FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR
FREEGOLD VENTURES LIMITED

DATED: MARCH 28TH, 2014

Additional information relating to Freegold Ventures Limited ("Freegold" or the "Company"), including the Company's Annual Information Form for the year ended December 31st, 2013 is available on SEDAR a www.sedar.com.

This discussion contains certain forward-looking information and is expressly qualified to the cautionary statement at the end of this MD&A.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The 2013 and 2012 information set forth in this document should be read in conjunction with the consolidated audited financial statements and related notes, prepared in accordance with IFRS, for the years ended December 31st, 2013 and 2012.

BUSINESS OF FREEGOLD

Freegold is an exploration stage company engaged in the acquisition, exploration and evaluation of mineral properties of merit with the aim of developing them to a stage where they can be exploited at a profit or to arrange joint ventures whereby other companies provide funding for development and exploitation. The Company was incorporated in 1985 and is listed on the Toronto Stock Exchange under the symbol "FVL". As of March 28th, 2014, the Company had 78,248,351 shares outstanding and a market capitalization of CDN $16 million. The Company has its registered corporate office in Vancouver, Canada.

REVIEW OF EXPLORATION PROJECTS

The Company is focused on gold exploration in Alaska and has two primary exploration projects: the Golden Summit and Vinasale properties. Exploration to date in 2013 included the completion of a diamond drill program on the Golden Summit project and the calculation of updated National Instrument 43-101 ("NI 43-101") compliant resource calculations on its Golden Summit and Vinasale projects.

In March 2011, the Company completed its first NI 43-101 compliant resource calculations on the Golden Summit and Vinasale properties. The Golden Summit NI 43-101 resource was updated in December 2011, October 2012 and most recently in June 2013. The Vinasale resource was updated in March 2012 and again in March 2013, based on the 2012 drilling results.

GOLDEN SUMMIT, ALASKA

Since 1992, Freegold has explored the Golden Summit Project, which is located 18 miles north of Fairbanks, Alaska and less than 5 miles from one of Alaska's largest gold mines (Kinross' 421,641 oz/year Fort Knox Mine 2013 production). Freegold's approximately 7-mile long by 1 to 2 mile wide Golden Summit property is located at the center of the historic Fairbanks mining district. Detailed exploration conducted to date covers only a limited portion of the property. The balance of the property contains numerous old mines and prospects that have not as yet been systematically explored. This property contains over 80 known gold occurrences, and host the district's largest and highest-grade historic underground gold producers.

In the following discussion, gold is sometimes abbreviated by its elemental symbol, "Au"; and "g/t" or "gpt" refers to grams of gold per metric tonne.

Detailed exploration conducted to date covers only a limited portion of the 7 mile long property. The balance of the property contains numerous old mines and prospects that have not as yet been systematically explored.

The Golden Summit Project is comprised of a series of long-term leases ("Keystone Claims", "Tolovana Claims", "Newsboy Claims", "Green Claims", "Chatham Claims" and "Alaska Mental Health Trust Property" see below for further details) and claims owned by Freegold. The project is subject to various sliding net smelter return royalties ("NSR's") ranging from 1-5% dependent on the price of gold.

Keystone Claims

By an agreement dated May 17th, 1992, the Company entered into a lease on the Keystone claims whereby the Company agreed to make advance royalty payments of US$15,000 per year. In May 2000, the agreement was renegotiated and on 15 October 2000, a US$50,000 payment was made in cash and shares. On November 30th, 2001, the Company restructured the advance royalty payments.

	US Funds	
1992 – 1998 (US$15,000 per year)	$ 105,000	(paid)
2000	$ 50,000	($25,000 paid in cash and $25,000 with 9,816 treasury shares issued)
2001 - 2006 (US$50,000 per year)	$ 300,000	(paid)
2007	$ 150,000	(paid)
2008	$ 150,000	(paid $75,000 in 2008 with the remaining $75,000 paid in 2009, subject to a payment extension)
2009	$ 150,000	(paid)
2010	$ 150,000	(paid)
2011	$ 150,000	(paid)
2012	$ 150,000	(paid)
2013	$ 150,000	(paid)
2014 – 2019 (US$150,000 per year)	$ 900,000	

The property is subject to a 3% NSR.

In 2011, Freegold negotiated an extension of the lease for so long as permitting, development mining or processing is being conducted on a continuous basis and, if the property is not in commercial production, provided that the advance royalties are being paid, the lease shall be renewable for successive 10 year terms.

Tolovana Claims

In May 2004, the Company entered into an agreement with a third party (the "Seller") whereby the Seller transferred 100% of the rights via a Quit Claim Deed to a 20-year lease on the Tolovana Gold Property in Alaska.

Under the terms of the agreement, the Company assumed all of the Seller's obligations under the lease, which include making annual payments of $1,000 per month for the first 23 months increasing to $1,250 per month for the 24th to the 48th months and increasing to $1,500 after the 49th month and for the duration of the lease. These payments are current.

In addition, the Company made a payment to the seller of US$7,500 on signing and issued 66,667 shares on regulatory approval. An additional 33,333 shares were to be issued within 30 days of a minimum 200,000 ounce mineral resource being calculated on the property if the resource was established in five years or less from the date of the agreement. No resource was calculated during the prescribed time frame so these shares were not issued.

The property is subject to a sliding scale NSR as follows: 1.5% NSR if gold is below US$300 per ounce, 2.0% NSR in the event the price of gold is between US$300 to US$400, and a 3.0% NSR in the event that the price of gold is above US$400. The Company has the option to purchase 100% of the Tolovana claims for US$1,000,000.

Newsboy Claims

By lease agreement dated February 28th, 1986 and amended March 26th, 1996, the Company assumed the obligation to make advance royalty payments of US$2,500 per year until 1996 (paid) and US$5,000 per year until 2006 (paid). During 2006, the Company renewed the existing lease term for an additional 5 years on the same terms and conditions. On October 12th, 2012, the Company's amended lease agreement was formalized and the lease term was extended for a five year term, from March 1st, 2011 to February 29th, 2016. The minimum royalty payable under the amended lease is US$12,000 per year for the term of the lease. These payments are current. In addition, the Company will have the option to further extend the lease for a term of an additional 5 years by making a one-time payment of US$50,000.

The claims are subject to a 4% net smelter returns royalty ("Newsboy NSR"). The Company has the option to purchase the Newsboy NSR for the greater of the current value or US$1,000,000 less all advance royalty payments made.

Green Claims

By lease agreement dated December 16th, 2010, the Company entered into a long term lease agreement with Christina Mining Company, LLC for certain mineral claims in the Fairbanks Mining District of Alaska known as the Green Property. The claims are subject to a 3% NSR. The Company is required to make annual cash payments and cumulative exploration expenditures as follows:

	Payments	**Cumulative Exploration Expenditures**
December 1st, 2010	US$100,000 (paid)	-
December 1st, 2011	US$100,000 (paid)	US$250,000 (incurred)
December 1st, 2012	US$100,000 (paid)	US$500,000 (incurred)
December 1st, 2013	US$100,000 (paid)	US$750,000 (incurred)
December 1st, 2014	US$100,000	US$1,000,000 (incurred}*
December 1st, 2015 to 2019	US$100,000 per year	-
December 1st, 2020 to 2029	US$200,000 per year	-
Total	**US$3,000,000**	

*As of 31 December 2013, the Company has incurred sufficient exploration expenditures in order to meet the 2014 exploration requirement and as such has no obligation to complete additional exploration on the Green Claims in 2014.

Chatham Claims

By lease agreement dated July 11th, 2011, the Company entered into a four year lease agreement on certain mineral claims in the Fairbanks Mining District of Alaska known as the Chatham Property. The claims are subject to a 2% net smelter returns royalty ("Chatham NSR"). The Company is required to make annual cash payments and exploration expenditures as follows:

	Payments	**Exploration Expenditures**
Execution of agreement	US$20,000 (paid)	-
July 11th, 2012	US$30,000 (paid)	US$50,000 (incurred)
July 11th, 2013	US$40,000 (paid)	US$50,000 (incurred)
July 11th, 2014	US$50,000	US$50,000
July 11th, 2015	-	US$50,000
Total	**US$140,000**	**US$200,000**

The Company also has the option to purchase the property for US$750,000.

The Company has the option to purchase one-half of the Chatham NSR, representing 1 % for US$750,000.

Certain claims are subject to a 7% working interest held in trust for Fairbanks Exploration Inc. ("FEI") by the Company. Under this Quit Claim Deed Freegold is required to fund 100% of the project until production is achieved at which point FEI is required to contribute 7% of any approved budget. These claims are subject to a 2% net smelter returns royalty ("FEI NSR") to FEI. The Company has a 30 day right of first refusal, in the event that the 7% working interest of FEI or the FEI NSR is to be sold by FEI. The Company can also purchase the FEI NSR at any time following commercial production, based on its net present value as determined by mineable reserves.

Alaska Mental Health Trust Property

By lease agreement dated June 1st, 2012, the Company entered into a new mining lease over certain mineral claims in the Fairbanks Mining District of Alaska known as the Alaska Mental Health Trust Property. The property will be controlled by the Company through a three year lease agreement and may be extended by two extensions of three years. In 2013, the Company entered into an agreement to amend the terms of the lease to reflect an increase in the size of the lease to 403 acres. As a result, the work commitment schedule and annual cash payments have been modified.

The Company is required to make annual cash payments and exploration expenditures as follows:

	Payments	Exploration Expenditures
Execution of agreement	US$25,000 (paid)	-
Years 1 (2013)	US$10 per acre per year (paid)	US$125 per acre per year (incurred)
Years 2-3	US$10 per acre per year	US$125 per acre per year
Years 4-6	US$15 per acre per year	US$235 per acre per year
Years 7-9	US$20 per acre per year	US$355 per acre per year

The claims are subject to the following NSR:

Price of Gold (per ounce)	Net Royalty
$500 or below	1.0%
$500.01 - $700.00	2.0%
$700.01 - $900.00	3.0%
$900.01 - $1,200.00	3.5%
above $1,200.00	4.5%

EXPLORATION 2011 – Dolphin Resource Area

In March 2011, a resource was calculated on the Dolphin Zone, which is located in the western most portion of the Golden Summit Project. The resource estimate was based on 49 previously drilled reverse circulation (RC) and diamond drill core holes totaling 5,966 meters. Using a 0.3 g/t cut-off the resource calculated was 174,000 ounces (7,790,000 tonnes @ 0.695 g/t) in the indicated category and 526,000 ounces (27,010,000 tonnes @ 0.606 g/t) in the inferred category.

The full report entitled, "*Geology and Mineralization and Mineral Resource Estimate for the Golden Summit Project, Fairbanks Mining District, Alaska*" by David D. Adams, BSc, MSc, P.Geo. and Gary H. Giroux, P.Eng, MASc., dated March 31st, 2011, was filed on SEDAR as "Amended & restated technical report (NI 43-101)", on April 1st, 2011.

A Phase 1 diamond drilling program commenced in mid-February of 2011 on the Dolphin prospect and the areas covered by the 2010 induced polarization survey. This program was expanded in May and a total of 6,328 metres in 28 holes were completed by the end of June.

For all drill results reference should be made to the full news releases contained on the Company's website at www.freegoldventures.com.

The resource estimate was completed in December 2011 by Giroux Consultants Ltd. of Vancouver, BC, Canada and was based on 77 drill holes (11,802m) that were drilled into the mineralized Dolphin stock, which is a multi-phase, felsic to intermediate intrusion. The stock has been mapped on surface and is approximately 366 metres by 610 metres (1,200 by 2,000 ft) in area and elongate in an east-west direction. The resource was calculated using a block model with blocks measuring 10 by 10 by 5 metres in size that were populated using a combination of ordinary kriging and indicator kriging; blocks within the Dolphin mineralized solid were summed to arrive at the total tonnage and average grade.

The full report entitled, "*2011 Update Report on the Geology and Mineralization and Mineral Resource Estimate for the Golden Summit Project, Fairbanks Mining District, Alaska*" by David D. Adams, BSc, MSc, P.Geo. and Gary H. Giroux, P.Eng, MASc., dated January 26th, 2012, was filed on SEDAR on January 26th, 2012.

The indicated and inferred resource using a 0.3 g/t cut-off was:

DOLPHIN ZONE INDICATED RESOURCE

Au Cut-off (g/t)	Tonnes	Au (g/t)	Contained	
			kgs Au	ozs Au
0.30	17,270,000	0.62	10,620	341,000

DOLPHIN ZONE INFERRED RESOURCE

Au Cut-off (g/t)	Tonnes	Grade		
		Au (g/t)	Contained	
			kgs Au	ozs Au
0.30	64,440,000	0.55	35,380	1,137,000

The updated resource estimate was based on 77 drill holes (11,802m) that were drilled into the mineralized Dolphin stock, which is a multi-phase, felsic to intermediate intrusion. The stock has been mapped on surface and is approximately 366 metres by 610 metres (1,200 by 2,000 ft) in area and elongate in an east-west direction. The resource was calculated using a block model with blocks measuring 10 by 10 by 5 metres in size that were populated using a combination of ordinary kriging and indicator kriging; blocks within the Dolphin mineralized solid were summed to arrive at the total tonnage and average grade.

EXPLORATION 2012

Drilling commenced in January 2012 and was underway until late September 2012 with the objective of increasing the resource at Golden Summit. A total of 14,917 metres were drilled on both the Dolphin and Cleary Hill areas. The program in the Cleary Hill area was designed to infill the 400 metre area that coincides with the intersection of the northwest-striking Cleary Hill zone and the northeast-striking Dolphin zone.

For all drill results, reference should be made to the full new releases contained on the Company's website at www.freegoldventures.com.

On October 31st, 2012 the Company reported its updated NI 43-101 resource for the Dolphin/Cleary Hill area. The resource was based on an additional 74 holes drilled in 2012 and extended the mineralized zone to the north and east. The resource estimate was completed by Giroux Consultants Ltd. of Vancouver, BC, Canada.

The full report entitled, "*Technical Report for the Golden Summit Project, Fairbanks Mining District, Alaska*" by Mark Abrams, BSc, MSc, P. Geo. and Gary H. Giroux, P. Eng, MASc., dated December 14th, 2012, was filed on SEDAR on December 17th, 2012.

In the following tables a 0.30 g/t is highlighted as a possible open pit cut off. No economic parameters were utilized in determining the cutoffs.

DOLPHIN ZONE INDICATED RESOURCE

Au Cut-off (g/t)	Tonnes> Cut-off (tonnes)	Grade > Cut-off		
		Au (g/t)	Contained	
			kgs Au	ozs Au
0.30	**73,580,000**	**0.67**	**49,000**	**1,576,000**

Au Cut-off (g/t)	Tonnes> Cut-off (tonnes)	Grade > Cut-off		
		Au (g/t)	Contained	
			kgs Au	ozs Au
0.30	**223,300,000**	**0.62**	**138,000**	**4,437,000**

The mineralized Dolphin Solid increased in volume by 254 % over the one used in the December 2011 Estimate (Adams, Giroux, 2012). It has been deepened and extended to the north and east to include the Cleary Hill area. As a result the number of holes within the mineralized solid increased from the 77 (11,802m) used in the 2011 estimate to 177 (35,829m) in this update.

The resource was calculated using a block model with blocks measuring 10 by 10 by 5 metres in size that were populated using a combination of ordinary kriging and indicator kriging; blocks within the Dolphin/Cleary Hill mineralized solid were summed to arrive at the total tonnage and average grade.

EXPLORATION 2013

In February 2013 drilling recommenced on the Dolphin portion of the Golden Summit Project. A total of 11,392 feet (3,472 metres) were drilled in 8 holes during the winter program. Results continue to demonstrate that the Dolphin intrusive remains open to the north, southwest and east to depth with gold grades generally increasing at depth. Significant results are as follows:

Hole #	Hole Incl.	TD (ft)	From (ft)	To (ft)	Interval (ft)	Interval (m)	Au g/t
Dolphin Area							
GSDL1301	-90	1489.5	937	1489.5	552.5	168.4	0.64
including			1047	1489.5	442.5	134.9	0.71
GSDL1302	-90	2000	787	923.5	136.5	41.6	0.51
including			986.5	2000	1013.5	308.9	0.63
including			1259	1626.6	367.6	112.0	1.03
GSDL 1304	-90	2000	32	367	335	102.1	0.21
			648	2000	1352	412.1	0.58
including			678	848	170	51.8	0.61
including			1606	2000	394	120.1	0.87
GSDL 1305	-90	2000	12	232	220	67.1	0.23
			512	530	18	5.5	1.96
			619.5	2000	1380.5	420.8	0.46
including			1837	2000	163	49.7	1.02
GSDL 1306	-90	1597	118.5	252	133.5	40.7	0.40
			632	809	177	53.9	0.50
			977	1597	620	189.0	0.42
including			1247	1597	350	106.7	0.54
GSDL 1309	-62	917	64.5	98.5	34	10.4	0.69
			245.5	328	82.5	25.1	0.74
			512	612.5	100.5	30.6	0.96
			755.5	848	92.5	28.2	0.53
GSDL 1310	-55	907	23	136.5	113.5	34.6	0.91
			275	302	27	8.2	3.29
			381	541	160	48.8	0.64
including			506	541	35	10.7	1.47
			654	890	236	71.9	0.56
including			782	890	108	32.9	0.83

Width refers to drill hole intercepts, true widths can not be determined due to uncertain geometry of mineralization. Values greater than 30 g/t Au were cut to 30 g/t Au.

In June of 2013 Freegold announced an updated NI 43-101 resource calculation based on the drilling completed in 2013. The update included 8 additional holes completed since the December 2012 Resource was completed (Abrams and Giroux, 2012). In addition a surface oxide resource was provided and the resource was divided into material above and below this surface.

The full report entitled, "*Technical Report for the Golden Summit Project, Fairbanks Mining District, Alaska*" by Mark Abrams, BSc, MSc, P. Geo. and Gary H. Giroux, P. Eng, MASc., dated August 7th, 2013 was filed on SEDAR on August 8th, 2013.

DOLPHIN/CLEARY ZONE INDICATED RESOURCE

Au Cut-off (g/t)	Tonnes> Cut-off (tonnes)	Grade > Cut-off		
		Au (g/t)	Contained	
			kgs Au	ozs Au
0.20	108,370,000	0.55	59,390	1,909,000
0.25	93,030,000	0.60	56,000	1,801,000
0.30	79,800,000	0.66	52,350	1,683,000
0.35	68,170,000	0.71	48,610	1,563,000
0.40	58,440,000	0.77	45,000	1,447,000
0.50	42,860,000	0.89	38,020	1,222,000
0.60	31,420,000	1.01	31,730	1,020,000
0.70	23,410,000	1.14	26,570	854,000
0.80	17,580,000	1.26	22,220	714,000
0.90	13,300,000	1.40	18,580	597,000
1.00	10,190,000	1.54	15,640	503,000
1.10	7,990,000	1.67	13,340	429,000
1.20	6,240,000	1.82	11,330	364,000
1.30	4,990,000	1.96	9,780	314,000

DOLPHIN/CLEARY ZONE INFERRED RESOURCE

Au Cut-off (g/t)	Tonnes> Cut-off (tonnes)	Grade > Cut-off		
		Au (g/t)	Contained	
			kgs Au	ozs Au
0.20	313,210,000	0.53	166,940	5,367,000
0.25	281,570,000	0.57	159,930	5,142,000
0.30	248,060,000	0.61	150,570	4,841,000
0.35	213,530,000	0.65	139,440	4,483,000
0.40	179,520,000	0.71	126,740	4,075,000
0.50	124,750,000	0.82	102,300	3,289,000
0.60	87,420,000	0.94	81,910	2,634,000
0.70	61,810,000	1.06	65,330	2,101,000
0.80	43,730,000	1.19	51,820	1,666,000
0.90	30,120,000	1.34	40,300	1,296,000
1.00	21,200,000	1.50	31,880	1,025,000
1.10	15,830,000	1.66	26,260	844,000
1.20	12,340,000	1.80	22,260	716,000
1.30	9,810,000	1.95	19,110	614,000

In July 2013, drilling recommenced on the Dolphin area. This program is aimed both at resource expansion and well as upgrading the category of resources currently hosted on the Golden Summit project. A total of 3 holes for a total of 5,468.5 feet (1,666.8 metres) were drilled. Significant results are reported as below:

Hole Number	Hole Inclination	Depth of Hole (ft)	From (ft)	To (ft)	Interval (ft)	Interval (m)	Au g/t
Dolphin Area							
GSDL1311	-75	1922	37	1922	1885	574.52	0.82
		incl	**37**	**78**	**41**	**12.50**	**2.61**
		incl	**243**	**347**	**104**	**31.70**	**1.48**
		incl	377.5	558	180.5	55.01	0.75
		incl	667	798	131	39.93	0.62
		incl	**1039.5**	**1628**	**588.5**	**179.67**	**1.13**
		incl	**1728**	**1922**	194	59.13	**0.87**
GSDL1312	-75	1832	19	1832	1813	552.6	0.68
			19	88	69	21.03	0.54
			185	425.5	240.5	73.30	0.54
			507	**596**	**89**	**27.13**	**3.00**
			736	802	71	21.64	0.76
			1578	**1795**	**217**	**66.14**	**1.76**
		incl	**1767**	**1795**	**28**	**8.53**	**7.49**
GSDL1313	-70	1714.5	8	1714.5	1706.5	520.14	0.49
			13	178	165	50.29	0.62
			577	740	163	49.68	0.72
			811.5	**883**	**71.5**	**21.79**	**1.15**
			980	**1068**	**88**	**26.82**	**1.39**
			1340.5	1696.5	356	108.51	0.54

Width refers to drill hole intercepts, true widths cannot be determined due to uncertain geometry of mineralization.

Christina Area – Golden Summit Project

During the summer of 2011, a ground based geophysical program (induced polarization) was undertaken on the Christina area of the Golden Summit Project.

In addition to the drilling completed in the Dolphin/Cleary Hill areas, Freegold also completed its first drilling program in the Christina area, where a +5,000 feet long shear zone which hosts several past-producing high grade gold mines has been identified. Historic drilling on the Christina prospect from 1978 through 1988 focused on defining high grade resources on several northwest striking, southwest dipping vein systems. Given recent positive drill results at the Cleary Hill mine area, the Company is investigating the possibility that the Christina area also has the potential to host bulk tonnage mineralization that would be suitable for low cost open pit extraction. In 2011, 1,230 metres of drilling were completed in the Christina area and an additional 1,686 metres were completed in 2012. In 2013 additional in fill ground geophysics were completed.

For all drill results, reference should be made to the news releases available on the Company's website at www.freegoldventures.com.

Vinasale Project

In 2007, Freegold signed an Exploration with an Option to Lease agreement with Doyon Limited ("Doyon"), an Alaskan regional Native corporation, on the Vinasale Gold Project. Vinasale is located 16 air miles south of McGrath, Alaska. The Vinasale deposit occurs in a north trending belt that hosts a number of igneous intrusion-related gold deposits including NovaGold Resources' and Barrick Gold's 39.3 million ounce Donlin Creek deposit and Fire River Gold's high grade Nixon Fork copper-gold deposit.

The Vinasale Mountain Gold Project is located on fee-simple lands owned by Doyon. In February 2007 Freegold signed a Mining Exploration Agreement with an Option to Lease with Doyon, Limited aimed at exploring and developing the project. The agreement also allows for exploration of several adjacent areas owned or controlled by Doyon, including a large block of Doyon "selected" lands. Doyon controls the subsurface rights and most of the surface rights to all of these areas. Under the Exploration Agreement, Freegold must make payments of US$360,000 (US$50,000 first year) over five years, make annual scholarship donations of US$10,000, and make exploration expenditures totaling US$5,000,000 (US$300,000 first year). Freegold may at its option enter into a one year extension by making a further payment of US$100,000 and incurring an additional US$1,500,000 in exploration expenditures which it elected to do in February 2012. In the event the property is reduced by 50% or more, the additional exploration expenditures shall be reduced to US$1,000,000. Freegold may enter into one or more Mining Leases with Doyon on lands on which it has expended at least US$600,000, carried out at least 10,000 ft of core drilling, and submitted a pre-feasibility study. Freegold will be required to make advance royalty payments and continue to conduct minimum exploration expenditures on leased lands until such time as a Board approved positive feasibility study has been delivered. Advance royalty payments shall be US$100,000 per year during the initial five-year period, increasing to US$250,000 per year thereafter. The minimum mandatory exploration expenditures shall be equal to the greater of US$25/acre or US$250,000 for each of the first five years, and US$50/acre or US$500,000 in subsequent years. Upon submission of a Board approved feasibility study Doyon will have the right, for a period of 180 days, to acquire a minimum 5%, and a maximum 10% participating interest in Freegold's interest. Within 60 days of Doyon electing to participate, Doyon shall contribute to a joint venture an amount equal to 2.25 times Doyon's proportionate share of Freegold's cumulative expenditures on the leased area after the Effective Date of the Lease. Following the expenditure of such funds, each party will be required to contribute its pro rata share of further expenditures. On January 30th, 2013, the Company paid US$70,000 to Doyon to extend the option to lease agreement on the Vinasale Property by one year and was required to incur an additional US$1,500,000 in exploration expenditures. The Company is in the process of negotiating an amended agreement with Doyon.

In March 2011, the Company completed the first NI 43-101 resource estimate on the Vinasale Project using a cutoff value of 0.5 grams/tonne (g/t Au) as a possible open pit cut-off (the economic cut-off being unknown). This effort resulted in an inferred resource of 37.3 million tonnes averaging 1.11 g/t Au for 1,331,000 ounces. A full NI 43-101 technical report on the Vinasale Project entitled, "*Geologic Summary and Mineral Resource Estimate Report for the Vinasale Gold Project, McGrath Mining District, Alaska*" by David D. Adams, BSc, MSc, P.Geo. and Gary H. Giroux, P.Eng, MASc., dated March 31st, 2011, was filed on SEDAR as an "Amended & restated technical report (NI 43-101)" on April 1st, 2011.

Following the resource estimate in March of 2011, the Company undertook a 3,501 metre drilling program during the summer of 2011 in addition to a ground geophysical survey (induced polarization) over the surface projection of the intrusive stock that is host to auriferous mineralization at Vinasale. Results of the induced polarization program indicate that in addition to the Central Zone, where all the drilling was conducted in 2011, a geophysical anomaly was defined in the North East Zone where limited previous drilling has indicated mineralization of similar character to the Central Zone.

EXPLORATION 2012

In March 2012, Freegold updated its NI 43-101 resource on the Vinasale project based on the 3,501 metres of diamond drilling completed in 2011. For all drill results reference should be made to the full news releases contained on the Company's website at www.freegoldventures.com .

The resource estimate was completed by Giroux Consultants Ltd. of Vancouver, BC, Canada. The full report entitled, "*Geologic Summary and Mineral Resource Estimate Report for the Vinasale Gold Project, McGrath Mining District, Alaska*" by David D. Adams, BS, MS, P.Geo. and Gary H. Giroux, P.Eng, MASc., dated March 30th, 2012, was filed on SEDAR on March 30th, 2012.

The addition of 13 drill holes drilled in 2011 expanded the resource at a 0.5 g/t cut-off by 32.4 % on tonnage at essentially the same grade for an increase of 30.4 % ounces of contained gold from the original March 2011 resource estimate.

A total of 85 drill holes containing 10,945 gold assays were completed on the project within three areas: the Central, Northeast and South Zones. The highest density of drilling has been completed in the Central Zone where 41 drill holes totaling 9,948 metres were used in estimating the resource for the Central Zone. Gold assays were capped at 22.0 grams/tonne gold. Composites, 5 metres in length, were used to model the grade continuity using semivariograms. Blocks measuring 10 by 10 by 5 metres were populated using Ordinary Kriging. No economic parameters were utilized in determining the cutoffs.

Vinasale Central Zone Inferred Resource

Au Cut-off (g/t)	Tonnes> Cut-off (tonnes)	Grade > Cut-off		
		Au (g/t)	Contained	
			kgs Au	ozs Au
0.50	**49,320,000**	**1.09**	**53,960**	**1,735,000**

The 2012 exploration program drill tested both the Central Zone as well as the North East Zone. A total of 13 holes (3,425 metres) were drilled during the 2012 exploration program. Results of the additional drilling in the Central Zone continue to demonstrate that the mineralization in the Central Zone remains open to expansion to the south, east and to depth. The wide spaced drilling carried out in the North East Zone (holes VM1201 and VM1204) indicated that additional drilling is warranted in this area as a possible resource expansion target.

For all drill results reference should be made to the full news releases contained on the Company's website at www.freegoldventures.com

EXPLORATION 2013

In March 2013, Freegold again updated its NI 43-101 resource on the Vinasale project based on diamond drilling completed in 2012. The 2012 drill program resulted in the estimation of indicated material for the first time and also expanded the inferred category from the March 2012 resource estimate. Of significance is the increase in grade in the indicated category and it is anticipated that additional drilling within the core of the Central Zone may have the potential to increase both the grade and tonnage within the indicated category.

The resource estimate was completed by Giroux Consultants Ltd. of Vancouver, BC, Canada. The full report entitled, "*Technical Report for the Vinasale Mountain Prospect, McGrath Mining District, Alaska*" by Mark J. Abrams, CPG, MS. and Gary H. Giroux, P.Eng, MASc., dated March 31st, 2013, was filed on SEDAR on April 2nd, 2013.

A total of 98 drill holes containing 11,284 gold assays were completed on the project within three areas: the Central, Northeast and South Zones. The highest density of drilling has been completed in the Central Zone where 53 drill holes totaling 12,352 metres were used in estimating the resource for the Central Zone. Gold assays were capped at 20 grams/tonne gold. Composites, 5 metres in length, were used to model the grade continuity using semivariograms. Blocks measuring 10 by 10 by 5 metres were populated using Ordinary Kriging.

Vinasale Central Zone Indicated Resource (Total Blocks)

Au Cut-off (g/t)	Tonnes> Cut-off (tonnes)	Grade > Cut-off		
		Au (g/t)	Contained	
			kgs Au	ozs Au
0.50	3,410,000	1.48	5,030	162,000

Vinasale Central Zone Inferred Resource (Total blocks)

Au Cut-off (g/t)	Tonnes> Cut-off (tonnes)	Grade > Cut-off		
		Au (g/t)	Contained	
			kgs Au	ozs Au
0.50	53,250,000	1.05	55,970	1,799,000

The mineralization in the Central Zone extends over a strike length of 400 metres and remains open to the south and to depth.

No additional exploration was undertaken on the Vinasale project in 2013. Mineralization in the Central Zone remains open to the south and there maybe the potential for additional resource definition in the North East Zone. The North East Zone was further defined by the 2011 ground geophysical program and limited prior drilling.

The Qualified Person who has reviewed and approved the technical disclosure contained in the Management Discussion is Curtis Freeman, MSc., PGeo., a consultant to the Company.

SELECTED ANNUAL INFORMATION

Unless otherwise noted, all currency amounts are stated in Canadian dollars.

The following table summarizes selected financial data for Freegold for each of the three most recently completed financial years. The information set forth below should be read in conjunction with the consolidated audited financial statements, prepared in accordance with IFRS, and related notes.

	Years Ended December 31st, (audited)		
	2013	**2012**	**2011**
Total revenues	$Nil	$Nil	$Nil
General and administrative expenses – non-stock based	1,484,594	1,638,812	1,302,761
General and administrative expenses – stock compensation	59,461	12,176	2,306,241
Exploration and evaluation property expenditures (restated)	3,332,332	7,458,910	7,058,396
Net loss			
○ In total	1,808,855	5,936,931	5,179,526
○ Basic and diluted loss per share	0.02	0.09	0.11
Comprehensive income (loss) before income taxes			
○ In total	438,675	(6,526,334)	(4,528,568)
○ Basic and diluted income (loss) per share	0.01	(0.10)	(0.10)
Totals assets	37,740,179	36,361,237	35,544,735
Total long term liabilities	736,506	438,197	496,929
Cash dividends declared	Nil	Nil	Nil

SUMMARY OF QUARTERLY RESULTS

The following selected financial information is derived from the unaudited consolidated interim financial statements of the Company prepared in accordance with IFRS.

Quarters Ended (unaudited)

	Dec. 31st 2013	**Sept. 30th 2013**	**June 30th 2013**	**Mar. 31st 2013**	**Dec. 31st 2012**	**Sept. 30th 2012**	**June 30th 2012**	**Mar. 31st 2012**
Total revenues	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Net comprehensive (loss) gain – before tax	729,318	(1,076,633)	830,367	(44,377)	(3,946,940)	(1,540,072)	(62,504)	(976,818)
Net comprehensive (loss) gain per share	0.01	(0.01)	0.01	(0.01)	(0.05)	(0.02)	(0.00)	(0.02)
Total assets	37,740,179	36,869,294	37,278,176	37,199,358	36,361,237	36,215,388	35,217,986	38,852,383

RESULTS OF OPERATIONS

Year ended December 31st, 2013

The year ended December 31st, 2013 resulted in a net comprehensive income of $438,675, which compares with a net comprehensive loss of $6,526,334 for the year ended December 31st, 2012. As the Company's consolidated financial statements translate the assets and liabilities of the Company's subsidiaries using the period-end rates, this resulted in a foreign currency translation gain of $2,247,530 as the US dollar became stronger relative to the Canadian dollar during the current year. During the previous year ended December 31st, 2012, there was a foreign currency translation loss of $589,403 as the US dollar was weaker relative to the Canadian dollar during that period. General and administrative expenses for the year ended December 31st, 2013 were $1,544,055, a decrease of $106,933 compared to $1,650,988 for the year ended December 31st, 2012. The changes in comprehensive income/loss were mainly attributable to:

- a write down in mineral properties of $91,326 compared to $4,112,605 in 2012 as the Company wrote down $89,798 in relation to the Rob, Alaska property and $1,528 in relation to the Union Bay, Alaska property. No exploration was done on these properties in 2013 and no further exploration is contemplated at this time;

- a decrease of $1,570 in consulting fees, from $258,195 in 2012 to $256,625 as the same amount of consultants were contracted for the Company's investor awareness campaigns and its financing activities;

- an increase of $47,285 in non-cash share-based compensation expenses, from $12,176 in 2012 to $59,461 that were charged upon the granting of long-term incentive stock options;

- a decrease of $121,487 in travel and transportation costs, from $334,418 in 2012 to $212,931. Travel and transportation costs also include the monitoring of the ongoing exploration activities in Alaska;

- a decrease of $10,123 in promotion and shareholder relations, from $239,157 in 2012 to $229,034, which included attendance at various trade shows, advertising, news releases, distribution fees and marketing materials;

- a decrease of $57,493 in professional fees, from $212,150 in 2012 to $154,657, due to lower legal costs as compared to the previous year;

- an increase of $23,452 in wages, from $336,639 in 2012 to $360,091, due to bonuses accrued in 2013 but not paid;

- an increase of $17,040 in property evaluation costs, from $Nil in 2012 to $17,040 as several potential projects were reviewed;

- a decrease of $1,310 in interest income from $17,855 in 2012 to $16,545, due to a decrease in cash on hand;

- a foreign exchange gain of $40,597 was the result of the US dollar being stronger relative to the Canadian dollar;

- a financing cost of $276,316 was recognized when the Company extended the exercise date for 2,677,999 share purchase warrants from March 16, 2013 to September 16, 2013 as compared to $156,802 in 2012 that was recognized when the Company reduced the exercise price on 3,567,782 share purchase warrants from $0.75 to $0.58 per warrant;

- a write down in mineral properties of $91,326 compared to $4,112,605 in 2012 as the Company wrote down $89,798 (2012 - $4,085,000) in relation to the Rob, Alaska property and $1,528 (2012 - $27,605) in relation to the Union Bay, Alaska property. No exploration was done on these properties in 2013/2012 and no further exploration is contemplated at this time;

All other general and administrative costs were relatively similar to those incurred in the previous year.

During the year ended December 31st, 2013, the Company incurred the below acquisition and exploration and evaluation property expenditures:

		Golden Summit Property		Rob Property		Vinasale Property		Union Bay Property		Total
Acquisition costs										
Balance, 31 December 2012	$	1,428,678	$	-	$	194,006	$	-	$	1,622,684
Additions		344,638		51,495		85,088		-		481,221
Write-downs		-		(51,495)		-		-		(51,495)
Foreign currency translation		98,653		-		13,396		-		112,049
Balance, 31 December 2013	$	1,871,969	$	-	$	292,490	$	-	$	2,164,459
Exploration and evaluation costs										
Balance, 31 December 2012	$	24,037,981	$	-	$	5,207,163	$	-	$	29,245,144
Assaying		103,034		-		-		-		103,034
Drilling		1,196,517		-		-		-		1,196,517
Engineering and consulting		275,318		3,131		29,591		-		308,040
Geological and field expenses		268,323		2,079		5,760		-		276,162
Geophysical		113,117		-		-		-		113,117
Metalurgical studies		197,858		-		-		-		197,858
Environmental studies		15,639		-		-		-		15,639
Exploration and evaluation properties fees		69,200		26,093		-		1,528		96,821
Personnel		517,597		7,000		19,326		-		543,923
Write-downs		-		(38,303)		-		(1,528)		(39,831)
Foreign currency translation		1,659,874		-		359,567		-		2,019,441
Balance, 31 December 2013	$	28,454,458	$	-	$	5,621,407	$	-	$	34,075,865
Total	**$**	**30,326,427**	**$**	**-**	**$**	**5,913,897**	**$**	**-**	**$**	**36,240,324**

Three month period ended December 31st, 2013

The three month period ended December 31st, 2013 resulted in a net comprehensive gain of $729,318 which was higher than the net comprehensive loss of $3,946,940 for the three month period ended December 31st, 2012. As the Company's consolidated financial statements translate the assets and liabilities of the Company's subsidiaries using the period-end rates, this resulted in a foreign currency translation gain of $1,119,621 as the US dollar became stronger relative to the Canadian dollar during the current three month period. During the previous three month period ended December 31st, 2012, there was a foreign currency translation gain of $549,683 as the US dollar was stronger relative to the Canadian dollar during that period.

During the three month period ended December 31st, 2013, the Company incurred a write down in mineral properties of $91,326 compared to $4,112,605 in 2012 as the Company wrote down $89,798 (2012 - $4,085,000) in relation to the Rob, Alaska property and $1,528 (2012 - $27,605) in relation to the Union Bay, Alaska property. No exploration was done on these properties in 2013/2012 and no further exploration is contemplated at this time.

All other general and administrative costs were relatively similar to those incurred in the previous three month period.

During the three month period ended December 31st, 2013, the Company incurred the below acquisition and exploration and evaluation property expenditures:

	Golden Summit Property	Rob Property	Vinasale Property	Union Bay Property	Total
Acquisition costs					
Balance, October 1st, 2013	$ 1,632,799	$ -	$ 283,298	$ -	$ 1,916,097
Additions	191,092	51,495	2,664	-	245,251
Write-downs	-	(51,495)	-	-	(51,495)
Foreign currency translation	48,078	-	6,528	-	54,606
Balance, December 31st, 2013	$ 1,871,969	$ -	$ 292,490	$ -	$ 2,164,459
Exploration and evaluation costs					
Balance, October 1st, 2013	$ 26,960,664	$ -	$ 5,424,825	$ -	$ 32,385,489
Assaying	23,695	-	-	-	23,695
Drilling	103,835	-	-	-	103,835
Engineering and consulting	89,823	3,131	926	-	93,880
Geological and field expenses	88,023	2,079	3,291	-	93,393
Geophysical	3,542	-	-	-	3,542
Metalurgical studies	80,044	-	-	-	80,044
Environmental studies	15,639	-	-	-	15,639
Exploration and evaluation properties fees	57,218	26,093	-	1,528	84,839
Personnel	227,666	7,000	18,112	-	252,778
Write-downs	-	(38,303)	-	(1,528)	(39,831)
Foreign currency translation	804,309	-	174,253	-	978,562
Balance, December 31st, 2013	$ 28,454,458	$ -	$ 5,621,407	$ -	$ 34,075,865
Total	$ 30,326,427	$ -	$ 5,913,897	$ -	$ 36,240,324

Liquidity and capital resources

At December 31st, 2013, the Company's working capital, defined as current assets less current liabilities, was $672,514 compared to a working capital of $4,394,985 at December 31st, 2012. The Company has current liabilities of $389,604 mainly related to current and prior exploration work. The Company has sufficient working capital to meet all of its contractual and statutory property payment and exploration commitments for the current year, although further financing will be required to undertake all planned exploration activities.

On September 20th, 2013, the Company closed a non-brokered private placement of 1,250,000 Units, priced at $0.40 per Unit to raise gross proceeds of $500,000. Each Unit consists of one common share and one non-transferable common share purchase warrant. Each warrant will entitle the holder to acquire an additional common share at a price of $0.50 until September 20th, 2015.

During the year ended December 31st, 2013, 148,144 warrants were exercised for gross proceeds of $96,294.

Subsequent to year end, the Company closed a non-brokered private placement of 2,827,323 Units, priced at $0.23 per Unit to raise gross proceeds of $650,284. Each Unit consists of one common share and one non-transferable common share purchase warrant. Each warrant will entitle the holder to acquire an additional common share at a price of $0.30 until March 28th, 2015 and at a price of $0.35 per share exercisable until March 28th, 2016.

Critical accounting estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in the preparation of these consolidated financial statements include, but are not limited to, the valuation of warrants, the assumptions used in the accounting for share-based payments, the provision for income taxes and composition of deferred tax assets and liabilities, the expected economic lives of and the estimated future operating results and net cash flows from mining interests, the anticipated costs of reclamation and closure cost obligations, and the fair value measurement of certain financial instruments.

A detailed summary of all of the Company's significant accounting policies is included in Note 2 to the consolidated financial statements for the year ended December 31st 2013.

Going Concern Assumption

The recoverability of amounts shown for exploration and evaluation properties and related exploration and development expenditures is dependent upon the economic viability of recoverable reserves, the ability of the Company to obtain the necessary permits and financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Currently, the Company does not have a source of revenue and is dependent on equity financings to fund its activities. The Company had positive working capital and cash balances at December 31st, 2013 and the Company endeavors to manage the cash position prudently through ongoing monitoring of current and future cash and working capital balances relative to planned activities. The available capital may not be sufficient to fund the Company's planned activities through 2013.

Interests in Mining Properties and Exploration and Development Expenditures

In accordance with the Company's accounting policies, acquisition costs and exploration expenditures relating to exploration and evaluation properties are capitalized until the properties are brought into commercial production or disposed. Amortization will commence when a property is put into commercial production. As the Company does not currently have any properties in commercial production, no amortization has been recorded.

Mineral reserve and mineral resource estimates are not precise and also depend on statistical inferences drawn from drilling and other data, which may prove to be unreliable. Future production could differ from mineral resource estimates for the following reasons:

- mineralization or formation could be different from those predicted by drilling, sampling and similar tests;
- the grade of mineral resources may vary from time to time and there can be no assurance that any particular level of recovery can be achieved from the mineral resources; and
- declines in the market prices of contained minerals may render the mining of some or all of the Company's mineral resources uneconomic.

Any of these factors may result in impairment of the carrying amount of interests in mining properties or exploration and development expenditures.

Share Based Payments, Warrants and Compensation Options

Directors, officers, employees and contractors are granted options to purchase common shares under the Company Stock Option Plan. This plan and its terms and outstanding balance are disclosed in Note 10d to the consolidated financial statements at December 31st, 2013.

The Company recognizes an expense for option awards using the fair value method of accounting. The Company also records the fair value of warrants granted through private offerings or in lieu of fees and compensation options granted using a fair-value estimate. Management estimates the fair value of stock options, warrants granted through private offerings or in lieu of fees, and compensation options using the Black-Scholes Option Pricing Model. The Black-Scholes Option Pricing Model, used by the Company to calculate fair values, as well as other accepted option valuation models, was developed to estimate fair value of freely tradable, fully transferable options and warrants, which may significantly differ from the Company's stock option awards or warrant grants. These models also require four highly subjective assumptions, including future stock price volatility and expected time until exercise, which greatly affect the calculated values. Accordingly, management believes that these models do not necessarily provide a reliable single measure of the fair value of the Company's stock option awards. The valuation models are used to provide a reasonable estimate of fair value given the variables used.

Restoration and Environmental Obligations

Legal or constructive obligations associated with site restoration on the retirement of assets are recognized when they are incurred and when a reasonable estimate of the value of the obligation can be made. While, the Company has not commenced operations on its mining properties and the principal projects are in the exploration stage, certain exploration activities have occurred that have given rise to a constructive obligation related to the reclamation of the site for the Golden Summit Project. As such, the Company has recognized an environmental rehabilitation provision for the project. Due to the uncertainty around the settlement date and measurement of potential asset retirement obligations for the Company's projects, management considers the assumptions used to calculate the present value of such liabilities at each reporting period and updates the value recognized as required.

Contractual Commitments

The Company is committed under exploration and evaluation property option agreements to pay cash, incur exploration expenditures and has future commitments related to payments required under a photocopier lease. See note 12 of the Company's consolidated financial statements for the year ended December 31st, 2013 and the disclosures above under "Review of Exploration Projects".

Off-balance sheet arrangements

The Company has no off-balance sheet arrangements.

Financial Instruments

The Company classifies all financial instruments as either available-for-sale, financial assets or liabilities at fair value through profit or loss ("FVTPL"), loans and receivables or other financial liabilities. Loans and receivables and other financial liabilities are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income or loss. These amounts will be reclassified from shareholders' equity to net income when the investment is sold or when the investment is impaired and the impairment is considered less than temporary. Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized on the statement of loss and comprehensive loss.

The Company has designated its cash as FVTPL, which is measured at fair value. Short term and long term investments in other companies are classified as available-for-sale, which is measured at fair value. Interest receivable is classified as receivables and measured at amortized cost. Trade payables and amounts due to related parties are classified as other financial liabilities which are measured at amortized cost.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company's cash and cash equivalents and amounts receivable. The Company manages its credit risk relating to cash and cash equivalents by dealing only with highly-rated Canadian financial institutions. As at 30 December 31st, 2013, amounts receivable of $28,634 (December 31st, 2012 - $26,600) was comprised of Harmonized Sales Tax receivable of $16,524 (December 31st, 2012 - $26,142), interest receivable of $274 (December 31st, 2012 - $458) and other receivables of $11,836 (December 31st, 2012 - $Nil). As a result, credit risk is considered insignificant.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuously monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. As the Company's financial instruments are substantially comprised of cash and cash equivalents, liquidity risk is considered insignificant.

Currency Risk

The Company is exposed to currency risk on its acquisition and exploration expenditures on its US properties since it has to convert Canadian dollars raised through equity financing in Canada to US dollars. The Company's expenditures will be negatively impacted if the US dollar increases versus the Canadian dollar.

The majority of the Company's cash flows and financial assets and liabilities are denominated in Canadian dollars, which is the Company's functional and reporting currency. Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar. The Company has cash and cash equivalents held in US dollars.

The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by holding most of its cash and cash equivalents in Canadian dollars. The Company monitors and forecasts the values of net foreign currency cash flow and balance sheet exposures and from time to time could authorize the use of derivative financial instruments such as forward foreign exchange contracts to economically hedge a portion of foreign currency fluctuations.

The following table provides an indication of the Company's foreign currency exposures during the periods ended December 31st, 2013 and December 31st, 2012:

	December 31st 2013	December 31st 2012
Cash and cash equivalents	US$228,253	US$ 1,175,418
Trade payables	US$ 375,787	US$ 399,195

A 1% change in Canadian/US foreign exchange rate at period end would have changed the net loss of the Company, assuming that all other variables remained constant, by approximately $1,475 for the period ended December 31st, 2013.

The Company has not, to the date of these consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

Interest Risk

The Company is not subject to interest risk.

Commodity Price Risk

The Company is in the exploration stage and is not subject to commodity price risk.

OUTSTANDING SHARE DATA

The Company is authorized to issue unlimited common shares without par value. As at March 28th, 2014, there were 78,241,829 outstanding common shares compared to 74,022,884 outstanding shares at December 31st, 2012.

The increase reflects the issuance of 1,250,000 shares for proceeds of $500,000, 148,144 shares issued on the exercise of warrants and the issuance of 2,820,801 shares for proceeds of $648,784

As at March 28th, 2014 there were 2,948,297 warrants outstanding.

	Number Outstanding on March 28th, 2014	**Price per Share**	**Expiry Date**
	1,630,977	$0.25	August 2nd,2014
	17,320	$0.25	August 2nd,2014
	50,000	$0.25	August 15th, 2014
	1,250,000	$0.25/$0.30	September 20th, 2014/2015
	2,827,323	$0.30/$0.35	March 28th, 2015/2016
Total	**5,775,620**		

Directors, officers, employees and contractors are granted options to purchase common shares under the Company Stock Option Plan. This plan and its terms and outstanding balance are disclosed in Note 10d to the consolidated financial statements at December 31st, 2013.

Number Outstanding December 31st 2012	Granted	Exercised	Cancelled	Expired	Number Outstanding March 28th 2014	Number Exercisable March 28th 2014	Exercise Price Per Share	Expiry Date
186,667	-	-	-	(186,667)	-	-	$ 8.52	February 21st, 2013
604,167	-	-	-	-	604,167	604,167	$ 0.48	February 26th, 2015
800,000	-	-	-	-	800,000	800,000	$ 0.50	October 29th, 2015
2,035,000	-	-	-	-	2,035,000	2,035,000	$ 0.87	May 10th, 2016
1,585,000	-	-	-	-	1,585,000	1,585,000	$ 0.65	October 20th, 2016
20,000	-	-	-	-	20,000	20,000	$ 0.75	February 20th, 2017
200,000	-	-	-	-	200,000	200,000	$ 0.92	November 12th, 2017
-	150,000	-	-	-	150,000	37,500	$ 0.27	December 1st, 2016
-	700,000	-	-	-	700,000	300,000	$ 0.25	January 1st, 2019
5,430,834	850,000	-	-	(186,667)	6,094,167	5,581,667		

RELATED PARTY TRANSACTIONS

The Company considers the President and Chief Executive Officer, Chief Financial Officer, Vice-President of Exploration and Development, Corporate Secretary, directors and any companies controlled by these parties to be key management personnel.

The related party transactions during the year ended December 31st, 2013, which occurred in the normal course of operations and were measured at the exchange amount (the amount of consideration established and agreed to by the related parties), were as follows:

A summary of key management compensation is as follows:

	December 31st, 2013 $	December 31st, 2012 $
Accounting	$ 87,500	$ 85,000
Consulting	32,400	32,200
Legal	1,939	14,110
Salaries and benefits	479,166	505,880
Total	$ 601,005	$ 637,190

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company has established disclosure controls and procedures to ensure that information disclosed in this MD&A and the related consolidated financial statements was properly recorded, processed, summarized and reported to the Company's Board and Audit Committee. The Company's CEO and CFO have evaluated and are satisfied with the effectiveness of these disclosure controls and procedures for the year ending December 31st, 2013.

The CEO and CFO acknowledge responsibility for the design of internal control over financial reporting (ICFR), and confirm that there were no changes in these controls that occurred during the most recent year ended December 31st, 2013 which materially affected, or are reasonably likely to materially affect the Company's ICFR.

RISKS AND UNCERTAINTIES

The Company believes that the following items represent significant areas for consideration.

Cash Flows and Additional Funding Requirements

The Company has limited financial resources, no sources of operating cash flows and no assurances that sufficient funding will be available.

Industry

The Company is engaged in the exploration of mineral properties, an inherently risky business. There is no assurance that funds spent on the exploration and development of a mineral deposit will result in the discovery of an economic ore body. Most exploration projects do not result in the discovery of commercially mineable ore deposits.

Commodity Prices

The success of the Company's operations will be dependent in part upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production to be impracticable.

Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself with respect to the discovery and acquisition of interests in mineral properties, the recruitment and retention of qualified employees and other persons to carry out its mineral exploration activities. Competition in the mining industry could adversely affect the Company's prospects for mineral exploration in the future.

Foreign Political Risk

The Company's material property interests are currently located in the United States. A significant portion of the Company's interests are exposed to various degrees of political, economic and other risks and uncertainties. The Company's operations and investments may be affected by local political and economic developments, including expropriation, nationalization, invalidation of government orders, permits or agreements pertaining to property rights, political unrest, labour disputes, limitations on repatriation of earnings, limitations on mineral exports, limitations on foreign ownership, inability to obtain or delays in obtaining necessary mining permits, opposition to mining from local, environmental or other non-governmental organizations, government participation, royalties, duties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations, taxation and changes in laws, regulations or policies as well as by laws and policies of Canada affecting foreign trade, investment and taxation.

Government Laws, Regulation & Permitting

Mining and exploration activities of the Company are subject to both domestic and foreign laws and regulations governing prospecting, development, production, taxes, labour standards, occupational health, mine safety, waste disposal, toxic substances, the environment and other matters. Although the Company believes that all exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a substantial adverse impact on the Company.

The operations of the Company will require licenses and permits from various governmental authorities to carry out exploration and development at its projects. There can be no assurance that the Company will be able to obtain the necessary licences and permits on acceptable terms, in a timely manner or at all. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

Title to Properties

Acquisition of rights to the exploration and evaluation properties is a very detailed and time-consuming process. Title to, and the area of, exploration and evaluation properties may be disputed. Although the Company has made reasonable efforts to investigate the title to all of the properties for which it holds mineral leases or licenses or in respect of which it has a right to earn an interest, the Company cannot give an assurance that title to such properties will not be challenged or impugned.

The Company has the right to earn an interest in certain of its properties. To earn its interest in each property, the Company is required to make certain cash payments and incur certain exploration expenditures. If the Company fails to make these payments and incur such expenditures, the Company may lose its right to such properties and forfeit any funds expended to such time.

Estimates of Mineral Resources

The mineral resource estimates used by the Company are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit which can be legally or commercially exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material.

Key Management

The success of the Company will be largely dependent upon the performance of its key officers, consultants and employees. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. The success of the Company is largely dependent on the performance of its key individuals. Failure to retain key individuals or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success.

Volatility of Share Price

Market prices for shares of early stage companies are often volatile. Factors such as announcements of mineral discoveries, financial results, and other factors could have a significant effect on the price of the Company's shares.

Foreign Currency Risk

A substantial portion of the Company's expenses and payables are now, and are expected to continue to be incurred in United States currency. The Company's business will be subject to risks typical of an international business including, but not limited to, differing tax structures, regulations and restrictions and general foreign exchange rate volatility. Fluctuations in the exchange rate between the Canadian dollar and United States dollar may have a material effect on the Company's business, financial condition and results of operations and could result in downward price pressure for the Company's products in or losses from currency exchange rate fluctuations. The Company does not actively hedge against foreign currency fluctuations.

Conflict of Interest

Some of the Company's directors and officers are directors and officers of other natural resource or mining-related companies. These associations may give rise from time to time to conflicts of interest which will be subject to the procedures and remedies under the *Business Corporation Act (British Columbia)*. As a result of any such conflict, the Company may miss the opportunity to participate in certain transactions.

OUTLOOK

As at March 28th, 2014, the Company has approximately $900,000 in cash.

In July 2013, drilling recommenced on the Dolphin area. This program is aimed both at resource expansion and well as upgrading the category of resources currently hosted on the Golden Summit project. A total of 3 holes for a total of 5.458.5 feet (1,666.8 metres) have been drilled since drilling resumed in mid July. Results from the 2013 summer program have continued to demonstrate the potential for expansion in the Dolphin Area. Higher grade intervals were encountered in drill holes to the north of the known deposit. Additional drilling will be necessary to expand upon these higher grade intercepts.

The Dolphin/Cleary Hill deposit remains open to the west, east and to depth and covers an area of 300 metres by 1.5 km; however, the entire Golden Summit project area covers approximately a 13,000 acre area and hosts numerous other significant exploration targets also with the potential for additional bulk tonnage mineralization. The program for 2013 included additional diamond core drilling and metallurgical testing.

The Company continues to advance the Golden Summit Project as it engaged Tetra Tech to complete a Preliminary Economic Assessment (PEA) that is anticipated to be completed in 2014. Tetra Tech is a well respected full-service engineering and science firm based in North America with a substantial global presence focused on project delivery and innovative solutions with 14,000 employees and 330 offices worldwide. The PEA will examine potential for a stand alone heap leach operation and will also complete a comprehensive review of the current sulphide resource using different cut off grades.

The Golden Summit Project continues to demonstrate its potential for growth. Ground geophysics and geochemical surveys carried out in the last two years in conjunction with further compilation work has identified other significant and potentially higher grade targets in the immediate resource area.

This discussion contains certain forward-looking information. This forward-looking information includes, or may be based upon, estimates, forecasts, and statements as to management's expectations with respect to, among other things, the size and quality of the Company's mineral resources, progress in development of mineral properties, amount and quality of metal products recoverable from the Company's mineral resources. Forward-looking information is based on the opinions and estimates of management at the date the information is given, and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. These factors include the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating metal prices, the possibility of unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and uncertainties related to metal recoveries. Readers are cautioned to not place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking information will not be achieved by the Company. These forward-looking statements are made as of the date hereof and the Company assumes no responsibility to update them or revise them to reflect new events or circumstances, except as required by law.

FREEGOLD VENTURES LIMITED

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2013 and 2012

JAMES STAFFORD

Independent Auditor's Report

James Stafford, Inc.
Chartered Accountants
Suite 350 – 1111 Melville Street
Vancouver, British Columbia
Canada V6E 3V6
Telephone +1 604 669 0711
Facsimile +1 604 669 0754
www.JamesStafford.ca

To the Shareholders of
Freegold Ventures Limited
(An Exploration Stage Company)

We have audited the accompanying consolidated financial statements of **Freegold Ventures Limited** which comprise the consolidated statements of financial position as at 31 December 2013 and 2012 and the consolidated statements of loss and comprehensive income (loss), cash flows and changes in equity for the years then ended, and 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 as issued by the International Accounting Standards Board, 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 is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Freegold Ventures Limited as at 31 December 2013 and 2012 and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Freegold Ventures Limited to continue as a going concern, including a net loss of $1,808,855 for the year ended 31 December 2013 and accumulated deficit of $56,269,778 since inception.

James Stafford

Chartered Accountants
Vancouver, Canada
28 March 2014

Freegold Ventures Limited
(An Exploration Stage Company)

Consolidated Statements of Financial Position

Canadian Funds

ASSETS		31 December 2013		31 December 2012
Current				
Cash and cash equivalents	$	**765,530**	$	4,750,282
Amounts receivable		**28,634**		26,600
Prepaid expenses and deposits		**117,399**		96,179
Assets held for sale *(Note 4)*		**150,555**		194,058
		1,062,118		5,067,119
Exploration and Evaluation Properties *(Note 5)*		**36,240,324**		30,867,828
Property, Plant and Equipment *(Note 6)*		**437,737**		426,290
	$	**37,740,179**	$	36,361,237

LIABILITIES				
Current				
Trade payables *(Note 7)*	$	**213,102**	$	579,754
Accrued liabilities		**32,000**		36,500
Due to related parties *(Note 8)*		**144,502**		55,880
		389,604		672,134
Restoration and Environmental Obligations *(Note 9)*		**488,684**		438,197
Trade payables – Long term *(Note 7)*		**247,822**		-
		1,126,110		1,110,331
EQUITY				
Share Capital *(Note 10)*		**80,119,934**		79,647,572
Reserves		**12,763,913**		10,064,257
Deficit		**(56,269,778)**		(54,460,923)
		36,614,069		35,250,906
	$	**37,740,179**	$	36,361,237

Nature and Continuance of Operations *(Note 1)*, **Commitments and Contingency** *(Note 12)* and **Subsequent Events** *(Note 16)*

APPROVED AND AUTHORIZED FOR ISSUE BY THE BOARD ON 28 March 2014:

"Gary Moore", Director *"David Knight"*, Director

Freegold Ventures Limited
(An Exploration Stage Company)

Consolidated Statements of Changes in Equity

Canadian Funds

	Common Shares	Amount	Stock Options Reserve	Warrants Reserve	Foreign Currency Translation Reserve	Deficit	Total
Balance – 31 December 2011	60,896,011	$ 69,622,797	$ 6,913,236	$ 6,277,780	$ (471,772)	$ (48,523,992)	$ 33,818,049
Issuance and allotment of shares for:							
- Private placements *(Note 10a)*	3,411,957	1,910,696	-	-	-	-	1,910,696
- Exercise of warrants *(Note 10b)*	9,709,916	8,589,131	-	(2,628,461)	-	-	5,960,670
- Exercise of options *(Note 10b)*	5,000	5,897	(2,647)	-	-	-	3,250
- Value assigned to warrants	-	(371,409)	-	371,409	-	-	-
Fair value of change in exercise price of warrants	-	-	-	156,802	-	-	156,802
Share-based payments *(Note 10d)*	-	-	12,176	-	-	-	12,176
Share issuance costs	-	(109,540)	-	25,137	-	-	(84,403)
Foreign currency translation adjustment	-	-	-	-	(589,403)	-	(589,403)
Loss for the year	-	-	-	-	-	(5,936,931)	(5,936,931)
Balance – 31 December 2012	74,022,884	$ 79,647,572	$ 6,922,765	$ 4,202,667	$ (1,061,175)	$ (54,460,923)	$ 35,250,906
Issuance and allotment of shares for:							
- Private placements *(Note 10a)*	1,250,000	500,000	-	-	-	-	500,000
- Exercise of warrants *(Notes 10b and 10c)*	148,144	127,033	-	(30,739)	-	-	96,294
- Value assigned to warrants *(Notes 10a and 10c)*	-	(147,088)	-	147,088	-	-	-
Fair value of change in exercise price of warrants *(Note 10c)*	-	-	-	276,316	-	-	276,316
Share-based payments *(Note 10d)*	-	-	59,461	-	-	-	59,461
Share issuance costs *(Note 10a)*	-	(7,583)	-	-	-	-	(7,583)
Foreign currency translation adjustment	-	-	-	-	2,247,530	-	2,247,530
Loss for the year	-	-	-	-	-	(1,808,855)	(1,808,855)
Balance – 31 December 2013	**75,421,028**	**$ 80,119,934**	**$ 6,982,226**	**$ 4,595,332**	**$ 1,186,355**	**$ (56,269,778)**	**$ 36,614,069**

Freegold Ventures Limited
(An Exploration Stage Company)

Consolidated Statements of Loss and Comprehensive Income (Loss)

For the Years Ended 31 December

Canadian Funds

		2013		2012
General and Administrative Expenses				
Consulting fees	$	256,625	$	258,195
Share-based payments *(Note 10d)*		59,461		12,176
Travel and transportation		212,931		334,418
Promotion and shareholder relations		229,034		239,157
Professional fees		154,657		212,150
Wages, salaries and benefits		360,091		336,639
Transfer, filing and other fees		120,028		117,327
Rent and utilities		37,305		37,455
Office and miscellaneous		59,357		61,297
Property evaluation costs		17,040		-
Depreciation *(Note 6)*		17,938		23,936
Accretion *(Note 9)*		19,588		18,238
Loss Before Other Income (Expenses)		(1,544,055)		(1,650,988)
Other Income (Expenses)				
Interest income		16,545		17,855
Foreign exchange gain (loss), net		40,597		(15,428)
Write down of trade payables *(Note 7)*		52,027		-
Interest and bank charges		(9,497)		(14,324)
Gain (loss) on sale of property, plant and equipment *(Note 4)*		3,170		(4,639)
Financing cost *(Note 10c)*		(276,316)		(156,802)
Write down of exploration and evaluation properties *(Note 5)*		(91,326)		(4,112,605)
		(264,800)		(4,285,943)
Net Loss for the Year	$	(1,808,855)	$	(5,936,931)
Loss per Share – Basic and Diluted	$	(0.02)	$	(0.09)
Weighted Average Number of Shares Outstanding		74,511,179		64,111,179
Comprehensive Income (Loss)				
Net loss for the year	$	(1,808,855)	$	(5,936,931)
Foreign currency translation adjustment		2,247,530		(589,403)
Total Comprehensive Income (Loss) for the Year	$	438,675		(6,526,334)
Comprehensive Income (Loss) per Share – Basic and Diluted	$	0.01	$	(0.10)

Freegold Ventures Limited
(An Exploration Stage Company)

Consolidated Statements of Cash Flows

For the Years Ended 31 December

Canadian Funds

Cash Resources Provided By (Used In)		2013		2012
Operating Activities				
Loss for the year	$	(1,808,855)	$	(5,936,931)
Items not affecting cash:				
Depreciation		17,938		23,936
Accretion		19,588		18,238
Financing cost		276,316		156,802
Loss (gain) on sale of property, plant and equipment		(3,170)		4,639
Write down of trade payables		(52,027)		-
Write down of exploration and evaluation properties		91,326		4,112,605
Share-based payments		59,461		12,176
Foreign exchange		(2,139,627)		601,643
Net changes in non-cash working capital components:				
Amounts receivable		(2,034)		40,595
Prepaid expenses and deposits		(21,220)		13,255
Trade payables		(314,625)		(894,342)
Trade payables – Long term		(37,161)		(67,554)
Accrued liabilities		(4,500)		11,700
Due to related parties		88,622		19,148
		(3,829,968)		(1,884,090)
Investing Activities				
Sale of investment		-		20,000
Exploration and evaluation property acquisition costs		(481,221)		(501,927)
Exploration and evaluation property deferred exploration costs		(2,566,128)		(6,651,112)
Purchase of property, plant and equipment		(1,176)		(3,312)
Proceeds on sale of assets held for sale		57,500		40,764
		(2,991,025)		(7,095,587)
Financing Activities				
Share capital issued		596,294		7,874,616
Share issuance costs		(7,583)		(84,403)
		588,711		7,790,213
Effect of Foreign Currency on Cash and Cash Equivalents		2,247,530		(589,403)
Net Decrease in Cash and Cash Equivalents		(3,984,752)		(1,778,867)
Cash and cash equivalents - Beginning of year		4,750,282		6,529,149
Cash and Cash Equivalents - End of Year	$	765,530	$	4,750,282
Interest paid	$	3,018	$	4,650
Interest received	$	16,271	$	17,397
Income taxes paid	$	-	$	-
Supplemental Disclosure of Non-Cash Items				
Exploration expenditures included in trade payables	$	(284,983)	$	(305,871)
Write-down of trade payables		52,027		-
Write-down of exploration and evaluation properties		(91,326)		(4,112,605)

1. Nature and Continuance of Operations

Freegold Ventures Limited (the "Company") is in the process of acquiring, exploring and developing precious metal exploration and evaluation properties. The Company will attempt to bring the properties to production, structure joint ventures with others, option or lease properties to third parties or sell the properties outright. The Company has not determined whether these properties contain ore reserves that are economically recoverable and the Company is considered to be in the exploration stage. The recoverability of the amounts expended by the Company on acquiring and exploring exploration and evaluation properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to complete the acquisition and/or development of the properties and upon future profitable production.

The head office, principal address and registered records office of the Company is Suite 888 – 700 West Georgia Street, Vancouver, British Columbia, Canada, V7Y 1G5.

The Company's consolidated financial statements as at 31 December 2013 and for the year then ended have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company has a comprehensive income of $438,675 for the year ended 31 December 2013 (31 December 2012 – $6,526,334 comprehensive loss) and has working capital of $672,514 at 31 December 2013 (31 December 2012 – $4,394,985).

The Company had cash and cash equivalents of $765,530 at 31 December 2013 (31 December 2012 - $4,750,282), but management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. If the Company is unable to raise additional capital in the immediate future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures or cease operations. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Significant Accounting Policies

The consolidated financial statements of the Company have been prepared in accordance with International Accounting Standards ("IAS"), using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

a) **Consolidation**

These consolidated financial statements include the accounts of the Company's wholly owned subsidiaries, Free Gold Recovery Inc., USA, Freegold Ventures Limited, USA, Ican Minerals, Inc., Dolphin Gold, Inc., Grizzly Bear Gold Inc. and McGrath Gold Inc. All subsidiaries are US corporations which are involved in exploration and evaluation of properties. Inter-company balances are eliminated upon consolidation.

b) **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, the recoverability and measurement of deferred tax assets and liabilities, and ability to continue as a going concern. Actual results may differ from those estimates and judgments.

c) **Cash and Cash Equivalents**

The Company considers cash and cash equivalents to include amounts held in banks and highly liquid investments with remaining maturities at point of purchase of 90 days or less. The Company places its cash and cash equivalents with institutions of high-credit worthiness.

As at 31 December 2013, cash and cash equivalents includes a redeemable guaranteed investment certificate of $51,294 (31 December 2012 - $50,771) maturing on 2 May 2014, which is pledged as security for certain payables of the Company.

d) **Financial Assets**

Financial assets are classified as held-to-maturity, loans and receivables, available-for-sale financial assets, financial assets at fair value through profit or loss ("FVTPL"), or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognized initially at fair value. The subsequent measurement of financial assets depends on their classification as follows:

Held-to-maturity and loans and receivables

Held-to-maturity and loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in profit or loss when the financial asset classified in this category are derecognized or impaired, as well as through the amortization process. Amounts receivable are classified as loans and receivables are classified as held-to-maturity.

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are not classified as loans and receivables. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognized within other comprehensive income. Accumulated changes in fair value are recorded as a separate component of equity until the investment is derecognized or impaired. Available-for-sale assets include investment in equities of other entities.

The fair value is determined by reference to bid prices at the close of business on the reporting date. Where there is no active market, fair value is determined using valuation techniques. Where fair value cannot be reliably measured, assets are carried at cost.

Financial assets at FVTPL

Financial assets are classified as held for trading and are included in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives, other than those designated as effective hedging instruments, are also categorized as held for trading. These assets are carried at fair value with gains or losses recognized in profit or loss. Cash and cash equivalents are included in this category of financial assets.

Derivatives designated as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

e) **Impairment of Financial Assets**

Financial assets, other than financial assets at FVTPL, are assessed for indicators of impairment at each period end.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost have been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognized in profit or loss.

Available-for-sale

If an available-for-sale financial asset is impaired, the cumulative loss previously recognized in equity is transferred to profit or loss. Any subsequent recovery in the fair value of the asset is recognized within other comprehensive income.

f) **Financial Liabilities**

Financial liabilities are classified as financial liabilities at FVTPL, derivatives designated as hedging instruments in an effective hedge, or as financial liabilities measured at amortized cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification, as follows:

Financial liabilities at FVTPL

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated by management on initial recognition. These liabilities are carried at fair value with gains or losses recognized in profit or loss.

Derivatives designated as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

Financial liabilities measured at amortized cost

All other financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest, other revenues and finance costs. Trade payables and amounts due to related parties are included in this category of financial liabilities.

g) **Exploration and Evaluation Properties**

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

Option payments received are treated as a reduction of the carrying value of the related exploration and evaluation properties and deferred costs until the receipts are in excess of costs incurred, at which time they are credited to income. Option payments are at the discretion of the optionee, and accordingly, are recorded on a cash basis.

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

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

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

h) **Impairment**

The carrying amount of the Company's assets is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss 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.

i) **Restoration and Environmental Obligations**

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

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

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

j) **Assets Held for Sale**

Assets and liabilities are classified as held for sale if their carrying amounts are expected to be recovered through a disposition rather than through continuing use. The assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in the consolidated statements of loss and comprehensive loss. Assets classified as held for sale are not depreciated, depleted or amortized.

k) **Property, Plant and Equipment**

Property, plant and equipment are recorded at cost and are amortized over their estimated useful lives using the declining balance method at the following annual rates, with half the rate being applied in the year of acquisition:

Automotive	30%
Computer equipment	30%
Computer software	100%
Exploration office	4%
Land	N/A
Mining equipment	30%
Office equipment	20%

Where an item of property, plant and equipment consists of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

l) **Share-Based Payments**

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

m) **Loss per Share**

Basic loss per share is based on the weighted average number of common shares issued and outstanding during the year. The effect of potential issuances of shares under options and warrants would be anti-dilutive, and therefore basic and diluted loss per share are the same.

n) **Income Taxes**

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the balance sheet date.

o) **Foreign Currency Translation**

The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. The Company determined that the functional currency of Freegold Ventures Limited is the Canadian dollar. The functional currency of Free Gold Recovery Inc., USA, Freegold Ventures Limited, USA, Ican Minerals, Inc., Dolphin Gold, Inc., Grizzly Bear Gold Inc. and McGrath Gold Inc. is the U.S. dollar.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

On consolidation, each respective entity's financial statements are translated into the presentation currency, being the Canadian dollar. Assets and liabilities are translated at the period-end exchange rate. Income and expenses are translated at the average exchange rate for the period in which they arise. Exchange differences are recognized in other comprehensive income as a separate component of equity.

p) **Flow-Through Shares**

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability and included in trade payables and accrued liabilities. Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through liability will be reversed. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

q) **Changes in Accounting Policies**

The Company has adopted the following new and revised accounting standards, amendments and interpretations, effective 1 January 2013.

- IFRS 10 '*Consolidated Financial Statements*' is a new standard effective for annual periods beginning on or after 1 January 2013 that replaces consolidation requirements in IAS 27 (as amended in 2008) and Standing Interpretations Committee ("SIC") -12. The adoption of IFRS 10 did not have a material impact on the Company's consolidated financial statements.

- IFRS 11 '*Joint Arrangements*' is a new standard effective for annual periods beginning on or after 1 January 2013 that replaces IAS 31 and SIC-13. The adoption of IFRS 11 did not have a material impact on the Company's consolidated financial statements.

- IFRS 12 '*Disclosure of Interests in Other Entities*' is a new standard effective for annual periods beginning on or after 1 January 2013 that replaces disclosure requirements in IAS 27 (as amended in 2008), IAS 28 (as revised in 2003) and IAS 31. The adoption of IFRS 12 did not have a material impact on the Company's consolidated financial statements.

- IFRS 13 '*Fair Value Measurement'* is a new standard effective for annual periods beginning on or after 1 January 2013 that replaces fair value measurement guidance in other IFRSs. The adoption of IFRS 13 did not have a material impact on the Company's consolidated financial statements.

- IAS 1 (Amendment) '*Presentation of Financial Statements*' is effective for annual periods beginning on or after 1 July 2012 and includes amendments regarding presentation of items of other comprehensive income. The adoption of IAS 1 did not have a material impact on the Company's consolidated financial statements.

- IAS 19 (Amendment) '*Employee Benefits*' is effective for annual periods beginning on or after 1 January 2013 and revises recognition and measurement of post-employment benefits. The adoption of IAS 19 did not have a material impact on the Company's consolidated financial statements.

- IAS 27 (Amendment) '*Separate Financial Statements*' is effective for annual periods beginning on or after 1 January 2013 that prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The adoption of IAS 27 did not have a material impact on the Company's consolidated financial statements.

- IAS 28 (Amendment) '*Investments in Associates and Joint Ventures*' is effective for annual periods beginning on or after 1 January 2013 that prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The adoption of IAS 28 did not have a material impact on the Company's consolidated financial statements.

- IFRIC 20 '*Stripping Costs in the Production Phase of a Surface Mine*' is a new interpretation effective for annual periods beginning on or after 1 January 2013 that prescribes the accounting for stripping costs in the production phase of a surface mine. The adoption of IFRIC 20 did not have a material impact on the Company's consolidated financial statements.

r) **New and Revised Accounting Standards and Interpretations Not Yet Adopted**

At the date of authorization of these consolidated financial statements, the IASB and IFRIC have issued the following new and revised standards, amendments and interpretations which are not yet effective:

- IFRS 9 '*Financial Instruments: Classification and Measurement'* is a new financial instruments standard effective for annual periods beginning on or after 1 January 2015 that replaces IAS 39 and IFRIC 9 for classification and measurement of financial assets and financial liabilities.

- IFRS 10 '*Consolidated Financial Statements*' is a new standard effective for annual periods beginning on or after 1 January 2013 that replaces consolidation requirements in IAS 27 (as amended in 2008) and Standing Interpretations Committee ("SIC") -12. New amendments include an exception to specific consolidation requirements for investment entities and are effective for annual periods beginning on or after 1 January 2014, with earlier adoption permitted.

- IFRS 12 '*Disclosure of Interests in Other Entities*' is a new standard effective for annual periods beginning on or after 1 January 2013 that replaces disclosure requirements in IAS 27 (as amended in 2008), IAS 28 (as revised in 2003) and IAS 31. New amendments include an exception to specific consolidation requirements for investment entities and are effective for annual periods beginning on or after 1 January 2014, with earlier adoption permitted.

- IAS 27 (Amendment) '*Separate Financial Statements*' is effective for annual periods beginning on or after 1 January 2013 that prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. New amendments include an exception to specific consolidation requirements for investment entities and are effective for annual periods beginning on or after 1 January 2014, with earlier adoption permitted.

The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

3. Approval

These consolidated financial statements were approved and authorized for issue by the Audit Committee of the Board of Directors on 28 March 2014.

4. Assets Held For Sale

		31 December 2013		31 December 2012
Opening assets held for sale	$	**194,058**	$	254,625
Additions		**-**		-
Dispositions		**(54,330)**		(47,225)
Write-down		**-**		-
Foreign currency translation		**10,827**		(13,342)
Ending assets held for sale	$	**150,555**	$	194,058

As at 31 December 2011, the Company classified its remaining mining equipment as assets held for sale as it no longer had a use for this equipment. During the year ended 31 December 2013, the Company sold $54,330 (31 December 2012 - $47,225) of equipment for proceeds of $57,500 (31 December 2012 - $40,764) resulting in a gain of $3,170 (31 December 2012 – loss of $4,639). The Company is actively pursuing the disposal of its remaining mining equipment and expects to dispose of these assets in 2014.

Notes to Consolidated Financial Statements

31 December 2013 and 2012

Canadian Funds

5. Exploration and Evaluation Properties

		Golden Summit Property		Rob Property		Vinasale Property		Union Bay Property		Total
Acquisition costs										
Balance, 31 December 2012	$	1,428,678	$	-	$	194,006	$	-	$	1,622,684
Additions		344,638		51,495		85,088		-		481,221
Write-downs		-		(51,495)		-		-		(51,495)
Foreign currency translation		98,653		-		13,396		-		112,049
Balance, 31 December 2013	$	1,871,969	$	-	$	292,490	$	-	$	2,164,459
Exploration and evaluation costs										
Balance, 31 December 2012	$	24,037,981	$	-	$	5,207,163	$	-	$	29,245,144
Assaying		103,034		-		-		-		103,034
Drilling		1,196,517		-		-		-		1,196,517
Engineering and consulting		275,318		3,131		29,591		-		308,040
Geological and field expenses		268,323		2,079		5,760		-		276,162
Geophysical		113,117		-		-		-		113,117
Metalurgical studies		197,858		-		-		-		197,858
Environmental studies		15,639		-		-		-		15,639
Exploration and evaluation properties fees		69,200		26,093		-		1,528		96,821
Personnel		517,597		7,000		19,326		-		543,923
Write-downs		-		(38,303)		-		(1,528)		(39,831)
Foreign currency translation		1,659,874		-		359,567		-		2,019,441
Balance, 31 December 2013	$	28,454,458	$	-	$	5,621,407	$	-	$	34,075,865
Total	**$**	**30,326,427**	**$**	**-**	**$**	**5,913,897**	**$**	**-**	**$**	**36,240,324**

	Golden Summit Property	Rob Property	Vinasale Property	Union Bay Property	Total
Acquisition costs					
Balance, 31 December 2011	$ 1,110,057	$ 940,243	$ 86,445	$ -	$ 2,136,745
Additions	342,743	49,745	109,439	-	501,927
Write-downs	-	(974,117)	-	-	(974,117)
Foreign currency translation	(24,122)	(15,871)	(1,878)	-	(41,871)
Balance, 31 December 2012	$ 1,428,678	$ -	$ 194,006	$ -	$ 1,622,684
Exploration and evaluation costs					
Balance, 31 December 2011	$ 19,221,657	$ 3,100,136	$ 3,630,435	$ 24,211	$ 25,976,439
Assaying	476,825	17,624	57,649	-	552,098
Drilling	2,680,869	-	560,817	-	3,241,686
Engineering and consulting	207,632	4,331	40,980	-	252,943
Geological and field expenses	711,564	2,052	296,386	-	1,010,002
Geophysical	244,274	-	14,392	-	258,666
Helicopter support	-	-	368,403	-	368,403
Exploration and evaluation properties fees	65,216	31,835	20,222	3,792	121,065
Personnel	847,642	7,707	296,771	-	1,152,120
Write-downs	-	(3,110,883)	-	(27,605)	(3,138,488)
Foreign currency translation	(417,698)	(52,802)	(78,892)	(398)	(549,790)
Balance, 31 December 2012	$ 24,037,981	$ -	$ 5,207,163	$ -	$ 29,245,144
Total	$ 25,466,659	$ -	$ 5,401,169	$ -	$ 30,867,828

a) **Golden Summit Property, Alaska, USA**

Fairbanks Exploration Inc.

By various agreements dated from 1 December 1992 to 9 May 1997, the Company acquired from Fairbanks Exploration Inc. ("FEI") certain mineral claims in the Fairbanks Mining District of Alaska known as the Golden Summit Property, subject to a 7% working interest held in trust for FEI by the Company on certain mineral claims. The property is controlled by the Company through long-term lease agreements or outright claim ownership. As consideration, the Company issued 20,833 shares and expended US$1,767,000 on the property before the year 2000 to FEI. The Company is also required to make all underlying lease payments.

The Company will fund 100% of the project until commercial production is achieved at which point FEI will be required to contribute 7% of any approved budget. The property is subject to a 2% Net Smelter Royalty ("NSR") to FEI, unless otherwise noted. The Company has a 30 day right of first refusal in the event that the 7% working interest of FEI or the NSR is to be sold. The Company can also purchase the NSR at any time following commercial production, based on its net present value as determined by mineable reserves.

(i) **Keystone Claims**

By an agreement dated 17 May 1992, the Company entered into a lease with Keystone whereby the Company agreed to make advance royalty payments of US$15,000 per year. In May 2000, the agreement was renegotiated and on 15 October 2000, a $50,000 signing bonus was paid. On 30 November 2001, the Company restructured the advance royalty payments as follows:

		US Funds	
1992 – 1998 (US$15,000 per year)	$	105,000	(paid)
2000	$	50,000	($25,000 paid in cash and $25,000 with 9,816 treasury shares issued)
2001 - 2006 (US$50,000 per year)	$	300,000	(paid)
2007	$	150,000	(paid)
2008	$	150,000	(paid $75,000 in 2008 with the remaining $75,000 paid in 2009, subject to a payment extension)
2009	$	150,000	(paid)
2010	$	150,000	(paid)
2011	$	150,000	(paid)
2012	$	150,000	(paid)
2013	$	150,000	(paid)
2014 – 2019 (US$150,000 per year)	$	900,000	

The property is subject to a 3% NSR.

In 2011, the Company negotiated an extension of the lease. As long as there is either permitting, development mining or processing being conducted on a continuous basis or advance royalties being paid, the lease shall be renewable for successive 10 year terms.

(ii) **Newsboy Claims**

By lease agreement dated 28 February 1986 and amended 26 March 1996, the Company assumed the obligation to make advance royalty payments of US$2,500 per year until 1996 (paid) and US$5,000 per year until 2006 (paid). During 2006, the Company renewed the existing lease term for an additional 5 years on the same terms and conditions.

On 12 October 2012, the Company amended the lease agreement and the lease term was extended for a five year term, from 1 March 2011 to 29 February 2016. The minimum royalty payable under the amended lease is US$12,000 per year for the term of the lease. These payments are current. In addition, the Company will have the option to further extend the lease for a term of an additional 5 years by making a one-time payment of US$50,000. The claims are subject to a 4% NSR. The Company has the option to purchase the NSR for the greater of the current value or US$1,000,000 less all advance royalty payments made.

(iii) **Tolovana Claims**

In May 2004, the Company entered into an agreement with a third party (the "Seller") whereby the Seller transferred 100% of the rights via Quit Claim Deed to a 20-year lease on the Tolovana Gold Property in Alaska.

Under the terms of the agreement, the Company assumed all of the Seller's obligations under the lease, which include making annual payments of $1,000 per month for the first 23 months increasing to $1,250 per month for the 24th to the 48th months and increasing to $1,500 after the 49th month and for the duration of the lease. These payments are current.

In addition, the Company made a cash payment to the seller of US$7,500 on signing and issued 66,667 shares on regulatory approval. An additional 33,333 shares were to be issued within 30 days of a minimum 200,000 ounce mineral resource being calculated on the property if the resource is established in five years or less from the date of the agreement. No resource was calculated during the prescribed time frame so these shares were not issued.

The property is subject to a sliding scale NSR as follows: 1.5% NSR if gold is below US$300 per ounce, 2.0% NSR in the event the price of gold is between US$300 to US$400, and 3.0% NSR in the event that the price of gold is above US$400.

The Company, at its option, can purchase 100% of the Tolovana Gold Property for US$1,000,000.

(iv) **Green Claims**

On 16 December 2010, the Company entered into a long-term lease agreement with Christina Mining Company, LLC to acquire certain mineral claims in the Fairbanks Mining District of Alaska known as the Green Property. The claims are subject to a 3% NSR. The Company is required to make annual cash payments and cumulative exploration expenditures as follows:

	Payments	Cumulative Exploration Expenditures
1 December 2010	US$100,000 (paid)	-
1 December 2011	US$100,000 (paid)	US$250,000 (incurred)
1 December 2012	US$100,000 (paid)	US$500,000 (incurred)
1 December 2013	US$100,000 (paid)	US$750,000 (incurred)
1 December 2014	US$100,000	US$1,000,000*
1 December 2015 to 2019	US$100,000 per year	-
1 December 2020 to 2029	US$200,000 per year	-
Total	US$3,000,000	

*As of 31 December 2013, the Company has incurred sufficient exploration expenditures in order to meet the 2014 exploration requirement and as such has no obligation to complete additional exploration on the Green Property in 2014.

(v) **Chatham Claims**

On 11 July 2011, the Company entered into a four year lease agreement to acquire certain mineral claims in the Fairbanks Mining District of Alaska known as the Chatham Property. The claims are subject to a 2% NSR. The Company is required to make annual cash payments and exploration expenditures as follows:

	Payments	Exploration Expenditures
Execution of agreement	US$20,000 (paid)	-
11 July 2012	US$30,000 (paid)	US$50,000 (incurred)
11 July 2013	US$40,000 (paid)	US$50,000 (incurred)
11 July 2014	US$50,000	US$50,000
11 July 2015	-	US$50,000
Total	US$140,000	US$200,000

The Company has the option to purchase the property for US$750,000.

The Company also has the option to purchase one-half of the NSR representing one percent for US$750,000.

(vi) **Alaska Mental Health Trust Property**

By lease agreement effective 1 June 2012, the Company entered into a new mining lease over certain mineral claims in the Fairbanks Mining District of Alaska known as the Alaska Mental Health Trust Property. The property is controlled by the Company through a three year lease agreement and may be extended for two extensions of three years. In 2013, the Company entered into an agreement to amend the terms of the lease to reflect an increase in the size of the lease to 403 acres. As a result, the work commitment schedule and annual cash payments have been modified. The Company is required to make annual cash payments and exploration expenditures as follows:

	Payments	Exploration Expenditures
Execution of agreement	US$25,000 (paid)	-
Year 1 (2013)	US$10 per acre per year (paid)	US$125 per acre per year (incurred)
Years 2-3	US$10 per acre per year	US$125 per acre per year
Years 4-6	US$15 per acre per year	US$235 per acre per year
Years 7-9	US$20 per acre per year	US$355 per acre per year

The claims will be subject to the following NSR:

Price of Gold (per ounce)	Net Royalty
US$500 or below	1.0%
US$500.01 - US$700.00	2.0%
US$700.01 - US$900.00	3.0%
US$900.01 - US$1,200.00	3.5%
above US$1,200.00	4.5%

b) **Rob Property, Alaska, USA**

By agreement dated 9 July 2002, the Company has the option to earn a 100% interest in a 20-year lease on certain mineral claims located in the Good Paster Mining District, Alaska, known as the Rob Property.

As consideration, the Company was required to make cash payments of US$80,000 (paid) for an underlying agreement with the vendor.

In addition, the Company paid US$29,000 and issued 166,667 shares. The Company is also required to expend a total of US$1,000,000 in exploration expenditures on the property prior to 31 December 2008 (completed).

During a prior year, the Company reached the required US$1,000,000 level of cumulative expenditures on the property and issued an additional 83,333 shares of the Company valued at $305,000. In addition, the vendor retains a 1% NSR which the Company may purchase for US$1,000,000.

The underlying lease holder shall retain a NSR, which shall vary according to the London gold price for the preceding six-month period as follows: 1% for gold prices less than US$300 per ounce, 1.5% for gold prices between US$301 and US$350, and 2% for gold prices greater than US$350. The NSR may be purchased for US$500,000 for each percentage point. An undivided 100% interest in the property may be purchased for US$1,500,000.

Commencing 1 December 2008, annual advance royalty payments must be made to the vendor depending on the average gold price for the preceding year as follows:

Gold Price Per Ounce	Annual Royalty Payment
Less than US$350	US$30,000
US$350 to US$400	US$40,000
More than US$400	US$50,000

These payments are current.

During a prior year, the Company staked a further 141 State of Alaska mining claims adjacent to the property. During the year ended 31 December 2013, the Company allowed 67 State of Alaska mining claims to lapse. The staked claims are 100% owned and not subject to any royalties.

During the year ended 31 December 2013, the Company wrote off $89,798 (31 December 2012 - $4,085,000) as no exploration program is currently being planned on this property.

c) **Vinasale Property, Alaska, USA**

By agreement dated 28 February 2007 and as amended on 18 January 2010, the Company entered into a mineral exploration agreement with an option to lease from Doyon Limited ("Doyon"), an Alaskan Native Corporation on the Vinasale property in central Alaska. The Company must make annual cash payments and incur exploration expenditures as follows:

Option Year Commencing	Payments	Exploration Expenditures
28 February 2007	US$50,000 (Paid)	US$300,000 (incurred)
1 February 2008	US$70,000 (Paid)	US$700,000*
1 February 2009	US$75,000 (Paid)	US$1,000,000**
1 February 2010	US$80,000 (Paid)	US$1,500,000 (incurred)
1 February 2011	US$85,000 (Paid)	US$1,500,000 (incurred)
Total	US$360,000	US$5,000,000

On 20 January 2012, the Company paid US$100,000 to extend the lease by one year and was required to incur an additional US$1,500,000 (incurred) in exploration expenditures.

On 30 January 2013, the Company paid US$70,000 to extend the lease by one year and was required to incur an additional US$1,500,000 in exploration expenditures by 31 December 2013. The Company did not complete these expenditures and is actively engaged in negotiations to amend the terms of the current agreement *(Note 12)*.

* During 2008, the Company requested that Doyon consider deferring the remaining 2008 expenditures to 2009, 2010 and 2011 in exchange for an additional contribution of US$20,000 to the scholarship fund and Doyon agreed to such request.

** By amendment dated 18 January 2010, Doyon agreed to waive the 2009 exploration expenditures. As consideration, the Company agreed to place US$300,000 in an escrow account by 15 April 2010. The funds were released upon mobilization of a drill rig to the property in July 2010.

d) **Union Bay Property, Alaska, USA**

The Company acquired certain mineral claims known as the Union Bay Property, in Alaska, USA, by way of staking.

By agreement dated 1 October 2002 and amended 2 April 2003, the Company granted to Pacific North West Capital Corp. ("PFN"), a company that previously had certain directors in common, an option to earn a 70% interest in the property by purchasing a private placement of $165,000 (2002) and making cash payments of $100,000 (received), issuing 60,000 shares (received) and incurring exploration expenditures of $1,000,000 (completed).

PFN vested with a 50% interest on 1 July 2006 and accordingly issued 253,586 shares pursuant to the agreement. Following vesting, PFN had the right to elect within 45 days to increase its interest to 60% by completing a feasibility study within 12 months of having vested. This election was not made.

By Memorandum of Agreement dated 4 May 2007, the Company and PFN confirmed their 50:50 interest in the property.

During the year ended 31 December 2013, the Company wrote off $1,528 (31 December 2012 - $27,605) as no exploration program is currently being planned on this property.

6. Property, Plant and Equipment

	Automotive	Computer Equipment	Computer Software	Office Equipment	Exploration Office	Exploration Office Equipment	Land	Total
Costs								
Balance, 31 December 2012	$ 33,430	$ 7,048	$ 6,140	$ 7,724	$ 179,027	$ 13,327	$ 217,776	$ 464,472
Additions	-	1,176	-	-	-	-	-	1,176
Foreign currency translation	2,309	-	-	-	12,362	921	15,038	30,630
Balance, 31 December 2013	$ 35,739	$ 8,224	$ 6,140	$ 7,724	$ 191,389	$ 14,248	$ 232,814	$ 496,278
Accumulated Depreciation								
Balance, 31 December 2012	$ (13,539)	$ (2,010)	$ (6,140)	$ (2,162)	$ (10,598)	$ (3,733)	$ -	(38,182)
Depreciation	(6,019)	(1,688)	-	(1,113)	(7,173)	(1,945)	-	(17,938)
Foreign currency translation	(1,296)	-	-	-	(762)	(363)	-	(2,421)
Balance, 31 December 2013	$ (20,854)	$ (3,698)	$ (6,140)	$ (3,275)	$ (18,533)	$ (6,041)	$ -	$ (58,541)
Net Book Value	**$ 14,885**	**$ 4,526**	**$ -**	**$ 4,449**	**$ 172,856**	**$ 8,207**	**$ 232,814**	**$ 437,737**

	Automotive	Computer Equipment	Computer Software	Office Equipment	Exploration Office	Exploration Office Equipment	Land	Total
Costs								
Balance, 31 December 2011	$ 32,597	$ 3,736	$ 6,140	$ 7,724	$ 175,298	$ 13,260	$ 226,518	$ 465,273
Additions	-	3,312	-	-	-	-	-	3,312
Foreign currency translation	833	-	-	-	3,729	67	(8,742)	(4,113)
Balance, 31 December 2012	$ 33,430	$ 7,048	$ 6,140	$ 7,724	$ 179,027	$ 13,327	$ 217,776	$ 464,472
Accumulated Depreciation								
Balance, 31 December 2011	$ (4,889)	$ (561)	$ (3,070)	$ (772)	$ (3,506)	$ (1,327)	$ -	(14,125)
Depreciation	(8,565)	(1,449)	(3,070)	(1,390)	(7,051)	(2,411)	-	(23,936)
Foreign currency translation	(85)	-	-	-	(41)	5	-	(121)
Balance, 31 December 2012	$ (13,539)	$ (2,010)	$ (6,140)	$ (2,162)	$ (10,598)	$ (3,733)	$ -	$ (38,182)
Net Book Value	**$ 19,891**	**$ 5,038**	**$ -**	**$ 5,562**	**$ 168,429**	**$ 9,594**	**$ 217,776**	**$ 426,290**

7. Trade Payables

During the year, the Company wrote off trade payables in the amount of $52,027 (31 December 2012 - $Nil). Management does not consider that these amounts are payable although there is no assurance that a formal claim will not be made against the Company for some or all of these balances in the future *(Note 12)*.

During the year, the Company entered into an agreement with one of its vendors to repay an amount payable over two years.

During a prior year, the Company entered into a debt settlement agreement with one of its vendors. Under the terms of the agreement, the amount owing to the vendor was to be repaid in cash over three years and a portion was to be repaid in shares (issued). The cash portion will bear interest at 6%. The remaining amount owing and accrued interest has been recorded as trade payables.

During a prior year, the Company entered into an agreement with one of its vendors to repay the amount payable over five years. This amount was paid in full during the year.

8. Related Party Balances and Transactions

A summary of key management compensation is as follows:

		31 December 2013		31 December 2012
Accounting	**$**	**87,500**	$	85,000
Consulting		**32,400**		32,200
Legal		**1,939**		14,110
Salaries and benefits		**479,166**		505,880
Total	**$**	**601,005**	$	637,190

A summary of amounts due to related parties is as follows:

		31 December 2013		31 December 2012
President and Chief Executive Officer	**$**	**64,583**	$	27,940
Vice President, Exploration and Development		**64,583**		27,940
Chief Financial Officer		**12,500**		-
Corporate Secretary		**2,836**		-
Total	**$**	**144,502**	$	55,880

Key management personnel includes individuals having authority and responsibility for planning, directing and controlling the activities of the Company, including the directors, and any companies controlled by these parties.

These amounts were incurred in the ordinary course of business, are non-interest bearing, unsecured and due on demand unless otherwise noted. The above transactions are measured at fair value, which has been determined by negotiations amongst the parties.

9. Restoration and Environmental Obligations

The Company's restoration and environmental obligations consist of reclamation and closure costs for the Golden Summit Property *(Note 5a)*. The present value of the estimated obligations relating to properties is $488,684 (31 December 2012 - $438,197) using discount rates at which cash flows have been discounted by 4.25%. Significant reclamation and closure cost activities include, land rehabilitation, demolition of field camps, ongoing care and maintenance and other costs.

The undiscounted reclamation and closure cost obligation at 31 December 2013 is $531,800 (US$500,000) (31 December 2012 - $497,450 (US$500,000)) and the cash outflows are expected to occur in 2015.

Movements in the reclamation and closure cost balance during the year are as follows:

	31 December 2013	31 December 2012
Balance, beginning of year	**$ 438,197**	$ 429,375
Addition	**-**	-
Accretion	**19,588**	18,238
Foreign currency translation	**30,899**	(9,416)
Balance, end of year	**$ 488,684**	$ 438,197

10. Share Capital

The Company has authorized an unlimited number of common shares with no par value. At 31 December 2013, the Company had 75,421,028 common shares outstanding (31 December 2012 – 74,022,884).

a) Share Issuances and Other

On 20 September 2013, the Company closed a non-brokered private placement of 1,250,000 units at $0.40 per unit for proceeds of $500,000. Each unit consists of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.50 per share exercisable until 20 September 2015 *(Note 10c)*. The Company recorded share issuance costs of $7,583 in relation to the private placement.

On 2 August 2012, the Company closed a non-brokered private placement of 3,411,957 units at $0.56 per unit for proceeds of $1,910,696. Each unit consists of one common share and one half non-transferable share purchase warrant. 1,655,977 warrants were issued to purchase one additional common share at a price of $0.65 per share exercisable until 2 February 2014 and 50,000 warrants were issued to purchase one additional common share at a price of $0.65 per share exercisable until 15 February 2014. 115,465 broker warrants were issued that entitle the holder to purchase one additional common share at a price of $0.65 per share exercisable until 2 February 2014 *(Note 10c)*.

b) **Exercise of Warrants and Options**

i) During the year, a total of 148,144 (31 December 2012 – 9,709,916) warrants were exercised for gross proceeds of $96,294 (31 December 2012 – $5,960,670).

ii) During the year, a total of Nil (31 December 2012 – 5,000) options were exercised for gross proceeds of $Nil (31 December 2012 – $3,250).

iii) On 16 September 2013, 2,677,999 warrants with an exercise price of $0.65 per share expired *(Note 10c)*.

c) **Share Purchase Warrants**

The following is a summary of the changes in the Company's share purchase warrants for the years ended 31 December 2013 and 2012:

Year ended 31 December	2013		2012	
	Number of warrants	Weighted average exercise price $	Number of warrants	Weighted average exercise price $
Outstanding, beginning of the year	4,524,441	0.65	19,064,344	0.66
Granted	1,250,000	0.50	1,821,442	0.65
Exercised	(148,144)	0.65	(9,709,917)	0.61
Expired	(2,677,999)	0.65	(6,651,428)	0.63
Outstanding, end of year	2,948,298	0.59	4,524,441	0.65

The following table summarizes information regarding share purchase warrants outstanding as at 31 as at 31 December 2013:

	Number	Price per Share	Expiry Date	
	1,630,977	$0.65	2 February 2014	**
	17,321	$0.65	2 February 2014	**
	50,000	$0.65	15 February 2014	**
	1,250,000	$0.50	20 September 2015	*
Total	2,948,298			

* During the year, 1,250,000 share purchase warrants having a fair value of $147,088 were issued relating to private placements. Each warrant entitles the holder to purchase one additional common share at a price of $0.50 per share exercisable until 20 September 2015 *(Note 10a)*.

* On 24 January 2014, the Company amended the original exercise price for 1,250,000 warrants from $0.50 to $0.25 per share exercisable until 20 September 2014 and to $0.30 exercisable until 20 September 2015; provided that if the Company's common shares trade on the TSX at or above a volume weighted average trading price of $0.50 per common share for 10 consecutive trading days, the Company may give notice to the holders that each warrant will expire 30 days from the date of providing such notice *(Note 16)*.

** During the prior year, 1,821,442 share purchase warrants having a fair value of $396,546 were issued relating to private placements. 1,655,977 warrants were issued to purchase one additional common share at a price of $0.65 per share exercisable until 2 February 2014 and 50,000 warrants were issued to purchase one additional common share at a price of $0.65 per share exercisable until 15 February 2014. 115,465 broker warrants were issued that entitle the holder to purchase one additional common share at a price of $0.65 per share exercisable until 2 February 2014 *(Note 10a).* During the year, 98,144 warrants were exercised for proceeds of $96,294.

** On 24 January 2014, the Company amended the expiry date for 1,648,298 share purchase warrants from 2 February 2014 to 2 August 2014 and amended the expiry date for 50,000 share purchase warrants from 15 February 2014 to 15 August 2014. The original exercise price for these share purchase warrants have also been amended from $0.65 to $0.25 per share; provided that if the Company's common shares trade on the TSX at or above a volume weighted average trading price of $0.50 per common share for 10 consecutive trading days, the Company may give notice to the holders that each warrant will expire 30 days from the date of providing such notice *(Note 16)*.

During a prior year, 4,583,331 share purchase warrants having a fair value of $859,060 were issued relating to private placements. Each warrant entitles the holder to purchase one additional common share at a price of $0.59 per share exercisable until 16 March 2012 and at a price of $0.65 per share exercisable from 17 March 2012 until 16 March 2013. During the year, 50,000 warrants were exercised for proceeds of $32,500. Effective 16 March 2013, the exercise date of 2,677,999 share purchase warrants was amended from previously 16 March 2013 to 16 September 2013 resulting in an incremental fair value of $276,316 recorded to financing cost. This amount is shown as a financing cost. 298,000 of these warrants are held by directors and officers of the Company and the extension of such warrants was approved by shareholders of the Company, excluding the votes attached to common shares beneficially owned by holder of the insider warrants, at the Company's 28 June 2013 Annual and Special General Meeting. The exercise price of the warrants of $0.65 per common share remained the same. On 16 September 2013, these warrants expired unexercised.

d) **Share Purchase Options**

The Company has established a new stock option plan (the "2012 Stock Option Plan) whereby the Board of Directors (the "Board"), may from time to time, grant options to directors, officers, employees or consultants. At the Company's Annual and Special Meeting held on 29 June 2012, shareholders approved a resolution which reserves up to 10% of the issued and outstanding shares from time to time (including existing stock options), as a "rolling stock option plan". Stock options may be granted under the 2012 Stock Option Plan with an exercise period of up to ten (10) years from the date of grant or such lesser period as determined by the Board, subject to a short extension in the case of a Company imposed blackout period. Any stock options granted under the 2012 Stock Option Plan will not be subject to any vesting schedule, unless otherwise determined by the Board. The exercise price of an option will not be less than the closing price of the common shares on the day prior to grant.

A summary of the Company's options at 31 December 2013 and the changes for the year are as follows:

Number Outstanding 31 December 2012	Granted	Exercised	Cancelled	Expired	Number Outstanding 31 December 2013	Number Exercisable 31 December 2013		Exercise Price Per Share	Expiry Date
186,667	-	-	-	(186,667)	-	-	$	8.52	21 February 2013
604,167	-	-	-	-	604,167	604,167	$	0.48	26 February 2015
800,000	-	-	-	-	800,000	800,000	$	0.50	29 October 2015
2,035,000	-	-	-	-	2,035,000	2,035,000	$	0.87	10 May 2016
1,585,000	-	-	-	-	1,585,000	1,585,000	$	0.65	20 October 2016
20,000	-	-	-	-	20,000	20,000	$	0.75	20 February 2017
200,000	-	-	-	-	200,000	200,000	$	0.92	12 November 2017
-	150,000	-	-	-	150,000	-	$	0.27	1 December 2016
5,430,834	150,000	-	-	(186,667)	5,394,167	5,244,167			

186,667 share purchase options with an exercise price of $8.52 per common share expired on 21 February 2013.

During the prior year, the Company granted the following options to a consultant of the Company which vest on the following dates *(Note 16)*:

Vesting Date	Exercise Price	Number of options	**2013 Vested Amount**
12 February 2013	$0.92	50,000	**$25,711**
12 May 2013	$0.92	50,000	**12,817**
12 August 2013	$0.92	50,000	**11,863**
12 November 2013	$0.92	50,000	**9,070**
Total		200,000	**$59,461**

The total estimated fair value of the options is recorded in the Company accounts as share-based payments expense calculated on the vesting date. The offsetting entry was to stock options reserve.

During the year, the Company granted the following options to a consultant of the Company which vest on the following dates:

Vesting Date	Exercise Price	Number of options
1 March 2014	$0.27	37,500
1 June 2014	$0.27	37,500
1 September 2014	$0.27	37,500
1 December 2014	$0.27	37,500
Total		150,000

The total estimated fair value of the options will be recorded in the Company accounts as share-based payments expense calculated on the vesting date. The offsetting entry will be to stock options reserve.

During the prior year, the Company granted the following options to an employee of the Company and recognized the 2012 vested amount as follows:

Grant Date	Granted	Exercise Price	Fair Value	2012 Vested Amount
20 February 2012	20,000	$0.75	$12,176	$12,176

The total estimated fair value of the 20,000 options is $12,176 and was recorded in the Company accounts as share-based payments expense. The offsetting entry was to stock options reserve.

The total estimated fair value of the vested 200,000 (2012 - 20,000) options is $59,461 (2012 - $12,176) and was recorded in the Company accounts as share-based payments expense. The offsetting entry was to stock options reserve.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes Option-Pricing Model with the following weighted average assumptions:

	2013	2012
Expected dividend yield	**0.00%**	0.00%
Expected stock price volatility	**115.13%**	115.80%
Risk-free interest rate	**1.48%**	1.49%
Expected life of options	**4.38 years**	5.00 years

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company’s stock options.

e) **Shareholders Rights Plan**

Effective 9 May 2012, the Board of Directors has approved and adopted a shareholders rights plan (the “Rights Plan”). The Rights Plan extends the minimum expiry period for a takeover bid to 60 days and requires a bid to remain open for an additional 10 business days after an offeror publicly announces it has received tenders for more than 50% of the Company’s voting shares. The principal purpose of the Rights Plan is to ensure that shareholders have sufficient time to consider a takeover bid without undue time constraints. It is designed to provide the Board of Directors additional time to consider alternatives in maximizing for shareholders the full and fair value for their common shares.

11. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows, using Canadian federal and provincial statutory tax rates of 25.75% (2012 – 25.00%):

		2013		2012
Loss before income taxes	**$**	**1,808,855**	$	5,936,931
Expected income tax (recovery)	**$**	**(465,780)**	$	(1,484,233)
Difference in foreign tax rate		**(7,322)**		(380,031)
Permanent differences		**84,064**		21,144
Change in enacted tax rates		**3,485**		(210,187)
Change in valuation allowance		**385,553**		2,053,307
Total income taxes	**$**	**-**	$	-

The significant components of the Company's deferred income tax assets and liabilities are as follows:

		31 December 2013		31 December 2012
Deferred tax assets				
Share issue costs	**$**	**45,982**	$	70,710
Loss carry-forwards		**10,166,626**		9,792,803
Property, plant and equipment		**988,414**		1,000,173
Exploration and evaluation properties		**2,758,391**		2,727,340
Restoration and environmental obligations		**166,153**		148,987
		14,125,566		13,740,013
Valuation allowance		**(14,125,566)**		(13,740,013)
Net deferred tax assets	**$**	**-**	$	-

The Company has non-capital losses for Canadian tax purposes of approximately $16,419,781 available to offset against Canadian taxable income in future years, which, if unutilized, will expire as follows:

		Total
2014	$	838,873
2015		1,012,171
2026		1,435,285
2027		1,366,615
2028		3,047,451
2029		1,513,903
2030		886,163
2031		3,190,716
2032		1,644,391
2033		1,484,213
Total	$	16,419,781

In addition, the Company has net operating loss carryovers for US tax purposes of approximately US$17,300,000 available to offset against US taxable income in future years, which, if unutilized, will expire through to 2033.

Subject to certain restrictions, the Company also has resource exploration expenditures of approximately $45,000,000 available to reduce taxable income of future years. Future tax benefits which may arise as a result of these losses, resource deductions and other tax assets have not been recognized in these consolidated financial statements, and have been offset by a valuation allowance.

12. Commitments and Contingency

a) The Company has the following commitments related to payments required under a photocopier lease:

	< 1 year	2-5 years	> 5 years	Total
Photocopier lease payments	$ 3,888	$ 6,029	$ -	$ 9,917

b) The Company has future commitments under exploration and evaluation property option agreements to pay cash and incur exploration expenditures *(Note 5).*

c) On 30 January 2013, the Company paid US$70,000 to extend the lease by one year and was required to incur an additional US$1,500,000 in exploration expenditures by 31 December 2013. The Company did not complete these expenditures and is actively engaged in negotiations to amend the terms of the current agreement *(Note 5c)*.

d) During the year, the Company wrote off trade payables in the amount of $52,027 (31 December 2012 - $Nil). Management does not consider that these amounts are payable although there is no assurance that a formal claim will not be made against the Company for some or all of these balances in the future *(Note 7)*.

13. Segmented Information

Details on a geographic basis as at 31 December 2013 are as follows:

	USA	Canada	Total
Loss for the year	**$ (88,755)**	**$ (1,720,100)**	**$ (1,808,855)**
Comprehensive gain for the year	**$ 2,158,775**	**$ (1,720,100)**	**$ 438,675**
Current assets	**$ 421,556**	**$ 640,562**	**$ 1,062,118**
Property, plant and equipment	**$ 428,762**	**$ 8,975**	**$ 437,737**
Exploration and evaluation properties	**$ 36,240,324**	**$ -**	**$ 36,240,324**
Total assets	**$ 37,090,642**	**$ 649,537**	**$ 37,740,179**

Details on a geographic basis as at 31 December 2012 are as follows:

	USA	Canada	Total
Loss for the year	$ (4,217,924)	$ (1,719,007)	$ (5,936,931)
Comprehensive loss for the year	$ (4,807,327)	$ (1,719,007)	$ (6,526,334)
Current assets	$ 1,150,993	$ 3,916,126	$ 5,067,119
Property, plant and equipment	$ 415,691	$ 10,599	$ 426,290
Exploration and evaluation properties	$ 30,867,828	$ -	$ 30,867,828
Total assets	$ 32,434,512	$ 3,926,725	$ 36,361,237

14. Comparative Figures

Certain comparative figures have been adjusted to conform to the current year's presentation.

15. Financial Instruments and Risk Management

a) **Financial Instruments**

The carrying value of financial assets and liabilities at 31 December 2013 and 31 December 2012 are as follows:

		31 December 2013		31 December 2012
Financial Assets				
FVTPL, measured at fair value				
Cash and cash equivalents	**$**	**765,530**	$	4,750,282
Loans and receivables, measured at amortized cost				
Receivables		**1,351**		458 -

		31 December 2013		31 December 2012
Financial Liabilities				
Other liabilities, measured at amortized cost				
Trade payables	**$**	**213,102**	$	579,754
Trade payables – long term		**247,822**		-
Due to related parties	**$**	**144,502**	$	55,880

The fair value hierarchy of financial instruments measured at fair value on the balance sheet is as follows:

		31 December 2013		31 December 2012
		Level 1		Level 1
Cash and cash equivalents	**$**	**765,530**	$	4,750,282

There were no transfers between Level 1 and 2 in the year ended 31 December 2013.

b) **Capital Management**

The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued capital, accumulated other comprehensive income and deficit. The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic condition and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.
Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended 31 December 2013. Neither the Company nor its subsidiaries is subject to externally imposed capital requirements.

c) **Credit Risk**

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company's cash and cash equivalents and amounts receivable. The Company manages its credit risk relating to cash and cash equivalents by dealing only with highly-rated Canadian financial institutions. As at 31 December 2013, amounts receivable of $28,634 (31 December 2012 - $26,600) was comprised of Goods and Services Tax/Harmonized Sales Tax receivable of $16,524 (31 December 2012 - $26,142), interest receivable of $274 (31 December 2012 - $458) and other receivables of $11,836 (31 December 2012 - $Nil). As a result, credit risk is considered insignificant.

d) **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuously monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. As the Company's financial instruments are substantially comprised of cash and cash equivalents, liquidity risk is considered insignificant.

e) **Currency Risk**

The Company is exposed to currency risk on its acquisition and exploration expenditures on its US properties since it has to convert Canadian dollars raised through equity financing in Canada to US dollars. The Company's expenditures will be negatively impacted if the US dollar increases versus the Canadian dollar.

The majority of the Company's cash flows and financial assets and liabilities are denominated in Canadian dollars, which is the Company's functional and reporting currency. Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar. The Company has cash and cash equivalents held in US dollars.

The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by holding most of its cash and cash equivalents in Canadian dollars. The Company monitors and forecasts the values of net foreign currency cash flow and balance sheet exposures and from time to time could authorize the use of derivative financial instruments such as forward foreign exchange contracts to economically hedge a portion of foreign currency fluctuations.

The following table provides an indication of the Company's foreign currency exposures during the years ended 31 December 2013 and 2012:

	31 December 2013	31 December 2012
Cash and cash equivalents	**US$ 228,253**	US$ 1,175,418
Trade payables	**US$ 375,787**	US$ 399,195

A 1% change in Canadian/US foreign exchange rate at year end would have changed the net loss of the Company, assuming that all other variables remained constant, by approximately $1,475 for the year ended 31 December 2013.

The Company has not, to the date of these consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

f) **Interest Risk**

The Company is not subject to interest risk.

g) **Commodity Price Risk**

The Company is in the exploration stage and is not subject to commodity price risk.

16. Subsequent Events

The following events occurred subsequent to 31 December 2013:

i) On 1 January 2014, the Company granted 700,000 options exercisable at $0.25 per share until 1 January 2019. 400,000 options vest over a one year period and 300,000 options vest immediately.

ii) On 24 January 2014, the Company amended the expiry date for 1,648,297 share purchase warrants from 2 February 2014 to 2 August 2014. The original exercise price has also been amended from $0.65 to $0.25 per share; provided that if the Company's common shares trade on the TSX at or above a volume weighted average trading price of $0.50 per common share for 10 consecutive trading days, the Company may give notice to the holders that each warrant will expire 30 days from the date of providing such notice *(Note 10c)*.

iii) On 24 January 2014, the Company amended the expiry date for 50,000 share purchase warrants from 15 February 2014 to 15 August 2014. The original exercise price has also been amended from $0.65 to $0.25 per share; provided that if the Company's common shares trade on the TSX at or above a volume weighted average trading price of $0.50 per common share for 10 consecutive trading days, the Company may give notice to the holders that each warrant will expire 30 days from the date of providing such notice (*Note 10c)*.

iv) On 24 January 2014, the Company amended the original exercise price for 1,250,000 warrants from $0.50 to $0.25 per share exercisable until 20 September 2014 and to $0.30 exercisable until 20 September 2015; provided that if the Company's common shares trade on the TSX at or above a volume weighted average trading price of $0.50 per common share for 10 consecutive trading days, the Company may give notice to the holders that each warrant will expire 30 days from the date of providing such notice *(Note 10c)*.

v) On 1 March 2014, 37,500 options granted by the Company during the year ended 31 December 2013 to a consultant of the Company vested with an exercise price of $0.27 *(Note 10d)*.

vi) On 28 March 2014, the Company closed a non-brokered private placement of 2,827,323 units at $0.23 per unit for proceeds of $650,284. Each unit consists of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.30 per share exercisable until 28 March 2015 and at a price of $0.35 per share exercisable until 28 March 2016.