# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**3rd quarter ended September 30, 2014**

In Canadian dollars

UNAUDITED

**MAYA GOLD & SILVER INC.**

## Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements.

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

| | September 30, 2014 | December 31, 2013 |
|---|---|---|
| | $ | $ |
| **ASSETS** | | |
| Current | | |
| Cash and cash equivalents | 4,495,118 | 157,410 |
| Marketable securities | 208,434 | 175,573 |
| Sales taxes receivable | 464,512 | 37,981 |
| Inventories (Note 5) | 670,684 | - |
| Prepaid expenses and security deposits | 447,643 | 53,225 |
| | 6,286,391 | 424,189 |
| Non-current | | |
| Restricted short-term investment | 20,000 | 20,000 |
| Advance to a related party | 200,952 | 193,081 |
| Property, plant and equipment (Note 6) | 19,243,451 | 7,612,635 |
| Exploration and evaluation assets (Note 7) | 13,896,181 | 22,420,183 |
| **TOTAL ASSETS** | 39,646,975 | 30,670,088 |
| **LIABILITIES** | | |
| Current | | |
| Accounts payable and accrued liabilities | 1,289,647 | 905,892 |
| Accounts payable and accrued liabilities to a related party (Note 15) | 3,544,499 | 3,642,085 |
| Balances of purchase price payable | 2,690,100 | 4,452,227 |
| Provision for environmental remediation | 320,250 | 150,000 |
| Credit facility (Note 8) | 3,822,599 | - |
| Convertible debentures (Note 9) | 456,551 | - |
| Derivative financial instrument (Note 8) | 50,550 | - |
| | 12,174,196 | 9,150,204 |
| Non-current | | |
| Balances of purchase price payable | 990,844 | 1,689,439 |
| Asset retirement obligations | 818,366 | 622,443 |
| Convertible debentures (Note 9) | 8,209,240 | 1,773,693 |
| **TOTAL LIABILITIES** | 22,192,646 | 13,235,779 |
| **EQUITY** | | |
| Share capital (Note 10) | 29,641,702 | 26,806,931 |
| Share purchase warrants (Note 10) | 272,710 | 796,991 |
| Share purchase options (Note 11) | 1,875,860 | 1,418,154 |
| Equity component of convertible debentures | 1,297,543 | 264,511 |
| Contributed surplus | 3,787,411 | 3,617,095 |
| Deficit | (19,443,341) | (15,492,933) |
| Accumulated other comprehensive income | 22,444 | 23,560 |
| **TOTAL EQUITY** | 17,454,329 | 17,434,309 |
| **TOTAL LIABILITIES AND EQUITY** | 39,646,975 | 30,670,088 |

*Going concern (Note 2) Contingency (Note 16)*

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

*/s/ Guy Goulet*

Guy Goulet, CEO and Director

*/s/ Martin Wong*

Martin Wong, Director

# Maya Gold & Silver Inc.
## Condensed Interim Consolidated Statements of Comprehensive loss
(in Canadian dollars) (Unaudited)

| | Three months period ended September 30, 2014 | Three months period ended September 30, 2013 | Nine months period ended September 30, 2014 | Nine months period ended September 30, 2013 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Expenses and other items** | | | | |
| Management and administration (Note 12) | 416,332 | 360,466 | 1,937,028 | 1,642,685 |
| Investor relations and corporate development | 60,994 | 71,835 | 300,765 | 388,533 |
| Loss (gain) on foreign exchange | 245,856 | 12,459 | 469,660 | (168,464) |
| **Operating loss for the period** | 723,182 | 444,760 | 2,707,453 | 1,862,754 |
| Change in fair value of marketable securities – subscription shares | 23,441 | 50,268 | (32,861) | 86,874 |
| Loss on disposal of marketable securities - shares | - | 111,954 | - | 433,325 |
| Change in fair value of derivative financial instrument (Note 8) | (177,900) | - | (46,050) | - |
| Accretion expense – asset retirement obligations | 22,883 | - | 22,883 | - |
| Finance expense | 751,120 | 117,191 | 1,613,673 | 258,663 |
| **Loss before income taxes for the period** | 1,342,726 | 724,173 | 4,265,098 | 2,641,616 |
| Deferred income tax recovery | (16,069) | (121,117) | (396,897) | (161,508) |
| **Net loss for the period** | 1,326,657 | 603,056 | 3,868,201 | 2,480,108 |
| **Other comprehensive income** | | | | |
| **Item that may be classified to net loss** | | | | |
| Foreign currency translation of foreign subsidiary | (18,936) | (4,401) | 1,116 | (29,182) |
| Change in fair value of marketable securities - shares | - | 76,358 | - | 797,362 |
| Disposal of marketable securities – shares - reclassification to the statement of income of the realized loss | - | (91,416) | - | (429,706) |
| | (18,936) | (19,459) | 1,116 | 338,474 |
| **Comprehensive loss for the period** | 1,307,721 | 583,597 | 3,869,317 | 2,818,582 |
| Basic and diluted loss per share for the period | 0.01 | 0.01 | 0.03 | 0.02 |
| Weighted average number of shares - basic and diluted | 118,155,517 | 109,088,759 | 116,753,686 | 108,723,996 |

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

# Maya Gold & Silver Inc.

## Condensed Interim Consolidated Statements of Changes in Equity

(in Canadian dollars) (Unaudited)

| | Number of issued and outstanding shares | Share capital | Share purchase warrants | Share purchase options | Equity component of convertible debentures | Contributed surplus | Deficit | *Accumulated other comprehensive loss* | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | | $ | $ | $ | $ | $ | $ | *$* | $ |
| Balance as at December 31, 2013 | 115,848,759 | 26,806,931 | 796,991 | 1,418,154 | 264,511 | 3,617,095 | (15,492,933) | 23,560[1] | 17,434,309 |
| Shares issued under long term incitative plan (“LTIP”) | 600,000 | 258,000 | - | - | - | - | - | - | 258,000 |
| Equity component of convertible debentures | - | - | - | - | 1,413,860 | - | - | - | 1,413,860 |
| Deferred income tax | - | - | - | - | (380,828) | (16,069) | - | - | (396,897) |
| Share issue costs | - | - | - | - | - | - | (82,207) | - | (82,207) |
| Share purchase warrants exercised (Note 10) | 6,029,715 | 2,511,496 | (401,096) | - | - | - | - | - | 2,110,400 |
| Exercise of share purchase options (Note 11) | 125,000 | 65,275 | - | (26,525) | - | - | - | - | 38,750 |
| Share purchase options expired | - | - | - | (63,200) | - | 63,200 | - | - | - |
| Share purchase warrants expired | - | - | (123,185) | - | - | 123,185 | - | - | - |
| Share-based payments | - | - | - | 547,431 | - | - | - | - | 547,431 |
| | 122,603,474 | 29,641,702 | 272,710 | 1,875,860 | 1,297,543 | 3,787,411 | (15,575,140) | 23,560 | 21,323,646 |
| Net loss for the period | - | - | - | - | - | - | (3,868,201) | - | (3,868,201) |
| Other comprehensive income | - | - | - | - | - | - | - | (1,116) | (1,116) |
| Comprehensive loss for the period | - | - | - | - | - | - | (3,868,201) | (1,116) | (3,869,317) |
| **Balance as at September 30, 2014** | 122,603,474 | 29,641,702 | 272,710 | 1,875,860 | 1,297,543 | 3,787,411 | (19,443,341) | 22,444 | 17,454,329 |
| Balance as at December 2012 | 107,639,967 | 24,652,678 | 3,076,865 | 860,375 | - | 1,689,107 | (11,963,549) | (193,669) | 18,121,807 |
| Warrants exercised | 330,000 | 167,773 | (52,273) | - | - | - | - | - | 115,500 |
| Share issued under LTIP | 1,118,792 | 296,480 | - | - | - | - | - | - | 296,480 |
| Share issue costs | - | - | - | - | - | - | (56,871) | - | (56,871) |
| Expiration of warrants | - | - | (1,054,333) | - | - | 1,054,333 | - | - | - |
| Deferred income tax | - | - | - | - | (19,700) | (141,808) | - | - | (161,508) |
| Equity component of the debenture | - | - | - | - | 73,237 | - | - | - | 73,237 |
| Share-based payments | - | - | - | 485,027 | - | - | - | - | 485,027 |
| | 109,088,759 | 25,116,931 | 1,970,259 | 1,345,402 | 53,537 | 2,601,632 | (12,020,420) | (193,669) | 18,873,672 |
| Net loss for the period | - | - | - | - | - | - | (2,480,108) | - | (2,480,108) |
| Other comprehensive loss | - | - | - | - | - | - | - | (338,474) | (338,474) |
| Comprehensive loss for the period | - | - | - | - | - | - | (2,480,108) | (338,474) | (2,818,582) |
| **Balance as at September 30, 2013** | 109,088,759 | 25,116,931 | 1,970,259 | 1,345,402 | 53,537 | 2,601,632 | (14,500,528) | (532,143) | 16,055,090 |

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

# Maya Gold & Silver Inc.

## Condensed Interim Consolidated Statements of Cash Flows

(in Canadian dollars) (Unaudited)

| | Three months period ended | | Nine months period ended | |
|---|---|---|---|---|
| | | September 30, | | September 30, |
| | 2014 | 2013 | 2014 | 2013 |
| **Cash flows provided by (used in)** | $ | $ | $ | $ |
| **OPERATING ACTIVITIES** | | | | |
| Net loss for the period | (1,326,657) | (603,056) | (3,868,201) | (2,480,108) |
| Adjustments for non-cash items | | | | |
| Share-based payments | 94,368 | 123,773 | 805,431 | 781,507 |
| Depreciation | - | 2,926 | - | 8,779 |
| Finance expense | 372,481 | 89,573 | 796,839 | 187,406 |
| Accretion expense – asset retirement obligations | 22,883 | - | 22,883 | - |
| Unrealized loss on foreign exchange | 130,598 | 103,391 | 267,374 | 144,350 |
| Change in fair value of marketable securities – subscription shares | 23,441 | 50,268 | (32,861) | 86,874 |
| Change in fair value of derivative financial instrument | (177,900) | - | (46,050) | - |
| Loss on disposal of marketable securities | - | 111,954 | - | 433,325 |
| Deferred income taxes recovery | (16,069) | (121,117) | (396,897) | (161,508) |
| Changes in working capital items (Note 14) | (167,259) | 211,493 | (911,982) | 566,077 |
| | (1,044,114) | (30,795) | (3,363,464) | (433,298) |
| **INVESTING ACTIVITIES** | | | | |
| Restricted cash | - | 240 | - | 240 |
| Disposal of marketable securities | - | 48,206 | - | 527,635 |
| Payment of balances of purchase price | - | - | (2,756,844) | (2,429,524) |
| Increase in property, plant and equipment | (2,411,366) | - | (3,037,699) | - |
| Increase in exploration and evaluation assets | - | (496,135) | (245,026) | (971,534) |
| | (2,411,366) | (447,689) | (6,039,569) | (2,873,183) |
| **FINANCING ACTIVITIES** | | | | |
| Accounts payable and accrued liabilities to a related party | 407,579 | - | 82,685 | - |
| Issuance of credit facility, net of issue costs | - | - | 3,620,904 | - |
| Issuance of warrants and options, net of issue costs | 2,031,650 | (7,473) | 2,066,943 | 58,629 |
| Issuance of convertible debentures, net of issue costs | - | - | 7,970,209 | 490,000 |
| | 2,439,229 | (7,473) | 13,740,741 | 548,629 |
| **Net change in cash and cash equivalents** | (1,016,251) | (485,957) | 4,337,708 | (2,757,852) |
| Cash and cash equivalents, beginning of period | 5,511,369 | 516,702 | 157,410 | 2,788,597 |
| **Cash and cash equivalents, end of period** | 4,495,118 | 30,745 | 4,495,118 | 30,745 |

*Supplemental cash flow information (Note 14)*

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

## 1. GENERAL INFORMATION

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

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

In regard to its Zgounder property, starting in the second quarter of 2014, Maya has entered into the development stage and has commenced the commissioning activities at the Zgounder plant in Morocco. The transfer of the property title occurred in the second quarter of 2014 to a new company incorporated in January 2014, Zgounder Millenium Silver Mining S.A., owns at 85% by the Corporation and 15% by l'Office National des Hydrocarbures et des Mines ("ONHYM").

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

## 2. GOING CONCERN

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

**2. GOING CONCERN** (continued)

For the nine months period ended September 30, 2014, the Corporation reported a net loss of $3,868,201 and has an accumulated deficit of $19,443,341 at September 30, 2014. In addition to ongoing working capital requirements, the Corporation must secure sufficient funding to meet its existing commitments, including future payments to acquire mineral properties and conduct minimum development and exploration program and pay for management and administration expenses. Management estimates that these funds will not be sufficient to meet the Corporation's obligations and proposed expenditures through the next 12 months. Any funding shortfall may be met in the future in a number of ways including but not limited to, the issuance of new equity, debt financing or other means. During the nine months period ended September 30, 2014, the Corporation closed a US$3,500,000 loan, $8,300,000 unsecured convertible debentures and $2,149,150 following the exercise of share purchase warrants and options. While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that these sources of funding or initiatives will be available to the Corporation or that they will be available on terms which are acceptable to the Corporation. If management is unable to obtain new funding, the Corporation may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these condensed interim consolidated financial statements.

**3. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION**

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*. These condensed interim consolidated financial statements follow the same accounting policies as the Company's most recent annual financial statements (except for the changes in accounting policies presented in Note 4) which are based on IFRS as well as accounting policies that became applicable for the present quarter. The Company's Board of Directors approved these condensed interim consolidated financial statements on November 26, 2014.

These condensed interim consolidated financial statements do not contain all of the information and disclosures required for annual financial statements, and should be read in conjunction with the Corporation's annual audited consolidated financial statements for the years ended December 31, 2013 and 2012.

The preparation of condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed interim consolidated financial statements and reported amounts of revenues and expenses during the nine months period ended September 30, 2014. 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. Actual results may differ from these estimates.

**Inventories**

Supply, ore and precious metals inventories are valued at the lower of cost and net realizable value. The cost of mining supplies is measured at the lower of cost using the weighted average cost formula and net realizable value. The cost of ore and precious metals inventories includes all expenses directly attributable to the mineral extraction and processing process, including a systematic allocation of fixed and variable production overheads that are incurred in extracting and processing ore.

Net realizable value is the estimated selling price in the ordinary course of business less any applicable estimated cost to completion and estimated selling expenses. The amount of inventories recognized as an expense is included in addition under mining assets under construction in property, plant and equipment (note 6).

**3. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION** (continued)

**Revenue recognition**

Precious metals revenue, based on spot metal prices, is recorded on delivery when rights and obligations related to ownership are transferred to the purchaser and assurance regarding collectability of the consideration exists.

Prior to achieving commercial production, proceeds from metal sales are offset against mining assets under construction.

**Exploration and evaluation assets**

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

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

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

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

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

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

As at September 30, 2014, all of the Corporation's mining properties are still under the scope of IFRS 6 and therefore subject to the accounting policy as described in the annual audited financial statements as at December 31, 2013 except for the Zgounder property which is, starting in the second quarter of 2014, in development stage.

## 3. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION (continued)

Management has determined that the Zgounder property has reached the development phase, based on the criteria described in the following paragraphs:

Exploration and evaluation assets are transferred to assets under construction within property, plant and equipment once:

- The Corporation has completed a preliminary feasibility study;
- Funds have been secured and deemed sufficient for the development of the property;
- All required permits have been obtained;
- Other criteria according to the judgment of management based on the unique nature of each project.

During the second quarter of 2014 and based on a review by the Board of Directors, the property was considered to enter into the development stage.

When technical feasibility and commercial viability of extracting a mineral resource is demonstrate, exploration and evaluation assets related to the mining property are transferred to property, plant and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment (see Note 6) and any impairment loss is recognized in profit or loss before reclassification.

**Mining assets under construction**

When a mine project reaches the development phase, exploration and evaluation expenditures are tested for impairment and subsequent costs are capitalized to mine development costs in property and equipment. The development expenditures are capitalized net of proceeds from sale of ore extracted during the development phase.

Assets under construction consist of items of property, plant and equipment in the course of construction or mineral properties in the course of development, including those transferred upon completion of the exploration and evaluation phase. Assets under construction are not amortized. On completion of construction or development, costs are transferred to property, plant and equipment and/or mining properties as appropriate based on but not limited to the following criteria:

- Production capacity achieved;
- Recovery grade;
- Completion of a reasonable period of testing of the mine plant and equipment;
- Stage of completion of development work.

**Mining properties**

Mining properties consist of costs transferred from assets under construction when a mining property reaches commercial production, costs of subsequent mine development, and acquired mining properties in the production stage.

Mining properties include costs directly attributable to bringing a mineral asset into the state where it is capable of operating in the manner intended by management. The determination of development costs to be capitalized during the production stage of a mine operation requires the use of judgment and estimates.

Subsequent mine development costs are capitalized to the extend they are incurred in order to access reserves mineable over more than one year. Ongoing exploration maintenance and development expenditures are expensed as incurred in cost of sales in profit or loss.

**September 30, 2014** (in Canadian dollars) (Unaudited)

## 3. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION (continued)

**Significant additional management judgments in applying accounting policies for the nine months period ended September 30, 2014**

*Start of development phase*

The Corporation evaluates the potential of each project to determine when the project should progress from the exploration and evaluation phase to the development phase. Once management has determined that a project has demonstrated a potential for development based on a number of judgemental criteria and once approval by the Board of Directors, the project moves into the development phase.

*Start of commercial production phase*

The Corporation assesses the stage of completion of each mining assets under construction to determine when it begins commercial production. This being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of the project and its location. The Corporation considers various relevant criteria to assess when the production phase is considered to have commenced. At this point, all related amounts are reclassified from mining assets under construction to mining properties. Some of the criteria used to identify the commercial production start date include, but are not limited to:

- Production capacity achieved;
- Recovery and grade;
- Completion of a reasonable period of testing of the mine plant and equipment;
- Stage of completion of development work;
- Completion of the planned capital expenditures;

## 4. CHANGE IN ACCOUNTING POLICIES

IFRIC 21, *Levies* ("IFRIC 21")

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

## 5. INVENTORIES

| | September 30, 2014 | December 31, 2013 |
|---|---|---|
| | **$** | $ |
| Mining supplies | 282,161 | - |
| Precious metals | 360,533 | - |
| Ore | 27,990 | - |
| | 670,684 | - |

**September 30, 2014** (in Canadian dollars) (Unaudited)

### 6. PROPERTY, PLANT AND EQUIPMENT

| | Computers, equipment and office furniture | Exploration and evaluation equipment | Buildings and equipment related to mining production | Mining assets under construction | Vehicles | Total |
|---|---|---|---|---|---|---|
| | $ | $ | $ | | $ | $ |
| **Cost** | | | | | | |
| Balance at January 1, 2013 | 67,447 | 462,745 | 250,000 | - | 74,586 | 854,778 |
| Additions | 529 | - | 7,330,400 | - | - | 7,330,929 |
| Foreign exchange | 3,098 | 2,942 | - | - | 5,082 | 11,122 |
| Balance at December 31, 2013 | 71,074 | 465,687 | 7,580,400 | - | 79,668 | 8,196,829 |
| Additions | - | - | - | 3,028,572 | - | 3,028,572 |
| Asset retirement obligations | - | - | - | 173,040 | - | 173,040 |
| Reclassifications | - | - | (7,580,400) | 7,580,400 | - | - |
| Transfer from E&E assets | - | - | - | 8,601,183 | - | 8,601,183 |
| Foreign exchange | (545) | (510) | - | (139,744) | (880) | (141,679) |
| **Balance at September 30, 2014** | 70,529 | 465,177 | - | 19,243,451 | 78,788 | 19,857,945 |
| **Accumulated depreciation** | | | | | | |
| Balance at January 1, 2013 | 45,346 | 217,259 | - | - | 50,340 | 312,945 |
| Depreciation | 15,303 | 115,466 | - | - | 13,865 | 144,634 |
| Impairment | - | 119,672 | - | - | - | 119,672 |
| Foreign exchange | 1,989 | 1,522 | - | - | 3,432 | 6,943 |
| Balance at December 31, 2013 | 62,638 | 453,919 | - | - | 67,637 | 584,194 |
| Depreciation | 8,570 | 11,957 | - | - | 12,227 | 32,754 |
| Foreign exchange | (679) | (699) | - | - | (1,076) | (2,454) |
| **Balance at September 30, 2014** | 70,529 | 465,177 | - | - | 78,788 | 614,494 |
| **Carrying amounts** | | | | | | |
| At December 31, 2013 | 8,436 | 11,768 | 7,580,400 | - | 12,031 | 7,612,635 |
| **At September 30, 2014** | - | - | - | 19,243,451 | - | 19,243,451 |

Depreciation expense of $8,779 for the nine months period ended September 30, 2013 was included in the condensed consolidated statement of comprehensive loss and an amount of $32,754 was charged to mining assets under construction (2013 - $98,993 was charged to deferred exploration and evaluation expenses).

Since the Zgounder property is in development stage, the mining assets under construction were not amortized in the period presented.

**September 30, 2014** (in Canadian dollars) (Unaudited)

## 6. PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment are located as follows:

| | Computers, equipment and office furniture | Exploration and evaluation equipment | Buildings and equipment related to mining production | Mining assets under construction | Vehicles | Total |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| Morocco | - | - | - | 19,243,451 | - | 19,243,451 |
| | - | - | - | 19,243,451 | - | 19,243,451 |

## 7. EXPLORATION AND EVALUATION ASSETS

Changes in exploration and evaluation assets were as follows:

| | September 30, 2014 | December 31, 2013 |
|---|---|---|
| **Rights on mining properties** | | |
| Opening balance | 14,612,856 | 9,915,519 |
| Additions | - | 4,438,257 |
| Foreign exchange | (44,880) | 259,080 |
| Transfer to PP&E | (5,547,250) | - |
| Ending balance | 9,020,726 | 14,612,856 |
| **Advances for property acquisition and exploration and evaluation work** | | |
| Opening balance | - | 3,156,356 |
| Advances during the year | - | 1,830,000 |
| Applied on acquisition of rights and mining properties | - | (739,399) |
| Applied as buildings and equipment related to mining production and as deferred exploration and evaluation expenses | - | (4,246,957) |
| Ending balance | - | - |
| **Deferred exploration and evaluation expenses** | | |
| Opening balance | 7,807,327 | 5,278,634 |
| Additions | | |
| Salaries and benefits | 43,388 | 183,184 |
| Drilling and sampling | - | 626,967 |
| Geology and consulting | 113,748 | 941,866 |
| Supplies and others | 36,388 | 184,624 |
| Administrative | 5,080 | 181,874 |
| Depreciation | 2,154 | 132,929 |
| Foreign exchange | (78,697) | 277,249 |
| Transfer to PP&E | (3,053,933) | - |
| Ending balance | 4,875,455 | 7,807,327 |
| **Balance, end of period** | 13,896,181 | 22,420,183 |

**September 30, 2014** (in Canadian dollars) (Unaudited)

## 7. EXPLORATION AND EVALUATION ASSETS (continued)

Exploration and evaluation assets are as follows:

| | Morocco | September 30, 2014 Total |
|---|---|---|
| | $ | $ |
| Rights on mining properties | 9,020,726 | 9,059,486 |
| Deferred exploration and evaluation expenses | 4,875,455 | 5,118,741 |
| | 13,896,181 | 14,178,227 |

At the time Zgounder entered into development stage, the Corporation performed an impairment test. The recoverable amount of Zgounder property was determined based on value-in-use calculations, covering a detailed eight-year forecast. Actual reserves presented in the pre-feasibility study were used for the first six years of this forecast. An additional two years was added to the forecast resulting of the conversion of some of actual resources into reserves following a significant exploration program during the first six years. Since Zgounder property was the first property entered into development stage for the Corporation, the Corporation's management believes that using the pre-feasibility study is the best available input for forecasting this new mine. The expected cash flow was discounted using a 15% discount rate that reflects appropriate adjustments relating to market and specific risk factors for the property.

Apart from the considerations in determining the value-in-use for the Zgounder property described above, management was not aware of any other probable changes that would necessitate changes in its key estimates.

Consequently, no impairment was required on the transition date of the Zgounder property from the exploration to development phase and related accumulated costs as of that date ($5,547,250 related to mining rights and $3,053,933 related to other exploration and evaluation expenses) were transferred to mining assets under construction into property, plant and equipment.

## 8. CREDIT FACILITY

On February 4, 2014, the Corporation entered into a facility agreement (the "Facility Agreement") for a credit facility in a principal amount of $US6,000,000 ($6,720,000), of which $US3,500,000 ($3,868,550) was drawn immediately available (the "Initial Facility"). The Initial Facility is a 12-month loan maturing on January 31, 2015 and bearing interest at 12% per annum. The principal amount and the interest were originally repayable in nine consecutive monthly instalments commencing on May 31, 2014 from the cash generated by the operations of Zgounder Silver Mine. In May 2014, the Corporation and the lender agreed to postpone the beginning of capital payment from May 31, 2014 to July 31, 2014 and further in June 2014, the Corporation and the lender agreed to postpone the capital payment of July 31, 2014 to August 2014. As at September 30, 2014, the first three payments were overdue for a total amount of USD1,140,000 ($1,260,042).

Pursuant to the Facility Agreement, a further loan of $US2,500,000 ($2,800,000) with a twelve-month term will be available to the Corporation no earlier than six months after the date of the Facility Agreement, for an aggregate facility of $US6,000,000 ($6,720,000). Under the terms of the Facility Agreement, the lender was granted a silver ounce fee of $US0.25 / ounce ($0.28 / ounce) of silver ingots delivered by the Zgounder Silver Mine to a refiner.

**September 30, 2014** (in Canadian dollars) (Unaudited)

**8. CREDIT FACILITY** (continued)

The Corporation signed a Security Agreement with a trustee relating to the assignment of the commercial contracts and the refinery contract as security to the lender, which is included, a hypothec in favour of the lender covering all of the Corporation's rights, title and interest in and to the commodity contracts and deposits for an amount of up to $7,000,000 in order to secure the payment of any amounts due under the Facility Agreement.

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

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

An issuance cost of $247,646 was paid in total in relation with this closing.

Pursuant to the terms and conditions of the Facility Agreement and for the duration of the agreement, the Corporation deposited in a reserve account an amount of $US140,000 ($156,800).

The credit facility is a compound financial instrument and as such it has been recorded under the requirements of IAS 32, as a debt and as derivative financial instrument for the 1,500,000 options to purchase common shares at a price of $0.35. Consequently, the derivative financial instrument was valued first, and the difference between the proceeds of the credit facility and the estimated value of the options was assigned to the debt. The derivative financial instrument will be evaluated on a quarterly basis with variation in fair value recognized in the profit or loss. As at February 4, 2014, the Corporation recognized a derivative liability of $96,600 for the 1,500,000 options granted to the lender. The estimated value amounted to $50,550 as at September 30, 2014 and the variation of $46,050 was recognized in the profit or loss during the period. The Corporation used the Black-Scholes option pricing model to value the options at the issuance date and used the same model to value this element at the end of period (the assumptions used as at September 30, 2014 is stock price of $0.30, market price of $0.35, expected life of 0.5 year, expected volatility of 60%, risk-free interest rate of 1.20% and dividend yield of 0%). The carrying amount of the debt was increased monthly by periodic accretion under the effective interest method based on a rate of 15%.

The following table illustrates the value of the derivative financial instruments:

| | Expiry date | Fair value as at February 4, 2014 | Fair value as at September 30, 2014 |
|---|---|---|---|
| | | $ | $ |
| 1,500,000 options granted to the lender | March 31, 2015 | 96,600 | 50,550 |

**September 30, 2014** (in Canadian dollars) (Unaudited)

## 9. DEBENTURES

| | Non-convertible | Convertible | Total |
|---|---|---|---|
| | $ | $ | $ |
| **Balance at December 31, 2012** | 1,760,000 | - | 1,760,000 |
| Issuance of 6,760,000 shares for the settlement of $1,690,000 debentures (Note 9) | (1,690,000) | - | (1,690,000) |
| Transfer in accounts payable and accrued liabilities (for settlement in cash or silver ingot) | (70,000) | - | (70,000) |
| Issuance of convertible debentures | - | 2,200,000 | 2,200,000 |
| Issuance costs | - | (80,863) | (80,863) |
| Equity component | - | (361,846) | (361,846) |
| Accretion expense | - | 16,402 | 16,402 |
| **Balance at December 31, 2013** | **-** | **1,773,693** | **1,773,693** |
| Issuance of convertible debentures | - | 8,300,000 | 8,300,000 |
| Issuance costs | - | (329,791) | (329,791) |
| Equity component | - | (1,413,860) | (1,413,860) |
| Accretion expense | - | 335,749 | 335,749 |
| **Balance at September 30, 2014** | **-** | **8,665,791** | **8,665,791** |

**Convertible debentures into common shares or silver ingots**

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

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

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

An issuance cost of $411,998 was paid in total in relation with this closing ($82,207 was accounted for as issuance cost in equity in regard to the equity component).

**9. DEBENTURES** (continued)

The convertible debentures are a compound financial instrument and as such it has been recorded under the requirements of IAS 32, as a liability and as equity. Consequently, the liability component was valued first, and the difference between the proceeds of the debentures and the fair value of the liability was assigned to the equity component. For purposes of establishing the fair value of the liability component, an effective interest rate of 15% was used, representing the estimated market rate at closing that the Corporation would have obtained for similar financing without the conversion option. The liability component will be accreted to the face value of the debenture over the term of the debenture with a resulting charge to interest expense. The equity component of $1,413,860 was accounted for net of tax effect of $380,828.

In March 2014, the Corporation changed the terms of conversion of $1,700,000 of the convertible debentures issued in November 2013. The options to convert the debentures into common shares can now be exercised one year after the issuance of the debentures and at the end of each quarter thereafter and not only at the expiration date of the debentures. The financial impact of these changes was not significant.

**10. SHARE CAPITAL AND WARRANTS**

**Authorized**

Unlimited number of common shares without par value.

**Issuance of securities in 2014**

- On September 2014, 5,565,429 warrants were exercised for an amount of $1,947,900.
- On August 2014, 214,286 warrants were exercised for an amount of $75,000.
- On July 2014, 35,000 options were exercised for an amount of $8,750.
- On June 2014, 90,000 options were exercised for an amount of $30,000.
- On April 2014, 250,000 warrants were exercised for an amount of $87,500.

On May 2014, the Corporation issued in total 600,000 common shares, 300,000 common shares to each of the CEO and President, under the share-based awards determined pursuant to the LTIP. The market price of the common shares on May 21, 2014 was $0.43.

On July 2, 2014, the Board adopted a resolution approving the grant of 300,000 common shares to a non independent director. This transaction was conditionally accepted by the regulatory authorities and vesting is subject to an approval from the disinterested shareholders.

In part of private placements closed on 2011 and 2012, the Corporation issued 1,566,666 units (composed of 1 share and one half of warrant) to a director as payment of bonuses. In 2014, regulatory authorities review these transactions and stated that these payments of bonuses should had been treated as share for debt transactions instead of private placements. The final approval of the TSX Venture Exchange for the issuance of the 1,566,666 common shares to the director is subject to the approval of the disinterested shareholders of the Corporation at the next meeting of shareholders and the warrants related should be cancelled. All warrants was expired on December 31, 2013.

September 30, 2014 (in Canadian dollars) (Unaudited)

**10. SHARE CAPITAL AND WARRANTS** (continued)

**Share purchase warrants**

At September 30, 2014, the outstanding number of warrants exercisable into common shares is as follows:

| | Number of warrants December 31, 2013 | Issued | Expired | Exercised | Number of warrants September 30, 2014 | Price per share | Expiry date |
|---|---|---|---|---|---|---|---|
| Private placement– September 2012 | 2,500,000 | - | (1,874,285) | (625,715) | - | 0.35 | Sept 2014 |
| Private placement – December 2012 | 9,404,000 | - | - | (5,404,000) | 4,000,000 | 0.35 | Nov 2014 |
| Broker warrants – November 2012 | 70,000 | - | - | - | 70,000 | 0.35 | Nov 2014 |
| Private placement of 2012 – Completed in May 2013 | 3,500,000 | - | - | - | 3,500,000 | 0.35 | Oct 2014 |
| | 15,474,000 | - | (1,874,285) | (6,029,715) | 7,570,000 | 0.35 | |

## 11. SHARE PURCHASE OPTIONS

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

| | Nine months ended September 30, 2014 | |
|---|---|---|
| | Number | $ (1) |
| Balance, beginning of period | 6,935,000 | 0.35 |
| Granted | 3,000,000 | 0.50 |
| Exercised | (125,000) | 0.31 |
| Expired | (375,000) | 0.38 |
| Balance, end of period | 9,435,000 | 0.40 |

(1) Weighted average exercise price

On May 7, 2014, the Corporation grant to directors, officers, employee and consultants, 2,700,000 share purchase options with a five year term. The share purchase options are exercisable at $0.50 per share. The 1,625,000 options will vested at the date of grant and 1,075,000 will vest one year after the date of grant.

The weighted average fair value of $0.22 of the 2,700,000 share purchase options granted was estimated using the Black-Scholes option pricing model at the date of issuance.

On July 2, 2014, the Corporation granted 200,000 share purchase options to a director with a five years term and 100,000 share purchase options to consultants with a three years term. The share purchase options are exercisable at $0.50 per share. The share purchase options are vested on each quarter equally on 18 months.

The weighted average fair value of $0.27 of the 300,000 share purchase options granted was estimated using the Black-Scholes option pricing model at the date of issuance.

**September 30, 2014** (in Canadian dollars) (Unaudited)

### 11. SHARE PURCHASE OPTIONS (continued)

The following table reflects the share purchase options issued and outstanding at September 30, 2014:

| Issue date | Number of options | Exercise price | Remaining contractual life (years) | Number of options exercisable |
|---|---|---|---|---|
| | Number | $ | Number | Number |
| October 2009 | 50,000 | 0.48 | 0.1 | 50,000 |
| February 2010 | 150,000 | 0.40 | 0.3 | 150,000 |
| July 2010 | 725,000 | 0.25 | 0.8 | 725,000 |
| March 2011 | 350,000 | 0.45 | 1.5 | 350,000 |
| March 2012 | 1,485,000 | 0.35 | 2.7 | 1,485,000 |
| January 2013 | 3,475,000 | 0.35 | 3.3 | 3,475,000 |
| July 2013 | 200,000 | 0.35 | 3.8 | 200,000 |
| May 2014 | 2,700,000 | 0.50 | 4.6 | 1,615,000 |
| July 2014 | 200,000 | 0,50 | 4,8 | - |
| July 2014 | 100,000 | 0,50 | 2,8 | - |
| | 9,435,000 | 0.40 | 3.3 | 8,050,000 |
| Weighted average exercise price ($) | | | | 0.38 |

### 12. MANAGEMENT AND ADMINISTRATION EXPENSES

| | Three months period ended September 30, | | Nine months period ended September 30, | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | $ | $ | $ | $ |
| Salaries and benefits | 115,369 | 128,320 | 352,860 | 353,035 |
| Bonuses(1) | - | - | 443,000 | 296,480 |
| Consulting fees | 131,000 | 36,560 | 202,250 | 136,174 |
| Share-based payments | 94,368 | 123,773 | 547,431 | 485,027 |
| Office | 42,587 | 35,348 | 126,646 | 106,334 |
| Professional fees | 21,335 | 26,430 | 223,097 | 216,828 |
| Regional office – Mexico | - | 1,459 | 2,598 | 4,466 |
| Reporting issuer costs | 11,673 | 5,650 | 39,146 | 35,562 |
| Depreciation | - | 2,926 | - | 8,779 |
| | 416,332 | 360,466 | 1,937,028 | 1,642,685 |

(1) Include share-based payment of $258,000 in 2014 related to the common shares issued pursuant to the LTIP ($296,480 for the nine months period ended September 30, 2013).

**September 30, 2014** (in Canadian dollars) (Unaudited)

## 13. FAIR VALUE OF FINANCIAL INSTRUMENT

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. As a September 30, 2014, Marketable securities in the amount of $208,434 was categorized as level 1 (December 31, 2013 – $175,573).

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). As at September 30, 2014, there were no financial assets and liabilities categorized as level 2 (December 31, 2013 – nil).

Level 3: Inputs for the asset or liability that are not based on observable market data. As at September 30, 2014, Derivative financial instrument in the amount of $50,550 was categorized as Level 3 (December 31, 2013 – nil).

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

| | | | | September 30, 2014 |
|---|---|---|---|---|
| Recurring measurements | Level 1 | Level 2 | Level 3 | Total |
| | $ | $ | $ | $ |
| Marketable securities | | | | |
| Ordinary shares | 192,544 | - | - | 192,544 |
| Subscription shares | 15,890 | - | - | 15,890 |
| Derivative financial instrument | - | - | (50,550) | (50,550) |
| | 208,434 | - | (50,550) | 157,884 |

During the nine months period ended September 30, 2014, there were no transfers between Level 1, Level 2 and Level 3.

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

The fair value of balances of purchase price for the acquisition of the Boumadine property and debentures is not materially different from their carrying value because there was no material change in the assumptions. Its principal amount approximates its fair value.

The fair value of the credit facility is not materially different from the carrying value since its maturing within one year. Its principal amount approximates its fair value.

**September 30, 2014** (in Canadian dollars) (Unaudited)

## 14. SUPPLEMENTAL CASH FLOW INFORMATION

| | Three months period ended September 30, | | Nine months period ended September 30, | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | $ | $ | $ | $ |
| **Changes in working capital items** | | | | |
| Sales taxes receivable and other receivable | (204,053) | 33,953 | (426,524) | 43,616 |
| Advance to a related party | (1,449) | - | (7,871) | - |
| Inventories | (320,691) | - | (670,684) | - |
| Prepaid expenses and security deposits | (10,361) | 9,256 | (377,093) | (5,155) |
| Accounts payable and accrued liabilities | 199,045 | 168,284 | 399,940 | 527,616 |
| Royalties payable | 170,250 | - | 170,250 | - |
| | (167,259) | 211,493 | (911,982) | 566,077 |
| **Non-cash transactions** | | | | |
| Common shares issued pursuant to the LTIP | 258,000 | - | 258,000 | 296,480 |
| Asset retirement obligations include in property, plant and equipment | 173,040 | - | 173,040 | - |
| Acquisition of assets included in balances of purchase price payable | - | - | - | 2,639,757 |
| Acquisition of assets included in advance to a private company | - | - | - | 1,798,500 |
| Acquisition of property and equipment and exploration and evaluation assets included in liability for acquisition of property and equipment and exploration and evaluation assets | - | 564,107 | - | 6,836,736 |
| Depreciation included in exploration and evaluation assets | - | 33,046 | - | 98,993 |

September 30, 2014 (in Canadian dollars) (Unaudited)

## 15. RELATED PARTY TRANSACTIONS

In the normal course of operations, for the nine months period ended September 30, 2014 and 2013:

- A firm, of which a director of the Corporation is a partner, charged professional fees amounting to $107,617 recorded as professional fees and issuance costs of debentures and credit facility. ($67,096 in 2013 recorded as professional fees and share issue expenses);
- A firm, of which a director of the Corporation is a partner, charged fees of $35,000 as issuance costs of credit facility (nil in 2013);
- A company controlled by a former officer charged professional fees of $8,955 ($22,262 in 2013);
- A company controlled by a director charged consulting fees of $6,750 ($8,821 in 2013);
- Global Works, Assistance and Trading S.A.R.L. (“Glowat”), a Moroccan private company owned by a party related to an officer who is also director of the Corporation, charged as part of a project management agreement, management and service fees of $392,953 which were capitalized to exploration and evaluation assets ($61,158 in 2013);
- An officer of the Corporation charged consulting fees of $93,750 ($104,617 in 2013).

During the nine months period ended September 30, 2014, the Corporation engaged Glowat to perform exploration and evaluation activities, to acquired property, plant and equipment and mining rights. The Corporation advanced $1,500,000 to Glowat in 2014 ($700,000 in 2013), which were applied against the related amounts due to Glowat. As a result, the net amount owed to Glowat as at September 30, 2014 were $3,544,499 (27,669,783 dirham), ($3,642,085 as at December 31, 2013).

As at September 30, 2014, the balance due to the related parties (excluding the accounts payable and accrued liabilities to Glowat which are presented separately in the consolidated statement of financial position) amounted to $138,462 ($268,834 at December 31, 2013). This amount is subject to the same conditions as those of non-related parties.

### Remuneration of key management personnel of the Corporation

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

| | Three months period ended September 30, | | Nine months period ended September 30, | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | $ | $ | $ | $ |
| Salaries and benefits and bonuses | 100,000 | 100,000 | 743,000 | 596,480 |
| Management consulting fees | 331,760 | 142,869 | 645,025 | 263,954 |
| Directors fees | 8,500 | 22,000 | 32,000 | 36,812 |
| Share-based payment | 96,636 | 105,207 | 481,739 | 412,271 |
| | 536,896 | 370,076 | 1,901,764 | 1,309,517 |

## 16. CONTINGENCY

On July 2014, Société d'Exploration Géologique des Métaux ("SEGM") filed a lawsuit against its wholly-subsidiary of the Corporation in Morocco, alleging that SEGM, beneficiary of a 2.5% net smelter return royalty on the Amizmiz property, suffered damage resulting from the Corporation not started production at Amizmiz property. The Corporation is of the position that it has complied with all of its obligations and has made all requested work on the property. At this stage, the results of the work programs concluded do not justify the start of production on the Amizmiz property. The Corporation is contesting this lawsuit, which it considers unfounded. The Corporation also has filed a counterclaim against SEGM, alleging that the acquisition of this property was made on the basis of a technical report delivered by SEGM that was misleading as to the advancement of the work programs on the property. The Corporation claims reimbursement for all expenses incurred on the Amizmiz property.