike price from $1.00 to $0.50 related to the February 13 and April 5, 2012 private placements (see detail of change in Share purchase warrants section)). The exercise price of the warrants originally issued between March 4, 2011 and April 5, 2012 was amended from $0.70 to $0.35 per common share on June 14, 2012 (see detail of change in Share purchase warrants section).

December 31, 2013 and 2012 (in Canadian dollars)

11. SHARE CAPITAL AND WARRANTS (continued)

The fair value of the warrants issued was measured based on the Black-Scholes option pricing model. The following tables detail the fair value for each private placement of 2012 and the weighted average assumptions used:

Weighted average assumptions:	
Volatility	*87%*
Risk-free interest rate	1.1%
Expected dividend yield	0%
Expected life	1.9 year

	Number of warrants issued	Warrants' value	Total fair value
February 13, 2012	1,500,000	$0.05	$71,265
April 5, 2012	2,100,000	$0.04	$92,050
June 14, 2012	4,350,000	$0.06	$277,140
September 13, 2012	2,500,000	$0.07	$164,309
November 22, 2012	9,404,000	$0.07	$626,420
Total	19,854,000		$1,231,184

In connection with the private placements completed in 2012, the Corporation paid finders' fees totalling $427,100 issued 385,000 shares estimated at $80,850 and issued broker warrants with an exercise price of $0.35 per warrant, 60,000 exercisable at any time on or before December 31, 2013 and 70,000 until November 26, 2014. The fair value of the shares issued is estimated based on the fair value of shares at the transaction date. The fair value of the broker warrants, estimated at $33,684 was measured based on the Black-Scholes option pricing model using an expected volatility of 90%, a risk-free interest rate of 1.1%, an expected dividend yield of 0% and an expected life of 1.9 years. Other share issue costs totalled $79,081.

December 31, 2013 and 2012 (in Canadian dollars)

11. SHARE CAPITAL AND WARRANTS (continued)

Share purchase warrants

	Year ended December 31, 2013		Year ended December 31, 2012	
	Number	Weighted average exercise price ($)	Number	Weighted average exercise price ($)
Balance, beginning of year	32,579,978	0.35	30,501,610	0.53
Private placements of 2012 – Completed in May 2013	3,500,000	0.35	19,404,000	0.35
Bonus payment	-	-	450,000	0.35
Finders' fees	-	-	130,000	0.35
Exercised	(330,000)	(0.35)	-	-
Expired	(20,275,978)	(0.35)	(17,905,632)	(0.42)
Balance, end of year	15,474,000	0.35	32,579,978	0.35

At December 31, 2013, the outstanding number of warrants exercisable into common shares is as follows:

	Number of warrants December 31, 2012	Issued	Expired	Exercised	**Number of warrants December 31, 2013**	Price per share	Expiry date
Private placement – March 2011	6,985,978	-	(6,655,978)	(330,000)	**-**	0.35	March 2013
Private placement – November 2011	5,400,000	-	(5,400,000)	-	**-**	0.35	Dec 2013
Broker warrants – November 2011	210,000	-	(210,000)	-	**-**	0.35	Dec 2013
Private placement – February 2012	1,500,000	-	(1,500,000)	-	**-**	0.35	Dec 2013
Broker warrants – February 2012	60,000	-	(60,000)	-	**-**	0.35	Dec 2013
Private placement – April 2012	2,100,000	-	(2,100,000)	-	**-**	0.35	Dec 2013
Private placement – June 2012	4,350,000	-	(4,350,000)	-	**-**	0.35	Dec 2013
Private placement– September 2012	2,500,000	-	-	-	**2,500,000**	0.35	Sept 2014
Private placement – December 2012	9,404,000	-	-	-	**9,404,000**	0.35	Nov 2014
Broker warrants – November 2012	70,000	-	-	-	**70,000**	0.35	Nov 2014
Private placement of 2012 – Completed in May 2013	-	3,500,000	-	-	**3,500,000**	0.35	Oct 2014
	32,579,978	3,500,000	(20,275,978)	(330,000)	**15,474,000**	0.35	

A total of 20,275,978 share purchase warrants granted in 2011 and 2012 expired unexercised in December 2013.

11. SHARE CAPITAL AND WARRANTS (continued)

Share purchase warrants (continued)

Re-pricing and change in acceleration clause of warrants

On June 14, 2012, the Corporation applied to the TSXV to reduce the exercise price of all its outstanding common share purchase warrants with an exercise price of $0.70 per share. These warrants, which total 15,985,978, were originally issued between March 4, 2011 and April 5, 2012 as part of non-brokered private placements of the securities of the Corporation. The Corporation was seeking reduction of the exercise price of these warrants from $0.70 to $0.35, in line with the terms and conditions of the warrants issued on June 14, 2012. The Corporation adjust the weighted average trading price of the common shares (with the exception of those warrants issued in March 2011) that triggers the accelerated expiry provisions of these warrants from $1.00 to $0.50, again in line with the terms and conditions of the warrants issued on June 14, 2012. Pursuant to the policies of the TSXV, the accelerated expiry provisions of those warrants issued in March 2011, being 6,985,978 warrants, would rather be amended to provide that the exercise period of such warrants will be reduced to 30 days if, for any 10 consecutive trading days during the unexpired term of such warrants, the closing price of the Corporation's common shares on the TSXV exceeds $0.467. The 30 day period will begin 7 calendar days after such 10 consecutive trading day period.

Consequently, the resulting adjustment to the fair value of warrants in the amount of $721,257 was charged to deficit during the exercise ended December 31, 2012. The new fair value of these warrants was measured based on the Black-Scholes option pricing model using a volatility of 100%, a risk-free interest rate of 1.1%, an expected dividend yield of 0% and an expected life of 1.5 years as at the date the changes were approved by the TSXV. The adjustment was calculated in comparison of the two fair values.

Long-term incentive plan

At the annual shareholders meeting held on June 10, 2011 the shareholders approved the 2011 LTIP in favour of the Chief Executive Officer and the Chief Operating Officer. These officers are entitled to receive up to an aggregate of 4,000,000 common shares of the Corporation until December 2015 on the basis of certain goals and milestones. The goal is to significantly increase shareholder value by the end of December 2015 through the acquisition of material mining properties and the development up to commercial production of any of the Corporation's property. The adoption of the LTIP brings the total number of common shares reserved for future issuance under all equity compensation plans to 8,000,000.

On March 2013, the Corporation issued 559,396 Common Shares to each of the CEO and President (former COO). The market price of the Common Shares on March 7, 2013 was $0.265.

In 2011 and 2012, no common shares were granted under the plan.

December 31, 2013 and 2012 (in Canadian dollars)

12. SHARE PURCHASE OPTIONS

The Corporation has adopted an incentive stock option plan (the "Plan") for its directors, officers, employees and consultants which provides that the Board of Directors of the Corporation may, from time to time, in its discretion, and in accordance with the TSXV policies, grant to directors, officers, employees and consultants to the Corporation, non-transferable options to purchase common shares of the Corporation, provided that the number of shares reserved for issuance will not exceed 10,000,000 common shares and that the exercise price of options granted may not be less than the closing price on the day preceding the grant.

The following table sets out the activity in share purchase options:

	Year ended December 31, 2013		Year ended December 31, 2012	
	Number	$ (1)	Number	$ (1)
Balance, beginning of year	4,760,000	0.31	3,400,000	0.30
Granted	3,875,000	0.35	1,560,000	0.35
Expired	(1,600,000)	(0.25)	(50,000)	(0.40)
Forfeited	(100,000)	(0.35)	(150,000)	(0.42)
Balance, end of year	6,935,000	0.35	4,760,000	0.31

(1) Weighted average exercise price

On January 18, 2013, the Board of Directors approved (approved by the shareholders May 15, 2013), , an increase in the number of common shares reserved for issuance under the Corporation's fixed number stock option plan (the "Plan") from 7,000,000 to 10,000,000.

On January 18, 2013, the Corporation granted to directors, officers, employee and consultants, 3,675,000 share purchase options with a five year term except for 200,000 options which the exercise period is one year. The share purchase options are exercisable at $0.35 per share. For the consultants, the Corporation was not able to reliably determine the fair value of services received and therefore the fair value of the shares were evaluated based on the market price at the date of grant. The 3,475,000 options are vested on each quarter equally for a period of 18 months. The 200,000 options are vested 25% at the date of grant, 25% six months following the date of grant and 50% twelve months after the date of grant.

The weighted average fair value of $0.17 of the 3,675,000 share purchase stock options granted in 2013 was estimated using the Black-Scholes option pricing model at the date of issuance.

On July 2, 2013, the Corporation granted to a director, 200,000 share purchase options with a five year term. The share purchase options are exercisable at $0.35 per share. The options are vested on each quarter equally of 12 months.

The weighted average fair value of $0.18 of the 200,000 share purchase stock options granted in 2013 was estimated using the Black-Scholes option pricing model at the date of issuance.

December 31, 2013 and 2012 (in Canadian dollars)

12. SHARE PURCHASE OPTIONS (continued)

On March 6, 2012, the Corporation granted to directors, officers, employee and consultants, 1,560,000 share purchase options with a five year term. The share purchase options are exercisable at $0.35 per share. A total of 390,000 of the share purchase options granted vested on the date of grant, 390,000 vested on September 6, 2012 and 780,000 will vest by March 6, 2013. For the consultants, the Corporation was not able to reliably determine the fair value of services received and therefore the fair value of the shares were evaluated based on the market price at the date of grant. The options are vested on each quarter equally for a period of 18 months.

The weighted average fair value of $0.20 of the 1,560,000 share purchase stock options granted in 2012 was estimated using the Black-Scholes option pricing model at the date of issuance.

The Corporation use the following weighted average assumptions for all 2013 and 2012 issues of shares purchase stock options:

	Year ended December 31, 2013	Year ended December 31, 2012
Exercise price ($)	0.35	0.35
Grant date market price ($)	0.26	0.28
Expected stock option life (years)	4.79	5.00
Expected volatility (%)	88	100
Risk-free interest rate (%)	1.47	1.70
Dividend yield (%)	0	0

No special features inherent to the options granted were incorporated into the measurement of fair value. The share-based payments were accounted for as an expense in the consolidated statement of comprehensive loss. The Corporation currently estimates the expected volatility of its common shares based on its historical information. In the beginning of 2012, the volatility was based on comparable information derived from the trading history of guideline public companies which in a similar situation to the Corporation taking into consideration the expected life of the options.

December 31, 2013 and 2012 (in Canadian dollars)

12. SHARE PURCHASE OPTIONS (continued)

The following table reflects the share purchase options issued and outstanding at December 31, 2013:

Issue date	Number of options	Exercise price	Remaining contractual life (years)	Number of options exercisable
	Number	$	Number	Number
July 2009	50,000	0.40	0.6	50,000
September 2009	200,000	0.40	0.7	200,000
October 2009	50,000	0.48	0.8	50,000
February 2010	150,000	0.40	1.1	150,000
July 2010	875,000	0.25	1.5	875,000
March 2011	250,000	0.45	2.2	250,000
March 2012	1,485,000	0.35	3.4	1,485,000
March 2013	3,675,000	0.35	4.0	1,787,500
July 2013	200,000	0.35	4.5	50,000
	6,935,000	**0.35**	**3.3**	**4,877,500**
Weighted average exercise price ($)				**0.34**

13. MANAGEMENT AND ADMINISTRATION EXPENSES

	Year ended December 31, 2013	Year ended December 31, 2012
	$	$
Salaries and benefits	466,870	226,089
Consulting fees	172,666	525,737
Bonuses	-	262,500
Share-based payments	854,259	330,812
Office	138,841	148,617
Professional fees	271,213	119,635
Regional office – Mexico	6,358	6,522
Reporting issuer costs	40,952	34,520
Penalties and interests	-	55,823
Depreciation	11,705	4,054
	1,962,864	1,714,309

December 31, 2013 and 2012 (in Canadian dollars)

14. INCOME TAXES

The reconciliation of the effective tax rate is as follows:

	Year ended December 31, 2013	Year ended December 31, 2012
	$	$
Loss before income tax	(3,886,365)	(2,634,459)
Tax using the Corporation's domestic tax rate of 26.9%	(1,045,432)	(708,669)
Stock-based remuneration	150,043	88,988
Effect of tax rate in foreign jurisdictions	(1,062)	(22,373)
Non-deductible expenses	325,269	5,476
Unrecognized tax assets	297,528	417,124
Expiration of tax losses	111,967	-
Foreign exchange	(212,821)	10,275
Impact of change of functional currency	-	(120,527)
Other	(22,440)	(23,488)
Deferred income tax	(396,948)	(353,194)

The applicable statutory tax rates are 26.9%. The Corporation's applicable tax rate is the Canadian combined rates applicable in the jurisdictions in which the Corporation operates.

Unrecognized deductible temporary differences for which no deferred tax assets have been recognized are as follows:

	December 31, 2013	December 31, 2012
	$	$
Non-capital loss carry-forwards	7,111,491	6,986,435
Property and equipment	503,403	121,806
Exploration and evaluation assets	635,042	-
Share issue costs	635,552	799,693
Unrealized capital loss	347,800	187,069
Marketable securities	613,467	47,251
	9,846,755	8,142,254

December 31, 2013 and 2012 (in Canadian dollars)

14. INCOME TAXES (continued)

Recognised deferred tax assets and liabilities are as follows:

	December 31, 2013	December 31, 2012
	$	$
Non-capital loss carry-forwards	219,226	-
Property and equipment	35,047	72,582
Balances of purchase price	(104,226)	-
Debentures	(115,000)	-
Non capital losses	-	30,652
Unrealized capital gain	-	(19,000)
Exploration and evaluation assets	(35,047)	(84,234)
	-	-

Non-capital losses expire as follows:

	Canada
	$
2027	1,000
2028	368,832
2029	846,067
2030	1,311,851
2031	1,908,529
2032	1,490,100
2033	1,041,083
	6,967,462

As at December 31, 2013, the Corporation had unused tax losses in Morocco of $419,153 ($794,098 in 2012) expiring from 2015 to 2017.

December 31, 2013 and 2012 (in Canadian dollars)

15. CAPITAL MANAGEMENT

The Corporation defines capital as equity and debentures. When managing capital, the Corporation's objectives are a) to ensure the Corporation continues as a going concern; b) to increase the value of the Corporation's assets; and c) to achieve optimal returns to shareholders. These objectives will be achieved by identifying the right exploration and evaluation projects, adding value to these projects and ultimately taking them to production or obtaining sufficient proceeds from their disposal. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and evaluation of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Corporation's management team to sustain the future development of the business. As at December 31, 2013, capital was $19,208,002 ($19,881,807 at December 31, 2012). Management reviews its capital management approach on an ongoing basis and believes that this approach is appropriate given the relative size of the Corporation. There were no changes in the Corporation's approach to capital management during the year ended December 31, 2013. Variation of capital during the year is detailed in the consolidated statement of changes in equity.

16. FINANCIAL RISK MANAGEMENT

The Corporation is exposed to various financial risks resulting from both its operations and its investment activities. There were no changes to the financial objectives, policies and processes during the year ended December 31, 2013. The classification of financial instruments is summarized as follows:

	Classification	As at December 31, 2013	As at December 31, 2012
Financial assets			
Cash and cash equivalents	Loans and receivables	157,410	2,788,597
Marketable securities - shares	Available for sale investment	156,313	1,590,931
Marketable securities – subscription shares	Financial asset with variations in fair value charged to profit or loss	19,260	141,416
Advance to a related party	Loans and receivables	193,081	201,684
Restricted short-term investment	Loans and receivables	20,000	20,240
		546,064	**4,742,868**
Financial liabilities			
Accounts payable and accrued liabilities	Financial liabilities at amortized cost	905,892	431,360
Accounts payable and accrued liabilities to a related party	Financial liabilities at amortized cost	3,642,085	-
Balances of purchase price payable	Financial liabilities at amortized cost	6,141,666	3,292,800
Debentures	Financial liabilities at amortized cost	1,773,693	1,760,000
		12,463,336	**5,484,160**

December 31, 2013 and 2012 (in Canadian dollars)

16. FINANCIAL RISK MANAGEMENT (continued)

The Corporation's main financial risks exposure and its financial risks management policies are as follows:

Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instrument fails to meet its contractual obligations. The Corporation's financial assets exposed to credit risk are primarily composed of cash and cash equivalents, restricted short-term investment and advance to a related party. The Corporation's cash and cash equivalents and restricted short-term investment is mostly held with charted Canadian bank (credit rating Baa3).Advance to a related party is continually monitored to ensure its collection. Therefore, credit risk is not considered significant.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's liquidity and operating results may be adversely affected if the Corporation's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Corporation. All of the Corporation's financial liabilities have contractual maturities of less than 3 months and are subject to normal trade conditions except for the debentures which mature between 2015 and 2016 and the balance of purchase price payable which mature in between 2014 and 2016. The Corporation generates cash flow primarily from its financing activities. As at December 31, 2013, the Corporation does not have sufficient funds to settle its liabilities and commitments for the next 12 months. The Corporation must achieve new financings to continue the exploration and evaluation projects, to cover general and administration expenses and to meet its commitments (Note 18). As at December 31, 2013, the Corporation's negative working capital totals $8,726,015 ($640,775 at December 31, 2012). Current liabilities of $9,150,204 ($5,484,160 at December 31, 2012) are due within the next 12 months. The Corporation regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity (see Note 2 – *Going concern*).

The following are the contractual maturities of financial liabilities, including interest where applicable as at December 31, 2013:

	Carrying amount	**Contractual cash flows**	**0 to 12 months**	**12 to 24 months**	**More than 24 months**
	$	**$**	**$**	**$**	**$**
Accounts payable and accrued liabilities	905,892	905,892	905,892	-	-
Accounts payable and accrued liabilities to a related party	3,642,085	3,642,085	3,642,085	-	-
Balances of purchase price	6,141,666	6,645,300	4,560,500	781,800	1,303,000
Debentures	1,773,693	2,670,598	136,789	711,000	1,822,809

December 31, 2013 and 2012 (in Canadian dollars)

16. FINANCIAL RISK MANAGEMENT (continued)

Currency risk

In the normal course of operations, the Corporation is exposed to currency risk due to business transactions in foreign countries denominated in a currency other than the functional currency being the Canadian dollar for all the entities within the consolidated group except for CMMM for which the functional currency is the Moroccan dirham. The Corporation has not entered into any derivative contracts to manage this risk. Transactions related to the Corporation's exploration and evaluation activities are mainly denominated in Moroccan dirham and the marketable securities are denominated in pounds. Foreign currency denominated financial assets and liabilities which expose the Corporation to currency risk are as follows:

December 31, 2013

	Pounds	Dirham	Total
Marketable securities	175,572	-	175,572
Accounts payables and accrued liabilities	(19,509)	(134,972)	(154,481)
Accounts payable and accrued liabilities to a related party	-	(3,642,085)	(3,642,085)
Balances of purchase price payable	-	(6,141,666)	(6,141,666)
	156,063	**(9,918,723)**	**(9,762,660)**

The impact on comprehensive loss of a 10% increase or decrease in foreign currencies on the Corporation's financial instruments based on balances at December 31, 2013 would be approximately $976,000.

Interest rate risk

The Corporation's current policy is to invest excess cash in guaranteed investment certificates or interest bearing accounts with Canadian chartered banks. The Corporation regularly monitors compliance to its cash management policy.

Interest rate fair value risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. As at December 31, 2012 cash and cash equivalents included an amount of $5,676(nil at December 31, 2013) in a guaranteed investment certificate, redeemable at any time, without penalty, bearing interest at a variable rate. The Corporation's other financial assets and current liabilities do not comprise any interest rate fair value risk since they do not bear interest. The sensitivity of the Corporation to a variation of 1% in interest rates would not have a significant impact. The Corporation does not use derivatives to mitigate its exposure to interest rate risk.

December 31, 2013 and 2012 (in Canadian dollars)

16. FINANCIAL RISK MANAGEMENT (continued)

Fair value of financial instruments

Financial instruments that are not measured at fair value on the consolidated statement of financial position are represented by cash and cash equivalents, advance to a related party, restricted short-term investment, accounts payable and accrued liabilities and accounts payable and accrued liabilities to a related party. Their carrying values are considered to be a reasonable approximation of their fair value because of their short-term maturity and /or contractual terms of these instruments.

The fair value of balances of purchase price for the acquisition of the Boumadine property and debentures is not materially different from their carrying value because there was no material change in the assumptions used and since the balance of purchase price payable for the acquisition of the Zgounder property mature within one year, its principal amount approximates its fair value.

The marketable securities are accounted for at their fair value. A variation of +/- 10% of the quoted market price as at December 31, 2013, would result in an estimated effect on the fair value of $17,557 ($1,926 in net loss ($14,141 in 2012) and $15,631 in other comprehensive loss ($159,093 in 2012).

Fair value hierarchy

The following table classifies financial assets and liabilities that are recognized on the statement of financial position at fair value in a hierarchy that is based on significance of the inputs used in making the measurements. The levels in the hierarchy are:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. As a December 31, 2013, Marketable securities in the amount of $175,573 was categorized as level 1 (December 31, 2012 – $1,732,347).

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). As at December 31, 2013, there were no financial assets and liabilities categorized as level 2 (December 31, 2012 – nil).

Level 3: Inputs for the asset or liability that are not based on observable market data. As at December 31, 2013, there were no financial assets and liabilities categorized as level 3 (December 31, 2012 – nil).

The following table provides information about financial assets and liabilities measured at fair value in the consolidated statement of financial position and categorized by level according to the significance of the inputs in making the measurements.

Recurring measurements	Level 1	Level 2	Level 3	Total
	$	$	$	$
Marketable securities				
Ordinary shares	156,313	-	-	156,313
Subscription shares	19,260	-	-	19,260
	175,573	-	-	175,573

During the year ended December 31, 2013, there were no transfers between Level 1, Level 2 and Level 3.

December 31, 2013 and 2012 (in Canadian dollars)

17. SUPPLEMENTAL CASH FLOW INFORMATION

	December 31, 2013	December 31, 2012
	$	$
Changes in working capital items		
Sales taxes receivable	45,828	(38,779)
Advance to a shareholder	8,603	(201,684)
Prepaid expenses	(15,779)	(4,755)
Accounts payable and accrued liabilities	453,558	(19,795)
	492,210	(265,013)

	Year ended December 31, 2013	Year ended December 31, 2012
	$	$
Non-cash transactions		
Additions of Rights on mining properties not paid	4,438,257	3,264,800
Additions of Rights on mining properties paid by Glowat on behalf of the Corporation	2,429,524	593,500
Asset retirement obligations recorded in property, plant and equipment (Note 10)	622,443	-
Additions of property, plant and equipment and exploration and evaluation expenses paid by Glowat on behalf of the Corporation	4,246,957	590,563
Issuance of shares as settlement of debentures	1,690,000	-
Accruals for settlement of debentures	70,000	-
Share exchange agreement with Praetorian (Notes 6 and 11)	-	1,750,000
Units issued in lieu of bonus payment included in accounts payable as at December 31, 2011	-	210,000
Debentures issued in lieu of a bonus payment included in accounts payable as at December 31, 2011	-	60,000
Share issue expenses – shares, broker warrants and agent options	-	114,534
Depreciation included in exploration and evaluation assets	132,929	75,998

December 31, 2013 and 2012 (in Canadian dollars)

18. COMMITMENTS

Lease agreement

As at December 31, 2013, the Corporation had a commitment under the terms of a lease for office premises and office equipment ending in May 2015 of $58,176.

The total commitments for the next two years are as follows:

	$
2014	38,304
2015	19,872
	58,176

Royalties

As per terms of property purchase agreements, the Corporation is also committed to pay the following royalties:

- 2.5% net smelter royalty (“NSR”) on the Amizmiz property and an 8 km radius area of interest;
- 2.5% royalty on revenue from the Azegour property;
- 2.0% NSR on the La Campaña property.
- 3.0% royalty on revenue from the Zgounder property
- 3.0% royalty on revenue from the Boumadine property

Net profit interest

Zgounder
The Board adopted a resolution approving the payment to Global Works, Assistance and Trading S.A.R.L. (“Glowat”), a related party, of a net-profit interest equal to 5% of the gross revenues generated from the operations of the Zgounder silver mine, less mining and milling costs. See Note 19.

Exploration expenses

Zgounder
The Corporation agreed to undertake a $5.0 million exploration program to be spent within 24 months of the transfer of the property and to spend a remaining amount of $3.7 million in rehabilitation and development expenditures within 18 months of the approval of the Act of the transfer of the property.

Boumadine
The Corporation agreed to invest an overall budget of $16,000,000 (122,793,553 dirham) for acquisition and exploration and development within 60 months of the approval of the joint venture agreement in March 2013. During 2013, Glowat, on behalf of the Corporation, paid the initial payment of $719,400 (6,000,000 dirham) for the acquisition of the property.

18. COMMITMENTS (continued)

Letter of credit

Zgounder
The Corporation is committed to subscribe to a letter of credit for the benefit of OHNYM, in the amount of $364,840 (2,800,000 dirham) with respect to Assignment Agreement.

Boumadine
The Corporation is committed to subscribe to a letter of credit for the benefit of OHNYM, in the amount of $286,660 (2,200,000 dirham) with respect to the Joint Venture Agreement.

19. RELATED PARTY TRANSACTIONS

In the normal course of operations, for the year ended December 31, 2013 and 2012:

- A firm, of which a director of the Corporation is a partner, charged professional fees amounting to $91,135 recorded as professional fees, $1,998 as share issue expenses and $32,000 as prepaid expenses. ($103,602 in 2012, of which $56,824 was recorded as share issue expenses and $46,778 as professional fees);

- A company controlled by a director, who is also an officer of the Corporation, charged fees of $9,571 recorded as exploration and evaluation assets ($5,024 in 2012 recorded as exploration and evaluation assets);

- A company controlled by an officer, who is also a director of the Corporation, charged consulting fees of nil in 2013 ($350,000 in 2012);

- A company controlled by an officer charged professional fees of $28,156 recorded as professional fees ($18,995 in 2012 recorded as professional fees);

- Glowat, a Moroccan private company owned by a close relative to an officer who is also director of the Corporation, charged as part of a project management agreement, management and service fees of $144,387 which were capitalized to exploration and evaluation assets ($48,842 in 2012).

- An officer who is also a director of the Corporation received in April 2012, in lieu of a bonus payment, 3 units at a price of $70,000 per unit and debentures for a principal amount of $60,000. The settlement in cash for the debentures is payable as at December 31, 2013.

- An officer of the Corporation charged consulting fees of $135,865 ($35,571 in 2012).

As at December 31, 2013, the Corporation had advanced an amount of $193,081($201,684 in 2012) to an officer who is also a director of the Corporation. This advance is non-interest bearing and repayable on demand.

December 31, 2013 and 2012 (in Canadian dollars)

19. RELATED PARTY TRANSACTIONS (continued)

During the year ended December 31, 2013, the Corporation advanced $1,830,000 to Glowat for the acquisition of mining rights and exploration and evaluation work and property plant and equipment ($4,075,000 in 2012). As at December 31, 2013, the Corporation has a liability to Glowat amounting to $3,642,085 (27,951,535 dirham). As at December 31, 2012, the Corporation had an advance of $3,156,356 (26,839,759 dirham. The amount paid by Glowat in 2013 for the benefits of the Corporation amounted to $8,628,441 ($1,164,450 in 2012) related to acquisition of property, plant and equipment, exploration and evaluation expenses, payment of balances of purchase price payable on behalf of the Corporation for Zgounder and Boumadine properties.

As at December 31, 2013 the balance due to the related parties (excluding the accounts payable and accrued liabilities to Glowat which are presented separately in the consolidated statement of financial position) amounted to $268,834($70,894 in 2012) recorded in accounts payable and accrued liabilities.

On January 18, 2013, the Board adopted a resolution approving the payment to Glowat of a net-profit interest equal to 5% of the gross revenues generated from the operations of the Zgounder silver mine, less mining and milling costs (the “NPI”). Glowat is a private Moroccan company controlled by a party related to Noureddine Mokaddem, a director and officer of the Corporation. Glowat provides, on an independent basis and as the turn-key general contractor for the Corporation, services related to the re-commissioning and development of the Zgounder silver mine, and will be the operational contractor once the Zgounder project has been developed and re-started. The NPI will remain payable as it comes due to Glowat until the end of the mine life of the Zgounder property notwithstanding the termination of the contract.

Remuneration of key management personnel of the Corporation

The remuneration awarded to key management personnel, including all directors and officers, is as follows:

	Year ended December 31, 2013	Year ended December 31, 2012
	$	$
Director fees	49,812	28,850
Salaries	400,000	200,000
Consulting fees	443,116	306,368
Bonuses	-	250,000
Stock-based payments	770,592	261,990
	1,663,520	1,047,208

20. EVENTS AFTER THE REPORTING DATE

Credit facility

On February 4, 2014, the Corporation has entered into a facility agreement (the “Facility Agreement”) for a credit facility in a principal amount of $US 6,000,000 ($6,381,600), of which $US 3,500,000 ($3,722,600) is immediately available (the “initial facility”). The initial facility is a 12-month loan maturing on January 31, 2015 and bearing interest at 12% per annum. The principal amount and the interest are repayable in nine consecutive monthly instalments beginning on May 31, 2014 from the cash generated by the operations of Zgounder Silver Mine. Pursuant to the Facility Agreement, a further loan of $US 2,500,000 ($2,659,000) with a twelve-month term will be available to the Corporation no earlier than six months after the date of the Facility Agreement, for an aggregate facility of $US 6,000,000 ($6,381,600). Under the terms of the Facility Agreement, the lender was granted a silver ounce fee of $US 0.25 / ounce ($0.27 / ounce) of silver ingots delivered by the Zgounder Silver Mine to a refiner.

The Corporation signed a Security Agreement with a trustee relating to the assignment of the commercial contracts and the refinery contract as security to the lender.

The Corporation granted a hypothec in favour of the lender covering all of the Corporation’s rights, title and interest in and to the commodity contracts and deposits for an amount of up to $7,000,000 in order to secure the payment of any amounts due under the Facility Agreement.

The Corporation issued to the lender options to purchase 1,500,000 common shares at a price of $0.35 per share, which may be exercised in lieu of amounts due under the Facility Agreement, over the term. If and when the option is exercised, the lender will reduce the outstanding amount owed to the lender under the Facility Agreement by the product of shares of the Corporation received multiplied by the option strike price.

If the Corporation fails to pay any amount payable under the Facility Agreement, the lender may require the Corporation to issue a number of common shares in sufficient net value to satisfy the Corporation’s obligation to pay any unpaid amount.

The Corporation paid to the lender and its affiliates an arrangement fee of $US 35,000 ($37,226) and an agency fees of $US 15,000 ($15,954).

Pursuant to the terms and conditions of the Facility Agreement and for the duration of the agreement, the Corporation deposited in a reserve account an amount of $US 140,000 ($148,904).

20. EVENTS AFTER THE REPORTING DATE (continued)

Convertible debentures into common shares or silver ingots

In February and March 2014, The Corporation closed $8,300,000 of unsecured convertible debentures bearing interest at 8% per annum and maturing 36 months following the date of issue. The principal amount of the debentures will be payable on maturity date and accrued interest payable quarterly.

At maturity date, the debenture holders will have the option to receive:

(iv) cash; or
(v) common shares of Maya, at a conversion price equal to $0.35 per common share; or
(vi) silver ingots produced from the Zgounder mine at the option of the holders at a price per ounce of silver equal to the greater of : (a) the spot market price of silver at the date of payment minus 12.5%; or
(b) $US18 per ounce

Exercise of warrants

In April 2014, 250,000 warrants were exercised for an amount of $87,500.

Share purchase options

On April 24, 2014, the Corporation grant to directors, officers, employee and consultants, 2,700,000 share purchase options with a five year term. The share purchase options are exercisable at $0.50 per share. The 1,700,000 options will vest at the date of grant and 1,000,000 will vest one year after the date of grant.