
RICHMOND MINERALS INC.
CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
PERIODS ENDED FEBRUARY 28, 2014 AND 2013

RESPONSIBILITY FOR CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements of Richmond Minerals Inc. (the "Company") are the responsibility of the Board of Directors.

The unaudited condensed consolidated interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the Company's audited consolidated financial statements as at May 31, 2013, with any changes described in these unaudited condensed consolidated interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the Statement of Financial Position date. In the opinion of management, the condensed consolidated interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") appropriate in the circumstances. Management has established processes, which are in place to provide sufficient knowledge to support management representations that it has exercised reasonable diligence that the unaudited condensed consolidated interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed consolidated interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities.

Management recognizes its responsibility for conducting the Company's affairs in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

/s/ Franz Kozich

Director

/s/ Victoria Kuklina

Chief Financial Officer

Toronto, Canada
April 29, 2014

Consolidated Statements of Financial Position*(In Canadian dollars)*

As at:	Note	Feb 28, 2014	May 31, 2013
<u>ASSETS</u>			
Current			
Cash and equivalents	8	\$80,372	\$1,459
Marketable securities	8	\$4,100	2,325
Interest and sundry receivables	8	\$1,264	22,326
Deposits and prepaid expenses		\$259	-
		<u>\$85,995</u>	<u>\$26,110</u>
Non-current			
Property, plant and equipment		\$9,658	\$11,264
Mineral Properties	5	\$322,502	286,967
		<u>\$332,160</u>	<u>\$298,231</u>
		<u>\$418,155</u>	<u>\$324,341</u>
<u>LIABILITIES</u>			
Current			
Accounts payable and accrued liabilities	8	\$174,854	\$203,211
Loan payable	9	\$76,000	-
Deferred tax liability		\$31,500	-
		<u>\$282,354</u>	<u>\$203,211</u>
<u>SHAREHOLDERS' EQUITY</u>			
Stated capital	6	\$14,879,261	\$14,784,216
Contributed surplus	6	\$610,660	610,660
Deficit		(\$15,354,120)	(\$15,273,746)
		<u>\$135,801</u>	<u>\$121,130</u>
		<u>\$418,155</u>	<u>\$324,341</u>
		<u>\$418,155</u>	<u>\$324,341</u>
<u>/s/ Franz Kozich</u>		<u>/s/ Victoria Kuklina</u>	
Director		Chief Financial Officer	

Accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Loss

(In Canadian dollars)

	Note	For the		For the	
		Three months ended Feb 28, 2014	Feb 28, 2013	Nine months ended Feb 28, 2014	Feb 28, 2013
Expenses					
Administrative and general		\$5,984	\$17,888	\$9,352	\$20,140
Interest and Bank charges	7	176	104	403	381
Management fees		12,000	-	23,274	-
Professional fees		12,558	26,943	24,493	55,245
Regulatory fees		16,255	10,002	23,019	15,570
Amortization expense		508	624	1,606	1,972
Fair Value Adjustment of marketable securities	7	(750)	400	(1,775)	9,400
		<u>\$46,731</u>	<u>\$55,961</u>	<u>\$80,373</u>	<u>\$102,708</u>
Gain on sale of financial instruments		-	-	-	21,465
Net loss and comprehensive loss		<u>\$46,731</u>	<u>\$55,961</u>	<u>\$80,373</u>	<u>\$81,243</u>
Income/ (Loss) per share					
Basic		(\$0.002)	(\$0.00)	(\$0.001)	(\$0.000)
Diluted		<u>(\$0.002)</u>	<u>(\$0.00)</u>	<u>(\$0.001)</u>	<u>(\$0.000)</u>
Weighted average number of shares outstanding					
Basic	3	27,437,724	79,248,393	64,009,106	79,248,393
Diluted	3	27,437,724	79,248,393	64,009,106	79,248,393

Accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows*(In Canadian dollars)*

	For the nine months ended	
	Feb 28, 2014	Feb 28, 2013
Cash provided by (used in):		
Operating activities:		
Loss for the year	(\$80,373)	(\$81,240)
Add (deduct): Items not requiring an outlay of cash		
Depreciation	1,606	1,970
Adjustment of fair value of marketable securities	(1,775)	9,400
Shares issued for mining claims	(15,000)	-
Write-down of mineral claims	-	-
Gain/ (loss) on sale of mining property	-	-
Gain on sale of marketable securities	-	(21,465)
Changes in non - cash operating working capital:		
Deposits and prepaid expenses	(259)	(10,000)
Amounts receivable	21,062	6,758
Interest expense	-	-
Deferred tax liability	31,500	-
Accounts payable	(28,357)	23,676
	<u>(\$71,596)</u>	<u>(\$70,900)</u>
Investing activities:		
Purchase of marketable securities	-	(28,000)
Expenditures on mining properties	(20,535)	(27,989)
Proceeds on sale of marketable securities	-	63,665
	<u>(\$20,535)</u>	<u>\$7,676</u>
Financing activities:		
Loan payable	76,000	-
Issuance of capital stock	95,044	36,750
Cash held for future exploration	-	-
	<u>\$171,044</u>	<u>\$36,750</u>
Increase (decrease) in cash and cash equivalents	\$78,913	(\$26,474)
Cash and cash equivalents, beginning of period	\$1,459	\$38,042
Cash and cash equivalents, end of period	\$80,372	\$11,568
Supplemental cash flow information:		
Non cash flow investing and financing activities:		
Marketable securities received on sale of mining claims	\$0	\$0
Cash paid for:		
Income taxes	\$0	\$0
Interest	\$0	\$0

Accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statements of Shareholders' Equity

(In Canadian dollars)

	Number of shares	Stated Capital	Contributed Surplus and Warrants	Total Capital	Retained Earnings (Deficit)	Total
Balance, June 1, 2012	79,059,239	\$14,747,466	\$610,660	\$15,358,126	(\$14,842,581)	\$515,545
Net Income After Tax				-	(81,240)	(81,240)
Issuance for cash	2,450,000	36,750		36,750	-	36,750
Balance, Feb 29, 2013	81,509,239	\$14,784,216	\$610,660	\$15,394,876	(\$14,923,823)	\$471,053
Balance, June 1, 2013	81,509,239	\$14,784,216	\$610,660	\$15,394,876	(\$15,273,746)	\$121,130
Net Income After Tax			-		(80,373)	(80,373)
Issuance for cash	3,050,000	99,000	-	99,000	-	99,000
Finder's fee		(3,956)	-	(3,956)	-	(3,956)
Reverse Split 4 to 1	(61,656,622)					-
Balance, Feb 28, 2014	22,902,617	\$14,879,260	\$610,660	\$45,058,352	(\$15,354,119)	\$135,801

Accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Nature of Operations and Going Concern

Richmond Minerals Inc. (the “Company”) was incorporated under the laws of the Province of Ontario and is listed on the TSX Venture Exchange under symbol (RMD). The Company’s head office and primary place of business is located at 133 Richmond Street West, Suite 403, Toronto, ON, CA, M5H 2L3.

These unaudited condensed consolidated interim financial statements of the Company were authorized for issue in accordance with a resolution of the directors on April 29, 2014.

The Company is engaged in base and precious metal mining and related activities, including exploration and development in Northern Ontario and Quebec. The Company, directly and through joint ventures, is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, under which material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern must be disclosed. As at February 28, 2014, the Company has not achieved profitable operations and continues to be dependent upon its ability to obtain sufficient working capital from external financing to meet the Company’s liabilities as they become payable. The Company’s ability to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities is dependent on the discovery of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to fund its operations, and the future production or proceeds from developed properties. These unaudited condensed consolidated interim financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of operations, and at amounts different from those in these consolidated financial statements. These adjustments could be material.

2. Statement of Compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s most recently issued Annual Report which includes information necessary or useful to understanding the Company’s business and financial statement presentation. In particular, the Company’s significant accounting policies were presented in Note 3 of the consolidated financial statements for the year ended May 31, 2013, and have been consistently applied in the preparation of these interim financial statements.

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets which are recorded at fair value. In addition, these unaudited condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Notes to the Consolidated Financial Statements

3. Significant Accounting Policies

The below-described accounting policies have been applied to all of the periods presented in these consolidated financial statements. These policies are the published IFRS accounting policies and the current issued and adopted interpretations applied to fiscal years beginning on or after January 1, 2013.

(i) Basis of Preparation

The unaudited condensed consolidated interim financial statements are presented in accordance with IAS 1, *Presentation of Financial Statements*.

The Company has elected to present the 'Statement of Comprehensive Loss' as a single financial statement with its Statement of Income, titled 'Consolidated Statement of Comprehensive Loss'.

(ii) Basis of Consolidation

The unaudited condensed consolidated interim financial statements incorporate the Company's accounts and proportionally consolidated interest in the Fort Chimo joint venture. The Company does not have any subsidiaries.

(iii) Foreign Currency

The Company's presentation currency is the Canadian Dollar ("CAD"). The functional currency of the Company and the Fort Chimo Joint Venture is the Canadian Dollar.

Monetary assets and liabilities that are denominated in a currency other than the Company's functional currency are translated using the exchange rate in effect on the reporting date, whereas non-monetary items are translated using historical exchange rates. Expenses, if any, are translated at the exchange rate in effect on the transaction date. Exchange differences, if any, are recognized in profit or loss in the period in which they arise in other gains/losses.

(iv) Cash and Cash Equivalents

The cash and cash equivalents item includes cash on hand and short-term investments, if any, with maturities upon acquisition of generally three months or less or that are redeemable at any time at full value and for which the risk of a change in value is not significant.

(v) Interest Income

Interest income from financial assets is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on the basis of time that has passed, by reference to the principal outstanding and at the effective interest rate applicable.

(vi) Share-based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based payment transactions are set out in Note 6(ii) below.

The fair value determined at the grant date of the equity-settled share-based payments is expensed to the Consolidated Statement of Comprehensive Loss over the vesting period, if any, which is the period during which the employee becomes unconditionally entitled to equity instruments. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest, if any.

Equity-settled share-based payment transactions with parties other than employees, if any, are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Notes to the Consolidated Financial Statements

Note 3 (vi) – Share-based Payments Continued

Share-based payments for goods and services are expensed to the consolidated Statement of Comprehensive Loss when they occur over the vesting period, if they do not vest immediately.

(vii) Income Taxes and Deferred Taxes

The income tax expense or benefit for the period consists of two components: current and deferred. Income tax expense or benefit is recognized in the consolidated Statement of Comprehensive Loss except to the extent it relates to a business combination or items recognized directly in equity.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the balance sheet date in each of the jurisdictions and includes any adjustments for taxes payable or recovery in respect of prior periods.

Taxable profit or loss differs from profit or loss as reported in the consolidated Statement of Comprehensive Loss because of items of income or expense that are taxable or deductible in other years, and items that are never taxable or deductible. The Company's liability or recovery for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. 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. To the extent that the Company does not consider it to be probable that taxable profits will be available against which deductible temporary differences can be utilized, it provides a valuation allowance against the excess.

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.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly into equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity respectively.

Notes to the Consolidated Financial Statements

Note 3 – Significant Accounting Policies Continued

(viii) Mineral Properties and Exploration and Evaluation (“E&E”) Costs

Exploration and evaluation (E&E) costs are those costs required to find a mineral property and determine commercial viability. E&E costs include costs to establish an initial mineral resource and determine whether inferred mineral resources can be upgraded to measured and indicated mineral resources and whether measured and indicated mineral resources can be converted to proven and probable reserves.

Exploration and evaluation costs consist of:

- gathering exploration data through topographical and geological studies;
- exploratory drilling, trenching and sampling;
- determining the volume and grade of the resource;
- test work on geology, metallurgy, mining, geotechnical and environmental; and
- conducting engineering, marketing and financial studies.

Project costs in relation to these activities are capitalized as Exploration and Evaluation assets until such time as the Company expects that the decision is made to develop a mine to extract the mineral reserves within a reasonable period. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the income statement. Once the decision to develop the mine is made, and subject to an impairment analysis, capitalized exploration and evaluation costs are transferred to capitalized costs within property, plant and equipment or intangible assets, as appropriate. The decision to develop a mine may be impacted by management’s assessment of legal, environmental, social and governmental factors.

E&E assets are recorded and measured at initial recognition at cost and are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount of the asset.

(ix) Property and Equipment

Property and equipment are recorded and measured at initial recognition at cost. Amortization is provided on items of property and equipment so as to write off their carrying value over their expected useful economic lives. Amortization is calculated at 20% declining balance.

(x) Impairment of Non-financial Assets Other than Goodwill

The carrying value of the Company’s capitalized E&E assets is assessed for impairment when indicators of such impairment exist. Plant and equipment and intangible assets are assessed for impairment at the end of each reporting period. If any indication of impairment exists, an estimate of the asset’s recoverable amount is calculated to determine the extent of the impairment loss, if any. The recoverable amount is determined as the higher of the fair value less costs to sell for the asset and the asset’s value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Impairment is determined on an asset by asset basis, whenever possible. If it is not possible to determine impairment on an individual asset basis, then impairment can be considered on the basis of a cash generating unit (“CGU”). CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or Company’s other group of assets. The Company has determined that it operates one CGU.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged immediately to the consolidated Statement of Comprehensive Loss so as to reduce the carrying amount to its recoverable amount. Impairment losses related to continuing operations are recognized in the Statement of Comprehensive Loss in those expense categories consistent with the function of the impaired asset.

Notes to the Consolidated Financial Statements

Note 3 – Significant Accounting Policies Continued

For assets excluding goodwill and indefinite life intangibles, 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 Company makes an estimate of the recoverable amount.

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 since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation/amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement. Impairment losses recognized in relation to goodwill or indefinite life intangibles are not reversed for subsequent increases in its recoverable amount.

(xi) Financial Instruments

Financial instruments are classified into one of the following four categories: loans and receivables; fair value through profit or loss; held-to-maturity; and available-for-sale. Financial assets are initially measured at fair value. Subsequent measurement and recognition of the changes in fair value of financial instruments depends upon their initial classifications, as follows:

- Financial assets and financial liabilities at fair value through profit and loss include financial assets and financial liabilities that are held for trading or designated upon initial recognition as at fair value through profit and loss. These financial instruments are measured at fair value with changes in fair values recognized in the consolidated Statement of Comprehensive Loss.
- Financial assets classified as available-for-sale are measured at fair value, with changes in fair values recognized as Other Comprehensive Income ("OCI") in the Statement of Comprehensive Loss, except when there is objective evidence that the asset is impaired, at which point the cumulative loss is recognized within the consolidated Statement of Comprehensive Loss.
- Financial assets classified as held-to-maturity and loans and receivables are measured subsequent to initial recognition at amortized cost using the effective interest method.
- Financial liabilities, other than financial liabilities classified as fair value through profit and loss, are measured in subsequent periods at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate, a short period, to the net carrying amount on initial recognition.

The Company measures its financial assets and financial liabilities initially at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The Company has classified its financial instruments as follows:

Asset/ Liability	Classification	Measurement
Amounts receivable	Loans and receivables	Amortized cost
Cash and cash equivalents	Fair value through profit and loss	Fair value
Marketable securities	Fair value through profit or loss	Fair Value
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Loan Payable	Other liabilities	Amortized cost

Notes to the Consolidated Financial Statements

Note 3 (xi) – Financial Instruments Continued

The Company had no held-to-maturity or available-for-sale financial as at February 28, 2014 and February 28, 2013.

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset is impaired. Impairments are measured as the excess of the carrying amount over the fair value and are recognized in the income statement.

The market values of investments are determined based on the closing prices reported on recognized securities exchanges and over-the-counter markets. Such individual market values do not necessarily represent the realizable value of the total holding of any security, which may be more or less than that indicated by market quotations.

The fair values of the Company's cash and cash equivalents, amounts receivable and accounts payable approximate their carrying values because of the immediate or short-term to maturity of these financial instruments.

(xii) Fair Value Hierarchy

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation technique used to measure fair value as per IFRS 7. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

(xiii) Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of a past event, if it is probable that the Company will be required to settle the obligation, and if a reliable estimate of the obligation amount can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties related to the obligation. If the effect of the time value of money is material, the provisions are measured at their present value.

The Company does not have any provisions as of the date of this report.

(xiv) Loss per share

Basic earnings per share is calculated by dividing earnings attributable to common shares divided by the weighted average number of shares outstanding during the period.

Diluted earnings per share is calculated using the denominator of the basic calculation described above adjusted to include the potentially dilutive effect of outstanding stock options and warrants. The denominator is increased by the total number of additional common shares that would have been issued by the Company assuming exercise of all stock options and warrants with exercise prices below the average market price for the year.

Notes to the Consolidated Financial Statements

Note 3 (xiv) – Loss per share Continued

Shares issuable on exercise of stock options and warrants totaling 3,162,500 on February 28, 2014 (4,350,000 in May 31, 2013) was not included in the computation of diluted loss per share because the effect would have been anti-dilutive.

(xv) Government grants

Government grants related to assets, including investment tax credits, are recognized in the consolidated statement of financial position as a deduction from the carrying amount of the related asset. They are then recognized in profit or loss over the useful life of the depreciable asset that the grants were used to acquire, as a deduction from the depreciation expense.

Other government grants are recognized in profit or loss as a deduction from the related expense.

(xvi) Flow-through shares

The Company raises equity through the issuance of flow-through shares. Under this arrangement, shares are issued which transfer the tax deductibility of mineral property exploration expenditures to investors. The Corporation allocates the proceeds from the issuance of these shares between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the shares. A deferred flow through premium liability is recognized for the difference. The liability is reversed pro-rata as expenditures are made and are recorded in the statement of loss and comprehensive loss. The spending also gives rise to a deferred tax timing difference between the carrying value and tax value of the qualifying expenditure.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a maximum period.

(xvii) Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are unlikely possible obligations or assets resulting from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent assets and contingent liabilities, if any, are disclosed in the notes under the “Commitments and Contingencies” heading.

(xviii) Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for, as soon as the obligation to incur such costs arises.

Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate.

The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Corporation has no material restoration, rehabilitation and environmental costs as at February 28, 2014 and February 28, 2013 as the disturbance to date is minimal.

Notes to the Consolidated Financial Statements

Note 3 – Significant Accounting Policies Continued

(xix) Accounting judgments and sources of estimation uncertainty

In preparing unaudited condensed consolidated interim financial statements in accordance with IFRS, management must exercise judgment when applying accounting policies and relies on assumptions and estimates that affect the amounts of the assets, liabilities and expenses reported in these unaudited condensed consolidated interim financial statements and on the contingent liability and contingent asset information provided. The actual results of items subject to assumptions and estimates may differ from these assumptions and estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

a) Fair Value of Financial Instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

b) Share-based payment transactions

The Company measures the cost of share-based payment transactions with employees by reference to the fair value of the equity instruments. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the share option. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 6.

c) Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

d) Restoration rehabilitation and environmental obligations

Management's assumption of no material restoration, rehabilitation and environmental obligations is based on facts and circumstances, which may be open to interpretation that existed during the period.

4. Future Accounting Changes

The following standards are effective for annual periods beginning on or after January 1, 2013 with early adoption permitted, unless otherwise disclosed. The Company is assessing the impact of these new standards, but does not expect them to have a significant impact on the consolidated financial statements.

IFRS 9, Financial instruments, introduces new requirements for the classification, measurement and de-recognition of financial instruments. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

IFRS 10, Consolidated financial statements, requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, Consolidation – Special Purpose Entities and parts of IAS 27, Consolidated and Separate Financial Statements.

Notes to the Condensed Consolidated Financial Statements

Note 4 - Future Accounting Changes Continued

IFRS 11, Joint arrangements, requires a venture to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionally consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures.

IFRS 12, Disclosure of interests in other entities, establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13, Fair value measurement, is a comprehensive standard for fair value measurement and disclosure requirements across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

International Accounting Standard 27, Separate Financial Statements ("IAS 27"), replaces IAS 27, Consolidated and Separate Financial Statements and contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9.

International Accounting Standard 28, Investments in Associates and Joint Ventures ("IAS 28"), has been amended as a consequence of the issuance of IFRS 10, IFRS 11, and IFRS 12, and will further provide accounting guidance for investments in associates and will set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This standard will be applied by the Company when there is joint control or significant influence over an investee.

IFRS Interpretations Committee Interpretation 20, Stripping costs in the production phase of a surface mine ("IFRIC 20"), sets out the criteria for the capitalization of production stripping costs to non-current assets, and states that stripping activity is recognized as a component of the larger asset to which it relates. In addition, IFRC 20 requires companies to ensure that capitalized costs are amortized over the useful life of the component of the ore body to which access has been improved due to the stripping activity.

International Accounting Standard 32, Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) ("IAS 32"), clarifies the application of the offsetting requirements. The amendments are effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

5. Mineral Properties

The following is a summary of the Company's exploration and evaluation properties:

	Feb 28, 2014	May 31, 2013
Opening balance	\$286,967	\$541,193
Current period deferred expenditures	20,535	13,430
Shares issued for mining claims	15,000	-
Earn-in proceeds	-	(11,000)
Write-down of mining claims	-	(256,656)
Balance end of period	<u>\$322,502</u>	<u>\$286,967</u>

Notes to the Condensed Consolidated Financial Statements

Note 5 - Mineral Properties Continued

	<u>Feb 28, 2014</u>	<u>May 31, 2013</u>
Swayze Area, Porcupine Mining (a)	\$24,894	\$5,281
Lac Colombet, Quebec (b)	105,649	104,998
Fort Chimo, net of recoveries (c)	416,133	400,862
Triple Lake	1	1
Mining duty tax recovery	(224,175)	(224,175)
	<u>\$322,502</u>	<u>\$286,967</u>

- (a) The Corporation holds a 100% interest in a group of 139 contiguous unpatented mining claims and a 50% interest in 35 claims located in the Swayze Area, Porcupine Mining Division, Ontario. These claims have been written down to a nominal amount in 2006 as a legal claim remains outstanding (see Note 11).

On October 29, 2012 the Corporation staked claims (44 units) in Raney Township in northern Ontario. These 44 units are contiguous with the west boundary of the Company's Swayze Property. Richmond management believes these claims to be prospective for gold mineralization.

On January 21, 2013, litigation began pertaining to the Certificates of Pending Proceeding in which Richmond is a defendant. The Plaintiff's action is a tracing claim alleging the diversion of the Plaintiff's funds from an unrelated exploration program to fund work on the Swayze Property. The plaintiff seeks title to the Swayze Property and financial compensation from Richmond. The litigation concluded at the end of June 2013.

On February 3, 2014 a Judgement has been reached with the Swayze litigation. The Ontario Superior Court has dismissed the plaintiff's claim of an alleged interest in the Swayze Mining Claims. Accordingly, the Certificates of Pending Proceedings and Certificates of Interest registered by the plaintiff against title to the Swayze Mining Claims are vacated and discharged from title to those Mining claims.

On February 28, 2014 the Plaintiff in the Swayze Property litigation has filed an appeal asking that the Judgement announced in favour of the Company on February 3, 2014 be set aside and a new Judgement be granted in favour of the Plaintiffs.

- (b) The Corporation has a 100% interest, subject to a 2% net smelter return royalty, in 86 mining claims (the "Lac Colombet" property) located in the north eastern portion of the Province of Quebec, near the Labrador border.

On January 15, 2013 the Corporation has entered into an agreement with ARC EXPLORATION INC. to sell 100% interest of this property for \$5,000 and 2,000,000 of common shares of the seller. The Corporation has the right to terminate the agreement if the Stock Exchange fails to accept the proposed arrangement as the qualifying transaction. If such an event occurs, the agreement may be terminated and the Company will return the common shares of purchaser, and the purchaser will forfeit the deposit of \$5,000.

In August 2013 the agreement was amended to revise the expiry date of the agreement to September 1, 2014 with all other terms and conditions remaining the same. The deposit received is recorded in accounts payable and accrued liabilities.

On February 12, 2010 the Corporation announced the execution of a letter agreement with Mag Copper Inc. (formerly Fort Chimo Minerals Inc. ("MagCopper") whereby, pursuant to an Option Agreement dated May 6, 2006 as amended by letter agreement dated October 3, 2008, the Corporation has earned a 50% undivided right, title and interest in the Grenville Project properties consisting of three separate properties in the Grenville geological region of the Province of Quebec (the "Agreement"). The Agreement was reached as a result of Richmond's completion of a \$2,000,000 exploration expenditure requirement and the issue of 1,000,000 common shares to MagCopper. At February 28, 2014 112 claims were in good standing.

Notes to the Condensed Consolidated Financial Statements

Note 5 - Mineral Properties Continued

- (c) On February 23, 2010, the Corporation received 40,000 common shares of MagCopper (after a 5 to 1 consolidation) in settlement of certain shared expenses in excess of the \$2,000,000 exploration expenditure requirement to earn the 50% interest in the joint venture. One of the directors and officers of the Corporation was also a director of MagCopper Inc. until September 9, 2011.

On November 14, 2012 the Company announced that it had signed a letter of intent (LOI) with Surrey Capital Corporation. Under the terms of the LOI, Richmond and its joint venture partner Mag Copper Inc. have optioned a 51% interest in the Halle Property to Surrey for a cash payment of \$20,000 and 200,000 common shares as well as investing \$200,000 on the property via an exploration program and on an additional payment to the joint venture partners of 400,000 common shares of the Corporation on or before the first anniversary of the agreement.

On November 14, 2012 the Corporation and Mag Copper Ltd. collectively announced that they have entered into a Letter of Intent ("LOI") effective October 18, 2012 with Surrey Capital Corp. Under the terms of the LOI, the Corporation and Mag Copper Ltd. have optioned to the Lessee a 51% interest in the Halle Property for a cash payment of \$20,000 and 200,000 common shares, both of which are to be made upon the issuance by the TSX Venture Exchange (the "Exchange") of the Final Exchange Bulletin ("FEB") as well as investing \$200,000 on the property via an exploration program and on additional payment of 400,000 common shares on or before the first anniversary of the FEB (the "Transaction").

On February 25, 2014 the Company and Mag Copper Inc. announced the acquisition of seven mining claims in Halle Township, Quebec. Pursuant to the terms of agreement Richmond and Mag will each acquire 50% interest in the claims by issuing 250,000 of their common shares each to the seller. The seller retains the right to back-in anytime for a 33 1/3 interest in the claims by reimbursing twice the exploration funds invested in these claims by Richmond/Mag.

- (d) On September 13, 2011, the Company announced that an agreement had been reached with Lake Shore Gold Corp. to sell its 100% ownership interest in the Highway 101 Property located in Guibord Township, Ontario. The terms of the arrangement were: Lake Shore issued to Richmond 232,500 common shares of Lake Shore and 116,250 Lake Shore purchase warrants; Lake Shore issued to Vendome 67,500 common shares of Lake Shore and 33,750 Lake Shore purchase warrants. The terms of the warrants were as follows: each warrant allows the warrant holder to purchase one common share of Lake Shore at a price of \$3.00 for a 2 year period following the closing date of the Highway 101 property.

The 1st anniversary payment of 200,000 common shares of Vendome to Richmond as set out in the earn-in agreement between Richmond and Vendome was cancelled. The purchase agreement was closed on October 8, 2011.

6. Shareholders' Equity

(i) Share capital and contributed surplus

Issued and outstanding common shares and warrants consist of the following:

	Feb 28, 2014	May 31, 2013
Shares issued and fully paid:		
Beginning of the year	81,509,239	79,059,239
Share issue	700,000	2,450,000
Reverse Split 4 to 1	(61,656,622)	-
Share issue	2,350,000	-
Shares issued and fully paid	<u>22,902,617</u>	<u>81,509,239</u>

Notes to the Consolidated Financial Statements

Note 6 – Shareholders' Equity Continued

For each class of share capital:

The number of shares authorized	Unlimited
The number of shares issued and fully paid	22,902,617
The number of shares issued but not fully paid	0
Par value per share, or that the shares have no par value	no par value

(ii) Stock Options

The Company's Stock Option Plan ("the "Plan") provides for the issuance of a maximum of 10% of the issued and outstanding common shares at an exercise price equal or greater than the market price of the Company's common shares on the date of the grant to directors, officers, employees and consultants to the Company. The option period for options granted under the Plan is for a maximum period of 5 years. Options granted may vest over certain time periods within the option period, which will limit the number of options that may be exercised.

Each stock option is exercisable into one common share of the Company at the price specified in the terms of the option.

The following table summarizes information about the stock options outstanding and exercisable:

	Feb 28, 2014		May 31, 2013	
	Number of units	Weighted average exercise price	Number of units	Weighted average exercise price
Balance at beginning of period	1,900,000	\$0.10	2,790,000	\$0.10
Expired during the period	(800,000)	0.10	(890,000)	0.10
Reverse option split 4 to 1	(825,000)	0.10	-	-
Balance at end of period	275,000	\$0.10	1,900,000	\$0.10
Units exercisable at the end of the period	275,000	\$0.10	1,900,000	\$0.10

There were no stock options granted as at February 28, 2014 and February 28, 2013.

The following table summarizes share units outstanding at the end of period:

Exercise Price	Number of Options	Expiry Date	Weighted Average Remaining Life
\$0.10	100,000	14-Jun-14	0.29
\$0.10	175,000	13-Jan-15	0.87

The Company has not recognized any expense for share based payment in February 28, 2014 and February 28, 2013 Consolidated Statements of Comprehensive Income.

Notes to the Consolidated Financial Statements

Note 6 – Shareholders' Equity Continued

(iii) Warrants

The following table summarize information about the warrants outstanding and exercisable:

	Feb 28, 2014		May 31, 2013	
	Number of units	Weighted average exercise price	Number of units	Weighted average exercise price
Balance at beginning of period	2,450,000	\$0.05	-	-
Issued	700,000	0.10	2,450,000	0.05
Reverse warrant split 4 to 1	(2,362,500)	0.05	-	-
Issued	2,100,000	0.10	-	-
Balance at end of period	2,887,500	\$ 0.09	2,450,000	\$ 0.05

Exercise Price	Number of Warrants	Expiry Date	Weighted Average Remaining Life
\$0.05	612,500	07-Feb-15	0.94
\$0.05	175,000	24-Apr-15	1.15
\$0.10	2,100,000	30-Jun-15	1.33

Effective December 9, 2013, pursuant to a special resolution passed by shareholders on June 7, 2013, the Company has consolidated its capital on a (4) four old for (1) one new basis.

7. Financial Instruments

Financial Instruments details can be summarized as follows:

	Balance as at	
	Feb 28, 2014	May 31, 2013
Financial assets		
Loans and receivables		
Interest and sundry receivables	\$1,264	\$22,326
	<u>\$1,264</u>	<u>\$22,326</u>
Fair Value Through Profit or Loss		
Cash and cash equivalents	\$80,372	\$1,459
Marketable Securities	4,100	2,325
	<u>\$84,472</u>	<u>\$3,784</u>
Financial liabilities		
Financial liabilities measured at amortized cost		
Accounts payable and accrued liabilities	\$174,854	\$203,211
Loan Payable	76,000	-
Deferred tax liability	31,500	-
	<u>\$282,354</u>	<u>\$203,211</u>

Cash and cash equivalents are comprised of bank deposits.

Notes to the Condensed Consolidated Financial Statements

Note 7 – Financial Instruments Continued

The Company's interest income on short-term investment carried at amortized cost is presented on the Statement of Comprehensive Loss in the Interest Income line.

The Company's marketable securities consist of the following financial instruments at February 28, 2014:

	# shares	Fair Value
Mag Copper Ltd.	40,000	\$1,600
Vendome Resources Corp.	5,000	200
Surrey Capital	115,000	2,300
		<u>\$4,100</u>

8. Financial Instruments Risk Management

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, market risk and interest rate risk.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company is not exposed to credit risk due to the nature of the collectible accounts.

On February 28, 2014 and February 28, 2013, the Company does not have any allowance for doubtful accounts.

Interest rate sensitivity

Management actively monitors the Company's exposure to credit risk under its financial instruments, including with respect to amounts receivable. The Company considers the risk of loss for its amounts receivable to be remote and significantly mitigated due to the financial strength of the party from whom the receivables are due - the Canadian government for harmonized sales tax ("HST") refunds receivable.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The primary source of liquidity is net operating income, which is used to finance working capital and capital expenditure requirements, and to meet the Company's financial obligations associated with financial liabilities. Given the Company's present financial situation liquidity risk at the Company is considered high.

Additional sources of liquidity are debt and equity financing, which is used to fund additional operating and other expenses and retire debt obligations at their maturity.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient cash to meet liabilities when due. All of the Company's financial liabilities have contractual maturities of less than one year and are subject to normal trade terms. The Company's ability to continue operations and fund its business is dependent on management's ability to secure additional debt or equity financing. It is anticipated that the Company will continue to rely on debt or equity financing to meet its ongoing working capital requirements.

Notes to the Condensed Consolidated Financial Statements

Note 8 – Financial Instruments Risk Management Continued

Market risk

The Company's marketable securities are classified as fair value through profit or loss, and are subject to changes in the market prices. They are recorded at fair value in the Company's financial statements, based on the closing market value at the end of the period for each security included. The Company's exposure to market risk is not considered to be material.

The Company has no significant exposure at February 28, 2014 and February 28, 2013 to interest rate risk through its financial instruments as there are no significant balances payable, which accrue interest.

9. Related Party Transactions

The Company's related parties include its subsidiaries, joint venture, key management and their close family members, and others as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

The Company had the following balances with its related parties:

	Feb 28, 2014		May 31, 2013	
	Key Management Personnel	JV and other	Key Management Personnel	JV and other
<u>Transactions</u>				
Received from joint venture	\$0	\$0	\$0	\$0
Management fees	30,274	-	26,942	-
Loan payable	76,000			
Rent expense	-	7,643	-	19,483
<u>Balances</u>				
Payable/ (Prepaid)	113,155	1,600	17,530	19,809
Payable to a former director or officer	13,900	-	13,900	-

Amounts due from and to the related parties, are a result of transactions with entities controlled by shareholders, officers or directors of the Company and joint ventures. These amounts are non-interest bearing, unsecured and not subject to specific terms of repayment unless stated. Loan Payable to a member of key management personnel in the amount of \$76,000 is included in the payable line above. The loan is short-term and is bearing interest at 12%.

The remuneration of directors and other members of key management personnel were as follows:

	Feb 28, 2014	May 31, 2013
Short-term employee benefits	\$30,274	\$26,942
	\$30,274	\$26,942

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

Notes to the Condensed Consolidated Financial Statements

10. Capital Management

The Company considers its capital structure to consist of share capital, contributed surplus, options and warrants. The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

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 period ended February 28, 2014. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

The Company's capital for the reporting periods is summarized as follows:

	<u>Feb 28, 2014</u>	<u>May 31, 2013</u>
Cash	\$80,372	\$1,459
Marketable Securities	4,100	2,325
Common Shares	14,879,261	14,784,216
Contributed surplus	610,660	610,660
Deficit	(15,354,120)	(15,273,746)
	<u>\$220,273</u>	<u>\$124,914</u>

11. Contingent liability

On January 21, 2013, litigation began pertaining to the Certificates of Pending Proceeding in which Richmond is a defendant. The Plaintiff's action is a tracing claim alleging the diversion of the Plaintiff's funds from an unrelated exploration program to fund work on the Swayze Property. The plaintiff seeks title to the Swayze Property and financial compensation from Richmond. On February 3, 2014 a Judgement has been reached. The Ontario Superior Court has dismissed the plaintiff's claim of an alleged interest in the Swayze Mining Claims. Accordingly, the Certificates of Pending Proceedings and Certificates of Interest registered by the plaintiff against title to the Swayze Mining Claims are vacated and discharged from title to those Mining claims. On February 28, 2014 the Plaintiff in the Swayze Property litigation has filed an appeal asking that the Judgement announced in favour of the Company be set aside and a new Judgement be granted in favour of the Plaintiffs.

Management is of the opinion that the grounds for the appeal are without merit and will vigorously contest them. Richmond plans on moving forward with its exploration plans.

12. Post-reporting date events

On March 13, 2014, the Company has announced a completion of a non-brokered private placement financing for aggregate gross proceeds of up to \$415,000. The Offering will consist of the sale of 100,000 flow-through units at \$0.10 per FT Unit and the sale of 5,788,571 hard dollar units at \$0.07 per HD Unit.

Each flow-through unit consisted of one common share in the capital stock of Richmond issued on a flow-through basis and one common share purchase warrant. Each flow-through warrant will entitle the holder to purchase one common share at a price of 15 cents per common share until April 2, 2015, and for a price of 30 cents from April 3, 2015, until April 2, 2016, whereupon the flow-through warrants expire. Each hard dollar unit consisted of one common share and one common share purchase warrant. Each hard dollar warrant will entitle the holder to acquire one common share for 10 cents for a period of five years from the date of issuance.