

ST-GEORGES

Platinum & Base Metals Ltd.

An exploration stage company
Condensed Interim Financial Statements
For the three and six month periods ended June 30, 2014
(Unaudited)
(Expressed in Canadian Dollars)

The accompanying interim financial statements of the Company for the period ended June 30, 2014 have been prepared in accordance with International Financial Reporting Standards and are the responsibility of the Company's management. The Company's independent auditors have not performed an audit or review of these condensed interim financial statements.

Index

Unaudited Condensed Interim Consolidated Financial Statements	
Statements of Financial Position	2
Statements of Comprehensive Loss	3
Statements of Changes in Equity	4
Statements of Cash Flows	5
Notes to the Condensed Interim Financial Statements	6

**St-Georges Platinum & Base Metals Ltd.
Statements of Financial Position
(Unaudited)**

As at	June 30, 2014	December 31, 2013
Assets	\$	\$
Current assets		
Cash and cash equivalents	15,979	707
Other receivables (Note 5)	33,039	41,562
Prepaid expenses	8,801	6,535
Total current assets	57,819	48,804
Non-current assets		
Exploration and evaluation assets (Note 6)	1,317,086	1,300,000
Advances (Note 7)	120,000	80,000
Total non-current assets	1,437,086	1,380,000
Total assets	1,494,905	1,428,804
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	612,979	485,663
Taxes payable	24,174	24,174
Due to a company controlled by a director (Note 8)	9,000	32,500
Due to a director (Note 9)	79,125	-
Total liabilities	725,278	542,337
Long-Term Liabilities		
Debt component of convertible debentures (Note 10)	247,153	615,792
Shareholders' equity		
Common shares (Note 11)	10,071,519	8,804,832
Equity component of convertible debentures (Note 11)	499,079	1,359,552
Contributed surplus (Note 11)	1,419,447	1,419,447
Deficit	(11,467,571)	(11,313,156)
Total shareholders' equity	522,474	270,675
Total liabilities and shareholders' equity	1,494,905	1,428,804

These financial statements were approved and authorized for issue by the Board of Directors on August 29, 2014

(Signed)

Francois Dumas
President and Chief Executive Officer

(Signed)

Vivian Doyle-Kelly
Chief Financial Officer

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

St-Georges Platinum & Base Metals Ltd. Statements of Comprehensive Loss (Unaudited)

	3-month period ended June 30		6-month period ended June 30	
	2014	2013	2014	2013
	\$	\$	\$	\$
Operating Expenses				
Professional fees	14,825	11,723	17,663	12,562
Subcontractors	23,276	19,898	47,926	27,398
Publicity and promotion	28,094	32,238	29,548	67,211
Office expenses	105	1,650	105	3,895
Brokerage fees	12,523	18,794	21,158	27,526
Travel expenses	-	752	-	19,878
Financial fees and bank charges	85	75	440	2,670
Interest on convertible debentures	10,516	-	37,575	-
	89,424	85,130	154,415	161,140
Sales taxes written off (recoverable)	-	6,946	-	(2,100)
Net loss before income taxes	(89,424)	(92,076)	(154,415)	(159,040)
Income taxes – Future (recovered)	-	-	-	-
Net loss and comprehensive loss for the period	(89,424)	(92,076)	(154,415)	(159,040)
Deficit, beginning of period	(11,378,147)	(4,112,866)	(11,313,156)	(4,045,902)
Deficit, end of period	(11,467,571)	(4,204,942)	(11,467,571)	(4,204,942)
Basic and diluted loss per share (\$ per share)	(0.004)	(0.006)	(0.007)	(0.01)
Weighted average number of common shares outstanding –				
Basic	22,778,864	15,932,606	22,778,864	15,932,606
Diluted	22,778,864	15,932,606	22,778,864	15,932,606

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

St-Georges Platinum & Base Metals Ltd.
Statements of Changes in Equity
For the six months ended June 30, 2014 and 2013
(Unaudited)

	Number of Common Shares (Note 10)	Common Shares	Equity component of convertible debentures	Contributed Surplus	Deficit	Total Shareholders' Equity
		\$	\$	\$	\$	\$
Balance as at January 1, 2013	15,932,606	8,804,832	-	1,419,447	(4,045,902)	6,178,377
Net loss for the period	-	-	-	-	(159,040)	(159,040)
Balance as at June 30, 2013	15,932,606	8,804,832	-	1,419,447	(4,204,942)	6,019,337
Balance as at January 1, 2014	15,932,606	8,804,832	1,359,552	1,419,447	(11,313,156)	270,675
Issued on conversion of debentures	12,516,055	1,266,687	(1,266,687)	-	-	-
Debt component of debentures	-	-	406,214	-	-	406,214
Net loss for the period	-	-	-	-	(154,415)	(154,415)
Balance as at June 30, 2014	28,448,661	1,071,519	499,079	1,419,447	(11,467,571)	522,474

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

St-Georges Platinum & Base Metals Ltd.
Statements of Cash Flows
(Unaudited)

For the six months ended June 30	2014	2013
	\$	\$
Operating activities		
Net loss and comprehensive loss for the period	(154,415)	(159,040)
Non-cash item		
Interest on convertible debentures	37,575	-
	<u>(116,840)</u>	<u>(159,040)</u>
Net changes in working capital		
Other receivables	8,523	236,892
Prepaid expenses	(2,266)	(-)
Advances	(40,000)	(40,000)
Accounts payable and accrued liabilities	127,316	20,821
	<u>93,573</u>	<u>217,713</u>
Net cash from operating activities	<u>(23,267)</u>	<u>58,673</u>
Investing activities		
Acquisition of exploration and evaluation assets	(17,086)	(15,985)
Net cash from investing activities	<u>(17,086)</u>	<u>(15,985)</u>
Financing activities		
Due to a company controlled by a director	(23,500)	(15,000)
Due to a director	79,125	-
Net cash from financing activities	<u>55,625</u>	<u>(15,000)</u>
Increase (Decrease) in cash and cash equivalents	15,272	27,688
Cash and cash equivalents, beginning of period	<u>707</u>	<u>525</u>
Cash and cash equivalents, end of period	15,979	28,213

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

St-Georges Platinum & Base Metals Ltd.

Notes to Condensed Interim Financial Statements

June 30, 2014 and 2013
(Unaudited)

1. Corporate Information and Going Concern of Operations

St-Georges Platinum & Base Metals Ltd. (the “Company” or “St-Georges”) was incorporated under the Canada Business Corporations Act on June 21, 2002. The Company is listed on the Canadian National Stock Exchange (“CNSX”), having the symbol SX, and on the OTCQX, having the symbol SXOOF. The address of the Company’s corporate office and principal place of business is 999 De Maisonneuve West, Suite 725, Montreal, Québec H3A 3L4 Canada. The principal activities of the Company are the exploration and evaluation of mineral properties in Canada. The Company, which is in the process of exploring its mineral properties, has one reportable segment in Canada and all of the assets are located in Canada.

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. At June 30, 2014, the Company has not yet achieved profitable operations, had no operating income and had cash and cash equivalents of \$15,979 and negative working capital of \$667,459. As such, the Company’s ability to continue as a going concern depends on its ability to successfully raise additional financing. If additional capital is not raised, the going concern basis may not be appropriate with the result that the Company may have to realize its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts different from those stated in the financial information. No adjustments for such circumstances have been made in the financial information.

2. Basis of Presentation

a) Statement of Compliance

These condensed interim financial statements of the Company for the period ended June 30, 2014 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

The policies applied in these condensed interim financial statements are consistent with the policies disclosed in Notes 2, 3 and 4 of the financial statements for the year ended December 31, 2013. These condensed interim financial statements should be read in conjunction with the Company’s financial statements for the year ended December 31, 2013.

b) Basis of Measurement

The condensed interim financial statements have been prepared on an historical cost basis.

The condensed interim financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 of the financial statements for the year ended December 31, 2013.

St-Georges Platinum & Base Metals Ltd.
Notes to Condensed Interim Financial Statements
 June 30, 2014 and 2013
 (Unaudited)

3. Significant Accounting Policies

The preparation of the financial data is based on accounting principles and practices consistent with those used in the preparation of the financial statements for the year ended December 31, 2013. The condensed interim financial statements should be read in conjunction with the Company's financial statements for the year ended December 31, 2013.

4. Future Accounting Policy Changes Issued But Not Yet In Effect

The following are new pronouncements issued by the IASB. The following new standards and interpretations are not yet effective and have not been applied in preparing these financial statements; however, they may impact future periods.

IFRS 9 "Financial Instruments"
IAS 32 "Financial Instruments: Presentation"
IAS 36 "Impairment of Assets"

5. Other Receivables

As of March 31, 2014, the Company had accounts receivable of \$33,039 (December 31, 2013 - \$41,562), as described below:

	June 30, 2014	December 31, 2013
	\$	\$
Taxes recoverable	31,912	32,556
Tax credits and mining duties	1,127	9,006
	33,039	41,562

6. Exploration and Evaluation Assets

(\$)

	Villebon	Julie & Isoukustouc Projects	Franquelin Property	Total
Balance as at Dec. 31, 2013	85,000	1,200,000	15,000	1,300,000
Exploration costs	103	15,550	-	15,653
Property acquisitions	1,315	62	56	1,433
Balance as at June 30, 2014	86,418	1,215,612	15,056	1,317,086

The Villebon, Julie & Isoukustouc Projects and the Franquelin Property are all located in Quebec, Canada and are 100% owned by the Company.

St-Georges Platinum & Base Metals Ltd.

Notes to Condensed Interim Financial Statements

June 30, 2014 and 2013
(Unaudited)

6. Exploration and Evaluation Assets (continued)

Villebon

The Villebon copper-nickel-PGE property lies within the Abitibi Greenstone Belt of northwestern Quebec, close to the north boundary of the La Vérendrye Provincial Park and the Reserve in Villebon Township, close to Val-d'Or. This property is located less than 2 kilometres east of Highway 117, about 21 kilometres south of the community of Louvicourt and about 45 kilometres southeast of Val-d'Or. The Villebon property consists of 41 claims.

Julie & Isoukustouc Projects

The Isoukustouc Project is located less than 10 kilometres west of the Manic-3 Hydro electric Dam within the Manicouagan River – Manic Complex.

The Julie Project is located approximately 65 kilometres further to the east, south of Lac La Blache and near the Outarde IV Electric Dam.

These Projects are accessible from the deep sea port town of Baie-Comeau by paved and gravel road (Isoukustouc 74km, Julie 146km). Collectively they consist of 340 claims.

Franquelin Property

The Franquelin property is located about 21 kilometres east of Baie-Comeau and is accessible by national route 138 and is bordered to the south by the St-Lawrence River. The property hosts Gold, Copper, Nickel, Zinc and PGE showings. It consists of 77 claims.

Claims Held Jointly with Amseco Exploration Ltd.

In February 2012, the Company announced that it had partnered with Amseco Exploration Ltd. ("Amseco") to acquire and explore properties known to host multiple graphite occurrences in two areas. The Tétépisca West, Canadian Goose and Wooden Lake properties (collectively, the "Tétépisca West properties") are all located to the southwest of the Manicouagan Reservoir, close to the Company's Tétépisca property; St-Georges and Amseco jointly have 118 claims on the Tétépisca West properties. In addition, the Pike River, Lake 222 and the Polynesian Lake Graphite properties (collectively, the "Southern properties") are located approximately 120 km northwest of Baie-Comeau, Quebec, close to the Company's Lac Julie properties.

These claims have expired and, as at June 30, 2014 St-Georges and Amseco jointly have Nil claims (December 31, 2013 – 185).

The Tétépisca West and Southern properties were owned 50-50 by each corporation. The relationship between the two corporations does not constitute a joint venture.

St-Georges Platinum & Base Metals Ltd.
Notes to Condensed Interim Financial Statements
June 30, 2014 and 2013
(Unaudited)

7. Advances

As per the Agreement entered into by the Company with Fancamp Resources Inc. and Sheridan Platinum Group Ltd. on February 15, 2009 concerning the Villebon Property, the Company is obliged to pay an advance royalty payment of \$40,000 per year, beginning in February 2012. These advances will be applied against future royalty payments. Please see Note 14 below for further details in this regard.

As of June 30, 2014, the Company had Advances of \$120,000 (December 31, 2013 - \$80,000).

8. Due to a Company Controlled by a Director

On March 9, 2012, the Company signed a promissory note with a company controlled by a Director of the Company for a principal amount of \$50,000, plus \$10,000 in fees. The total amount is due 48 hours following the closing of the Company's next private placement or upon receipt of sales taxes receivable. If the amount is not paid in full within 65 calendar days after the date when such payment is due, then a late charge of 5% applies (please refer to Note 17).

9. Due to a Director

On February 21, 2014 St-Georges issued a promissory note in the amount of \$200,000 maturing on February 21, 2019 in favour of a Director of the Company. Under the terms of the Promissory Note the Director will provide financing to the Company in a series of scheduled payments between February 21, 2014 and March 30, 2015.

Interest on the Promissory Note is calculated at 18% per annum of which 12% is payable in cash or shares and 6% is payable in shares.

The Company has the right to repay the financing under the Promissory Note at any time. (please refer to Note 17).

10. Convertible Debentures

	June 30, 2014	December 31, 2013
	\$	\$
Convertible debenture, unsecured, bearing interest at an annual rate of 6% (effective interest rate of 20%) calculated quarterly. The capital amount of \$ 1,829,000 is due on July 2, 2023 and is convertible any time into common shares. (Please see a) below).	247,153	586,994
Convertible debenture, unsecured, bearing interest at an annual rate of 6% (effective interest rate of 20%) calculated quarterly. The capital amount of \$ 93,916 is due on October 5, 2023 and is convertible any time into common shares. (Please see b) below).	-	28,798
	247,153	615,792

St-Georges Platinum & Base Metals Ltd.
Notes to Condensed Interim Financial Statements
June 30, 2014 and 2013
(Unaudited)

10. Convertible Debentures (continued)

During 2013 the Company issued twenty-year Convertible Unsecured Debentures in tranches of \$1,829,000 and \$93,916 respectively and entered into Agreements with its suppliers to satisfy more than 90% of its short-term liabilities by conversion of current Accounts Payable to Debentures.

The Debentures bear interest at the annual rate of 6% calculated quarterly in arrears and payable on a pro-rata basis on conversion or at maturity. At any time before the maturity date the Debentures are convertible at the option of either the holder or the Company into fully paid and non-assessable common shares of the Company subject to certain conditions.

- a) At the date of issuance, the debt component of the first tranche of the Debentures amounted to \$535,850, representing the present value of interest and principal repayment until July 2, 2023. The difference between the nominal value and the debt component amounted to \$1,293,150 and represents the conversion option, which was recorded in the equity of the Company. Over the term of the convertible debenture, the debt component will be increased to its nominal value of \$1,829,000 to provide, for accounting purposes, an actual interest expense equal to 20%, representing the estimated interest rate of similar debt instruments which do not have such an equity component. Following conversion of \$606,000 of the first tranche in the period, the debt component amounted to \$Nil at June 30, 2014. (December 31, 2013 - \$586,994).
- b) At the date of issuance, the debt component of the second tranche of the Debentures amounted to \$27,515, representing the present value of interest and principal repayment until October 5, 2023. The difference between the nominal value and the debt component amounted to \$66,401 and represents the conversion option, which was recorded in the equity of the Company. Over the term of the convertible debenture, the debt component will be increased to its nominal value of \$93,916 to provide, for accounting purposes, an actual interest expense equal to 20%, representing the estimated interest rate of similar debt instruments which do not have such an equity component. Following conversion of \$31,305 of the second tranche in the period, the debt component amounted to \$Nil at June 30, 2014. (December 31, 2013 - \$28,798).

11. Share Capital

a) Common Shares

The Company is authorized to issue an unlimited number of common shares, voting, participating and with no par value.

The holders of common shares are entitled to receive dividends, which may be declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

St-Georges Platinum & Base Metals Ltd.
Notes to Condensed Interim Financial Statements
 June 30, 2014 and 2013
 (Unaudited)

11. Share Capital (continued)

The following is a summary of changes in common shares from December 31, 2013 to June 30, 2014:

	Number of Shares	Amount (\$)
Balance at December 31, 2013	15,932,606	8,804,832
Issued on conversion of Debentures	12,516,055	1,266,687
Balance at June 30, 2014	28,448,661	1,071,519

During the period ended June 30, 2014, a total \$1,219,916 of the capital value of the debentures was converted into common shares. Including accumulated interest this represented a value of \$1,266,687 for which the Company issued 12,516,055 common shares on conversion.

b) Preferred Shares

The Company is authorized to issue an unlimited number of preferred shares without nominal or par value.

c) Equity component of Convertible Debentures

During 2013 the Company issued convertible debentures including a debt component as described in Note 8 and an equity component. The following is a summary of the changes in the equity component from December 31, 2013 to June 30, 2014.

	Amount (\$)
Balance at January 1, 2013	-
Issuance of convertible debentures	1,359,552
Balance at December 31, 2013	1,359,552
Conversion of equity component to common shares	860,473
Balance at June 30, 2014	499,079

d) Contributed Surplus

There were no changes in the contributed surplus from December 31, 2013 to June 30, 2014:

	Amount (\$)
Balance at December 31, 2013	1,419,447
Balance at June 30, 2014	1,419,447

St-Georges Platinum & Base Metals Ltd.
Notes to Condensed Interim Financial Statements
June 30, 2014 and 2013
(Unaudited)

11. Share Capital (continued)

e) Warrants

Warrants

The following is a summary of changes in warrants from December 31, 2013 to June 30, 2014:

	Number of Warrants	Weighted Average Strike Price
Balance as at December 31, 2013	953,077	\$3.16
Expired	(796,154)	\$3.60
Balance as at June 30, 2014	156,923	\$0.92
Warrants exercisable, June 30, 2014	156,923	\$0.92

As at June 30, 2014, the Company had warrants outstanding and exercisable as follows:

Number of Warrants	Strike Price	Expiry Date
26,154	\$0.65	December 29, 2014
130,769	\$0.98	December 29, 2014
156,923	\$0.92	

12. Share-based Payments

a) Stock Option Plan

On June 1, 2009, the Company established a stock-based compensation plan. Under the stock-based compensation plan, the board of directors of the Company may, from time to time, at its discretion, and in accordance with CNSX requirements, grant to directors, officers and technical consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed ten percent (10%) of the issued and outstanding common shares exercisable for a period of up to five (5) years from the date of grant. The number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding Common Shares.

Options may be exercised no later than 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised with a maximum period of one year after such death, subject to expiry date of such option.

The subscription price of the shares which may be issued under the plan must not be lower than the closing price of the last regular board lot (not less than \$0.10) sold on the CNSX on the trading day immediately preceding the date of grant. The option price is payable in full at the time the options is exercised. The vesting periods in respect of the options are determined by the Board of Directors at the time of each grant of options.

St-Georges Platinum & Base Metals Ltd.
Notes to Condensed Interim Financial Statements
June 30, 2014 and 2013
(Unaudited)

12. Share Based Payments (continued)

On April 3, 2014, St-Georges granted 1,125,000 stock options exercisable at a price of \$0.20 per share before April 3, 2019.

Officers of the Company were granted an aggregate of 775,000 stock options and members of the Board of Directors were granted an aggregate of 350,000 stock options.

The Company also confirmed the expiry of 100,000 stock options issued in 2010 resulting in a total of 1,432,692 options outstanding as of April 3, 2014.

The fair value of stock options issued on April 3, 2014 was \$130,340 estimated at the grant date based on the Black-Scholes options pricing model using the following assumptions:

Share price at grant date	\$0.11
Exercise price	\$0.20
Risk-free interest rate	1.789%
Expected life (years)	5
Expected volatility	200%
Expected dividend yield	Nil

The following options were outstanding as at June 30, 2014:

Grant Date	Expiry Date	Exercise Price	Opening Balance	During the period			Closing Balance	Vested	Unvested
				Granted	Exercised	Forfeited			
6-Jan-10	6-Jan-15	\$1.30	61,538	-	-	61,538	-	-	
20-Oct-10	20-Oct-15	\$0.98	346,154	-	-	38,462	307,692	307,692	
3-April-14	3-April-19	\$0.20	-	1,125,000	-	-	1,125,000	1,125,000	
			407,692	1,125,000	-	100,000	1,432,692	1,432,692	
		Weighted Average Exercise Price	\$1.03	\$0.20	-	\$1.18	\$0.37	\$0.37	

13. Financial Risk Management and Financial Instruments

Financial Risk

The primary goals of the Company's financial risk management are to ensure that the outcomes of activities involving elements of risk are consistent with the Company's objectives and risk tolerance, and to maintain an appropriate risk/reward balance while protecting the Company's balance sheet from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through aligning risk appetite with business strategy, diversifying risk, pricing appropriately for risk, mitigating risks through preventive controls and transferring risk to third parties.

The Company's exposure to potential loss from financial instruments is primarily due to various market risks, including interest rate, liquidity and credit risk. There has been no change in the financial risk of the Company during the year.

Market Risk

Market risk is the risk of loss arising from adverse changes to market rates and prices, such as interest rates, equity market fluctuations, foreign currency exchanges rates, and other relevant market rate or

St-Georges Platinum & Base Metals Ltd.
Notes to Condensed Interim Financial Statements
June 30, 2014 and 2013
(Unaudited)

13. Financial Risk Management and Financial Instruments (continued)

price changes. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded. Below is a discussion of the Company's primary market risk exposures and how those exposures are currently managed.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. The purpose of liquidity management is to ensure that there is sufficient cash to meet all financial commitments and obligations as they fall due. To manage cash flow requirements, the Company may have to issue additional common shares or conclude private investments.

As at June 30, 2014, the Company has current liabilities and accrued liabilities of \$725,278 due within 12 months and has cash and cash equivalents of \$15,979 to meet its current obligations. As a result, the Company does face liquidity risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The Company's credit risk is due mainly to its other receivables.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market-interest rates. The Company's convertible debentures fixes interest at 6% per annum and accordingly is not subject to cash flow interest rate risk due to changes in the market rate of interest. The Company does not use financial derivatives to reduce its exposure to risk. The Company considers its interest rate risk to be minimal.

The Company's statement of financial position is presented net of the allowance for doubtful advances established on a receivable by receivable basis. This amount best represents the Company's maximum exposure to credit risk. The allowance for doubtful advances was established on the basis of an individual appraisal of the advance and an overall appraisal that takes into account the current economic environment.

Fair Value Measurement

Fair value is the amount at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on present value and other valuation techniques using rates that reflect those that the Company could currently obtain, on the market, for financial instruments with similar terms, conditions and maturities.

The carrying amount and fair value of financial instruments are considered to be a reasonable approximation of fair value because of their short-term maturities.

St-Georges Platinum & Base Metals Ltd.

Notes to Condensed Interim Financial Statements

June 30, 2014 and 2013
(Unaudited)

14. Capital Management

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at June 30, 2014, the Company's shareholders' equity was \$524,654 (December 31, 2013 – \$270,675) and it had amounts due to related parties of \$199,262 (December 31, 2013 - \$106,730). The Company had no outstanding debt other than the debt component of the Unsecured Convertible Debentures of \$247,153 (December 31, 2013 - \$615,792). The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements, internally determined capital guidelines and calculated risk management levels. To meet these objectives, management monitors the Company's capital requirements against unrestricted net working capital and assesses additional capital requirements on specific business opportunities on a case-by-case basis.

Capital for expansion is primarily from proceeds from the issuance of common shares. The net proceeds, when raised, are sufficient for a certain amount of exploration and development work on the Company's properties, and for working capital purposes. Additional future funds may subsequently be required to finance the Company's corporate objectives. There was no change in the capital management policy for the period ended June 30, 2014.

The Company is not exposed to any externally imposed capital requirements, except when the Company issues flow-through shares, for which an amount should be used for exploration work.

15. Commitments

Payments to Fancamp Exploration Ltd. and Sheridan Platinum Group

On February 15, 2009, the Company entered into an agreement to purchase claims in the Villebon area of Quebec from Fancamp Exploration Ltd. ("Fancamp") and Sheridan Platinum Group ("Sheridan") (collectively, the "Vendors"). St-Georges originally acquired 50% of these claims, with LiteWave acquiring the remaining 50%. Since LiteWave defaulted on its payments of a total of \$100,000 to each of Fancamp and Sheridan (for a total of \$200,000), St-Georges paid these amounts to Fancamp and Sheridan in February 2011 and assumed a 100% interest in these claims.

As per the terms of this agreement with Fancamp and Sheridan, St-Georges is obliged to pay an advance royalty payment of \$40,000 per year to the Vendors, beginning in February 2012.

In addition, if the Company were to generate revenues from these claims, a Net Smelter Return of between 2% and 3% would be paid to the Vendors.

16. Contingencies

The Company is partly financed by the issuance of flow-through shares however there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses even if the Company has committed to take all measures necessary for this purpose. Refusal of certain expenses by tax authorities could have negative tax consequences for investors.

Moreover, tax rules regarding flow-through placements set deadlines for carrying out the exploration work no later than the first of the following dates:

St-Georges Platinum & Base Metals Ltd.
Notes to Condensed Interim Financial Statements
June 30, 2014 and 2013
(Unaudited)

16. Contingencies (continued)

- Two years following the flow-through placements; and
- One year after the Company has renounced the tax deductions relating to the exploration work.

Commitments to carry out exploration work that are not respected are subject to a combined tax of 30% (Canada and Quebec).

The Company may provide an indemnification to subscribers of flow-through shares in an amount equal to the income tax that would be payable by subscribers in the event, and as a consequence, of the Company not incurring and renouncing qualifying exploration expenses as required under the subscription agreement.

The Company is not in a position to estimate any contingent liability representing such indemnification in the event of a reduction in the expenses or renunciations allowed.

17. Related Party Transactions

a) Management Contracts

During the period, the Company incurred professional fees amounting to \$28,925 (June 30, 2013 - \$7,800) with a company controlled by its Chief Financial Officer. In relation to these transactions, \$48,846 was payable as at June 30, 2014. This amount is included in accounts payable and accrued liabilities.

During the period, the Company has incurred professional fees amounting to \$8,162 (June 30, 2013 - \$8,838) with a Director of the company. In relation to these transactions, \$43,803 was payable as at June 30, 2014. This amount is included in accounts payable and accrued liabilities.

b) Due to a Company Controlled by a Director

On March 9, 2012, the Company signed a promissory note with a company controlled by a Director of the Company for a principal amount of \$50,000. The Company agrees to repay the principal of \$50,000 and fees of \$10,000 following the closing of a private placement or upon receipt of sales taxes receivable, as described above in Note 7.

c) Due to a Director

On February 21, 2014 St-Georges issued a promissory note in the amount of \$200,000 maturing on February 21, 2019 in favour of a Director of the Company. Under the terms of the Promissory Note the Director will provide financing to the Company in a series of scheduled payments between February 21, 2014 and March 30, 2015.

Interest on the Promissory Note is calculated at 18% per annum of which 12% is payable in cash or shares and 6% is payable in shares.

The Company has the right to repay the financing under the Promissory Note at any time.

St-Georges Platinum & Base Metals Ltd.
Notes to Condensed Interim Financial Statements
 June 30, 2014 and 2013
 (Unaudited)

17. Related Party Transactions (continued)

d) St-Georges Family Trust

On October 5, 2013, following the final payment related to the 2007 initial acquisition of Julie and Isoukustouc properties, the St-Georges Family Trust (of which François Dumas, a Director of the Company, is one of the Trustees) became eligible to receive a perpetual production royalty of 1.5% of the Net Smelter Returns from these properties. The Company has the option to purchase 0.5% of these NSR within 12 months of commencement of industrial exploitation of the properties for an amount of \$500,000.

As exploration of these properties is ongoing, there is currently no industrial exploitation.

18. Segmental Reporting

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities.

19. Loss per Share

The calculation of basic loss per share is based on the loss for the period divided by the weighted average number of shares in issue during the period. In calculating the diluted loss per share, potential ordinary shares such as share options and warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be antidilutive. Details of share options, warrants and broker warrants in issue that could potentially dilute earnings per share in the future are given in Note 11.

For the six months ended June 30	2014	2013
Loss for the period	(154,415)	(159,040)
Weighted average number of shares in issue		
Basic	22,778,864	15,932,606
Diluted	22,778,864	15,932,606
Loss per share		
Basic	(0.007)	(0.01)
Diluted	(0.007)	(0.01)

20. Events after the Reporting Date

Following the end of the fiscal period at June 30, 2014, \$178,000 of Convertible Debentures plus accumulated interest to that date were converted into 1,895,871 common shares of the Company. As at the date of these Financial Statements St-Georges had 30,344,532 common shares outstanding and \$525,000 in Convertible Debentures outstanding.