



**INTERIM REPORT
SIX MONTHS ENDED
JUNE 30, 2014
(UNAUDITED)**

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STATEMENT CONCERNING THE INTERIM CONDENSED FINANCIAL STATEMENTS

Management has compiled the unaudited interim condensed financial report as of June 30, 2014 and 2013. The statements have not been audited or reviewed by the Corporation's auditors or any other firm of chartered professional accountants.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2014

This Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Chibougamau Independent Mines Inc's. ("CIM", the "Corporation" and "we") results of operations, financial performance and current business environment. This MD&A, which has been prepared as of August 14, 2014, should be read in conjunction with the unaudited interim condensed financial statements for the three-month and six-month periods ended June 30, 2014, and the audited annual financial statements and the related notes, for the two years ended December 31, 2013 and December 31, 2012.

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HIGHLIGHTS

- As previously reported, the exploration activities for 2013 were successful and the Corporation has met all of its assessment requirements for 2014 and 2015. Late in 2013, CIM had anticipated completing a financing which would enable it to carry out exploration on the targets which it had identified. Unfortunately, the Corporation was not able to complete a financing, but continues to work on one. During the first six months of 2014, we incurred exploration expenditures of \$34,262 which mainly represented geology and labour costs related to completing the 2013 programs and planning exploration programs for 2014.
- In order to meet its compliance and regulatory requirements, the Corporation incurred administrative and operating expenses of \$32,440 during the three-month period ended June 30, 2014 (June 30, 2013 - \$199,970) and \$89,674 (2013 - \$410,217) for the six-month period ended June 30, 2014.
- On June 25, 2014, the Corporation announced in a press release that it had received approval for a proposed Private Placement of up to 2,500,000 common shares at a price of \$0.08 per share, each common share having attached one-half warrant. Under the proposed financing, each full warrant with an exercise price of \$0.16 during a one-year period from the closing date will enable the purchase of up to 1,250,000 common shares. In

addition, CIM received approval to issue 4,000,000 Quebec Flow-through shares at \$0.10 per flow through share. As a result of the Quebec Budget in June 2014, the completion of the financing has been delayed.

FORWARD-LOOKING STATEMENTS

Certain information in this MD&A, including any information as to the Corporation's future financial or operating performance and other statements that express management's expectations or estimates of future performance, constitute "forward-looking statements." The words "expect", "will", "intend", "estimate", and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies.

This document may contain forward-looking statements reflecting the management's expectations with respect to future events. Actual results may differ from those expected. The Corporation's management does not assume any obligation to update or revise these forward-looking statements as a result of new information or future events except as required by law.

EXPLORATION ACTIVITIES AND MINING PROPERTIES

The Corporation conducts exploration activities in compliance with "Exploration Best Practices Guidelines" established by the Canadian Institute of Mining, Metallurgy and Petroleum standards with exploration programs planned and managed by "Qualified Persons" who ensure that QA/QC practices are consistent with National Instrument (NI) 43-101 standards. On all projects, selected diamond drill core samples are marked by a geologist and subsequently split, with one-half of the core analyzed, in the case of gold, by standard fire assay with atomic absorption or gravimetric finish at an independent, registered commercial assay laboratory. The second half of the core is retained for future reference. Other elements' concentrations are determined in an industry acceptable manner, for geochemical trace signatures and subsequently for high grade content as required.

When discussing historical resource calculations (non - NI 43-101 compliant) available in the public domain regarding our properties, we will include source, author and date, and if appropriate, cautionary language stating:

- A qualified person has not done sufficient work to verify the historical estimate as mineral resources or reserves as defined by the Canadian Institute of Mining, Metallurgy and Petroleum Definition and Standards for Mineral Resources and Mineral Reserves;
- The issuer is not treating the historical estimate as current mineral resources or mineral reserves; and
- The historical estimate should not be relied upon.

OVERVIEW – CHIBOUGAMAU MINING CAMP

On September 10, 2012, Globex and CIM entered into an Arrangement which resulted in the reorganization of the Corporation's capital and would result in the transfer of cash and cash equivalents, investments, as well as the transfer of ten properties from Globex to CIM subject to a 3% "gross metal royalty" in favor of Globex.

On December 29, 2012, (the "Effective Date"), Globex completed the reorganization by way of a Plan of Arrangement which resulted in the transfer of cash of \$503,006, investments with a fair market value of \$72,903 and ten mining properties with a fair market value of \$6,429,175. At that date, each Globex shareholder was

eligible to redeem one old Globex share for one New Globex Common Share and one common share of CIM which resulted in the issuance of 27,896,018 CIM common shares. The CIM shares began trading on the TSX Venture Exchange on January 25, 2013, under the symbol CBG. On January 27, 2014, the legal ownership to 4,860,200 Mag Copper Ltd. shares was completed which finalized the Plan of Arrangement activities.

PROPERTY OVERVIEW:

The Illustration which follows provides an overview of the various properties in the Chibougamau Mining Camp. As properties are acquired and subdivided, the overview as presented on the Corporation’s web-site (www.chibougamaumines.com.) is updated.

Property Overview

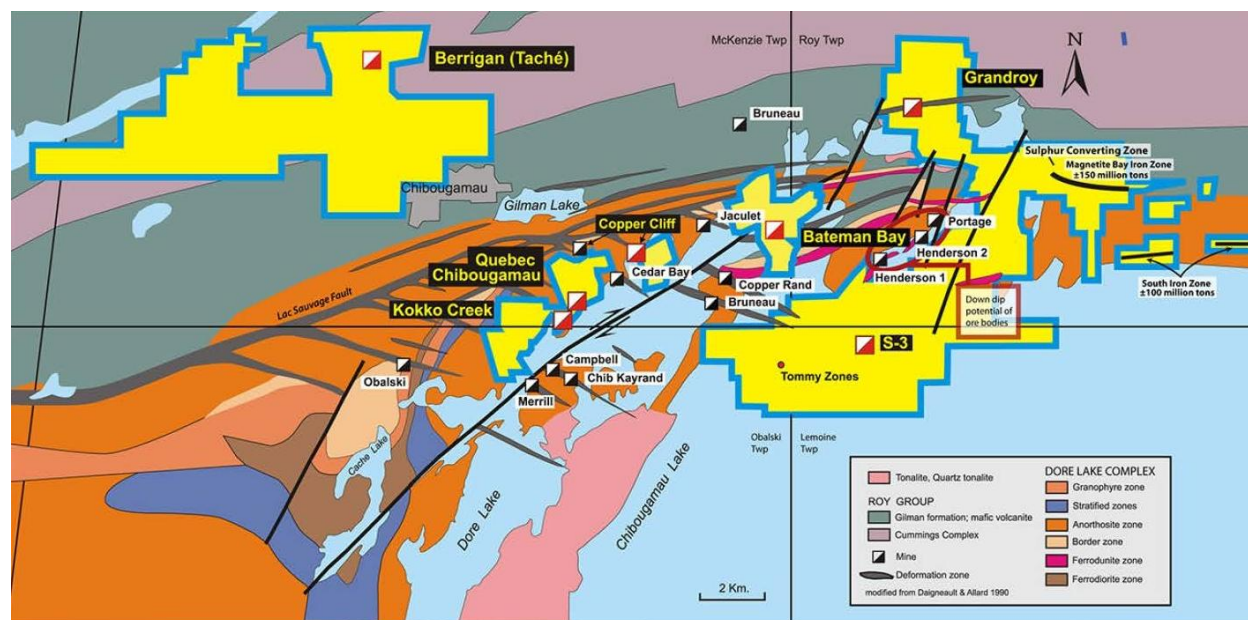


Figure 1

EXPLORATION ACTIVITIES IN 2013 and 2014:

In December 2012, CIM raised \$1,417,799 flow-through funds which financed the 2013 exploration expenditures of \$1,434,285 incurred on the various properties with the bulk of the expenditures concentrated on Bateman Bay, Berrigan South and Berrigan Mine, Lac Chibougamau, Lac Éleine (Berrigan West) and Mont Sorcier properties.

The 2013 Annual MD&A outlines the objectives and results from the drilling, line cutting, geophysical, mapping, sampling and prospecting work. It also refers to the additional details provided in the press releases which were posted on the Corporation’s web-site on February 4, April 17, September 9, September 18, October 3, and December 3, 2013.

Late in 2013, Management had hoped to raise significant exploration funds, but concluded that a financing at time would be too dilutive and therefore not in the best interests of the shareholders. In addition, we have explored various opportunities to Option or Joint Venture a number of properties.

During the six-month period ended June 30, 2014, exploration expenditures of \$34,262 were incurred on the various properties which mainly represented geology and labour costs related to completing 2013 programs and planning exploration programs for the remainder of 2014.

QUALIFIED PERSON

All scientific and technical information contained in this MD&A were prepared by the Corporation's geological staff under the supervision of R.V. Zalnieriunas, P. Geo., who is a qualified Person under NI 43-101.

SUMMARY OF QUARTERLY RESULTS

The following table shows selected results by quarter for the last eight quarters:

| | 2014 | | | | 2013 | | | | 2012 |
|------------------------------|-----------|-----------|-------------|-----------|-----------|-----------|-----------|-----------|------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | |
| Total revenues | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Total expenses | 57,312 | 77,530 | 3,089,518 | 96,056 | 199,970 | 210,247 | 40,547 | 22,000 | |
| Other income (expenses) | (48,602) | (97,201) | 48,626 | 121,519 | 48,621 | (48,602) | - | - | |
| Income (loss) ⁽¹⁾ | (98,955) | (156,198) | (2,948,537) | (41,943) | (167,304) | (321,622) | (40,547) | (22,000) | |
| Income (loss) per share | | | | | | | | | |
| - Basic and diluted | \$ (0.00) | \$ (0.01) | \$ (0.09) | \$ (0.00) | \$ (0.01) | \$ (0.01) | \$ (0.46) | \$ (0.24) | |

Note:

- (1) On September 24, 2012, the 1,000 shares which had been issued in December 2010 were cancelled as part of the implementation of the Plan of Arrangement. On December 29, 2012, 27,896,018 CIM shares were issued in connection with the Globex Plan of Arrangement and on December 31, 2012, 4,581,230 shares were issued in connection with the private placement. The income (loss) per share has been calculated on the basis of the weighted average shares outstanding in the respective periods.

The loss of \$98,955 in the second quarter of 2014 was lower than the loss of \$156,198 in the first quarter of 2014 mainly as a result of a lower decline in the fair value of financial assets as reflect in the lower other expenses.

The loss of \$156,198 in the first quarter of 2014 was lower than the loss of \$2,948,537 in the fourth quarter of 2013 mainly as a result of a reduced impairment provision. In the fourth quarter of 2013, an impairment provision of \$2,986,631 was recorded whereas in Q1 2014, the impairment provision was \$20,296. The other expense of \$97,201 in the first quarter of 2014 compare to other income of \$48,626 in the fourth quarter of 2013. The expenses in Q1 2014 reflects the decline in the fair value of equity investments.

The 2013 fourth quarter loss of \$2,948,537 was higher than the loss of \$41,943 in the third quarter of 2013. In the fourth quarter, the expenses of \$3,089,518 were \$2,993,462 higher than the third quarter expenses of \$96,056 mainly as a result of an impairment provision of \$2,986,631. The other income in the fourth quarter of \$48,626 as compared to \$121,519 in the third quarter reflects the change in the fair value of equity investments.

The loss of \$41,943 in the third quarter ended is lower than the loss of \$167,304 in the second quarter of 2013 mainly because of an increase of the fair value of financial assets in the third quarter of \$121,519 compared to an increase of \$48,602 in the second quarter. In addition, the total expenses in the third quarter were lower than the second quarter as a result of a reduction in the year to date charges for management services provided by Globex of \$120,961.

The 2013 second quarter loss of \$167,304 was lower than the loss of \$321,622 in the first quarter of 2013 mainly because of an increase in the fair value of financial assets of \$48,621 as compared to a decrease in the fair value of the financial assets which was recorded in the first quarter.

The loss of \$321,622 in the first quarter of 2013 was greater than the loss of \$40,547 in the fourth quarter of 2012 mainly as the Corporation incurred administration expenses of \$210,247 compared to \$40,547 in the fourth quarter. The expenses in the first quarter of 2013 included the costs associated with the completion of the TSXV listing which was completed on January 25, 2013. In the first quarter of 2013, a provision for income and mining taxes of \$62,773 was recorded related to flow-through shares as a result of exploration activities.

In the fourth quarter of 2012, the total expenses were \$40,547 as compared to \$22,000 in the third quarter. The increase of \$18,547 reflects Officers and Directors insurance of \$11,950 as well as other administrative expenses.

The losses of \$22,000 in the third quarter of 2012 represent expenses related to the preparation of the Corporation to be "Spun-Out" by Globex.

RESULTS OF OPERATIONS FOR THE THREE-MONTHS AND SIX-MONTHS ENDED JUNE 30, 2014

Total expenses (Three month-period ended June 30, 2014 - \$57,312; June 30, 2013 – \$199,970; Six-month period ended June 30, 2014 -\$134,842; June 30, 2013 - \$410,217).

In the second quarter of 2014, the total expenses were \$57,312 compared to \$199,970 in 2013. The lower expenses in 2014 reflect a lower level of activities and a reduction of management services in 2014 of \$114,000.

During the six-month period ended June 30, 2014, the total expenses were \$134,842 as compared to \$410,217 in the comparable period in 2013. The reduction of \$275,375 reflects a lower level of activities as reflected in a reduction in management services of \$216,000.

The following paragraphs provide an overview of the nature of the expense incurred in the second quarter of 2014 and during the six-month period ended June 30, 2014:

Administration

- During the second quarter of 2014, the administration expenses of \$4,067 reflect translation costs, office supplies and insurance & other administrative expense which reflect a reduction of \$9,593 from the comparable period in 2013. The majority of the reduction relates to \$7,942 of accrued Part XII.6 tax in 2013 related to flow-through expenses. No flow-through exploration expenses were incurred in 2014.
- During the six-month period ended June 30, 2014, the administration expenses totaled \$14,290 as compared to \$23,915 in the comparable period in 2013. The majority of the reduction relates to reduced advertising & promotion and Part XII.6 tax related to flow-through expenses.

Transfer Agent and filing fees

- During the second quarter of 2014, transfer agent fees and filing fees were \$6,339 as compared to \$14,740 in 2013, which mainly represents fees associated with the Corporation's Annual Meeting.

- During the six-month period ended June 30, 2014, the transfer agent and filing fees totaled \$20,116 as compared to \$56,572 which included initial listing fees, annual filing fees and expenses associated with the Corporation's Annual meeting. The 2013 expenses also included one-time set up costs as the Corporation's shares were listed.

Legal

- The legal expenses of \$4,034 represent costs incurred to prepare materials for the Corporation's annual meeting. The expenses are \$13,086 lower than the \$17,120 incurred in the comparable period in 2013 as those expenses included costs incurred to prepare the initial annual meeting materials as well as final expenses related to the 2012 "Spin Out" with Globex Mining Enterprises Inc.
- During the six-month period ended June 30, 2014, the legal expenses totaled \$7,268 as compared to \$58,410. The 2013 expenses were higher as they also included final expenses related to the 2012 "Spin Out".

Management services

- The Management Services fees of \$12,000 in the three-month period ended June 30, 2014 represent the charges under the Management Services Agreement with Globex and they are lower by \$114,000 from the comparable period in 2013 as the activity levels were very limited in the current period whereas in the second quarter of 2013, a number of management processes were being developed to support the "start-up" of the Corporation as a listed Issuer.
- The Management Services fees for the six-month period ended June 30, 2014 were \$36,000 as compared to \$252,000 in the six-month period ended June 30, 2013 with the reduction reflecting the lower level of activities within the Corporation during the first six months of 2014.

Share-based compensation

- The share based compensation expense of \$23,298 represents the fair value (fair value of \$0.055 per share) of 425,000 options which were issued (immediately vested) on June 17, 2014 to an employee and director. No options were issued in the comparable three-month and six-month periods ended June 30, 2013.

Impairment of mineral properties and deferred exploration expenses

- For the three months ended June 30, 2014, general exploration expenditures of \$1,585 and for the six-month period ended June 30, 2014, \$21,881 were written off in accordance with the Corporation's accounting policy.

Other income (expenses)

- The other expenses of \$48,602 in the three-month period ended June 30, 2014 (\$48,602 income – June 30, 2013) represent the change in the fair value of the 4,860,200 Mag Copper Ltd. shares which were transferred to CIM under the Plan of Arrangement.
- In the six-month period ended June 30, 2014, the Corporation recorded a decrease in the fair value of financial assets of \$145,806 which reflects the decline in the fair value of the 4,860,200 Mag Copper Ltd. shares from \$0.05 per share at December 31, 2013 to \$0.02 per share at June 30, 2014. In 2013, an increase in the fair

value had been recorded in the first quarter followed by an equal decline in the second quarter resulting in no change during the six-month period in 2013.

Income and mining taxes (recovery)

- During the second quarter of 2014, a recovery of income and mining taxes of \$6,959 (June 30, 2013 – provision of \$15,954) was recorded which resulted in a year to date recovery of \$25,492 (provision for the six month period ended June 30, 2013 of \$78,727). The recovery in 2014 mainly reflects the deferred tax impact of the change in the fair value of the financial assets whereas the provision in 2013 reflects the deferred tax impact of qualified Canadian exploration expenditures renounced to subscribers.

FINANCIAL POSITION – JUNE 30, 2014

Total assets

At June 30, 2014, total assets of \$5,400,734 reflect a decrease of \$297,638 from \$5,698,372 at December 31, 2013. The change mainly reflects the impact of the loss in the six-month period.

Liabilities

At June 30, 2014, CIM had total current liabilities of \$16,202 (December 31, 2013 - \$56,488). The reduction is mainly a result of the settlement of trade payables.

Deferred tax liabilities

Deferred tax liabilities were reported at \$355,466 as compared to \$380,963 at December 31, 2013. These liabilities represent management's best estimate of future taxes that will be payable if income is earned, based on substantially enacted legislation as well as current operating plans and tax strategies. The components of the liability are reflected in Note 11 to the financial statements.

Owners' equity

Owners' equity of the Corporation consists of Common Shares, Contributed Surplus, and the Deficit which totaled \$5,029,066 at June 30, 2014 (December 31, 2013 - \$5,260,921). The reduction reflects the loss of \$255,153 in the first six months of 2014.

Common Shares

At June 30, 2014, the Corporation had 32,477,248 common shares outstanding which is unchanged from December 31, 2013.

Liquidity, working capital and cash flow

At June 30, 2014, the Corporation had cash and cash equivalents of \$33,806 (December 31, 2013 - \$170,798).

The Corporation had working capital (based on current assets minus current liabilities) of \$142,335 at June 30, 2014 (December 31, 2013 - \$412,410).

During the first six months of 2014, \$89,665 (June 30, 2013 - \$410,198) were used in operating activities and \$12,723 (June 30, 2013 - \$11,529) were used in changes in non-cash operating working capital items. During the six-month period, \$34,604 (June 30, 2013 - \$975,065) were invested in the acquisition of properties and deferred exploration expenses.

These operating and investing activities resulted in a net decrease in the cash and cash equivalents of \$136,992 in the first six months of 2014 compared to a decrease of \$1,396,792 in the comparable period in 2013.

CIM does not have any long-term debt or similar contractual commitments.

FINANCIAL INSTRUMENTS

Capital risk management

The Corporation manages its common shares, stock options, warrants retained earnings (deficit) as capital. Its principal source of cash is from the issuance of common shares. The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern while it pursues its objective of evaluating, enhancing the value and acquiring additional properties or business assets.

The Corporation manages the capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, CIM may attempt to issue new shares. In order to maximize ongoing exploration efforts, CIM does not pay dividends.

The Corporation's investment policy is to invest its short-term excess cash in highly-liquid short-term interest-bearing investments with short-term maturities, selected with regards to the expected timing of expenditures related to continuing operations.

Financial risk management objectives

The Corporation's financial instruments are exposed to certain financial risks including credit risk, liquidity risk, and interest rate risk.

(a) Credit Risk

The Corporation had cash and cash equivalents of \$33,806 at June 30, 2014 (December 31, 2013 - \$170,798). These funds are subject to a combination of the \$100,000 maximum guarantee per individual institution as provided by the Canadian Deposit Insurance Corporation ("CDIC"), a federal Crown Corporation.

The Corporation does not believe that it is subject to any significant concentration of credit risk. Cash and Cash equivalents are in place with major financial institutions.

The maximum exposure to credit risk was:

| | June 30, 2014 | December 31, 2013 |
|----------------------------------|--------------------------|----------------------|
| Cash and cash equivalents | \$ 33,806 | \$ 170,798 |
| Investments | 97,204 | - |
| -Taxes receivable ⁽¹⁾ | 17,972 | 45,683 |
| Distribution receivable | - | 243,010 |
| | \$ 148,982 | \$ 459,491 |

- 1) Taxes receivable of \$17,972 (December 31, 2013 - \$45,683) represent G.S.T. and Q.S.T. recoverable and therefore are not subject to credit risks.

(b) Liquidity Risk

Liquidity risk represents the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk through its capital structure and by continuously monitoring actual and projected cash flows. The Corporation finances its exploration activities through flow-through shares, operating cash flows and the utilization of its liquidity reserves.

The Board of Directors reviews and approves the Corporation's operating and capital budgets, as well as any material transaction out of the ordinary course of business.

(c) Equity market risk

Equity market risk is defined as the potential adverse impact on the Corporation's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Corporation closely monitors the general trends in the stock markets and individual equity movements, and determines the appropriate course of action to be taken.

The Corporation currently holds investments which were transferred from Globex under the Plan of Arrangement. Based on the fair market value of the investments of \$97,204 at June 30, 2014, a 10% increase or decrease would impact Income and Loss by \$9,720.

(d) Fair value measurements recognized in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable data (unobservable inputs).

| June 30, 2014 | Level 1 | | Level 2 | | Level 3 | | Total Financial Assets at fair value |
|----------------------|---------|---|---------|--------|---------|---|--------------------------------------|
| Financial assets | | | | | | | |
| Equity investments | \$ | - | \$ | 97,204 | \$ | - | \$ 97,204 |
| | \$ | - | \$ | 97,204 | \$ | - | \$ 97,204 |

The fair value of the equity investments has been measured using the quoted price of the related shares on the market which has been determined non-active.

| December 31, 2013 | Level 1 | | Level 2 | | Level 3 | | Total Financial Assets at fair value |
|--|---------|---|---------|---------|---------|---|--------------------------------------|
| Financial assets | | | | | | | |
| Distribution receivable (Equity investments) | \$ | - | \$ | 243,010 | \$ | - | \$ 243,010 |
| | \$ | - | \$ | 243,010 | \$ | - | \$ 243,010 |

OUTSTANDING SHARE DATA

At June 30, 2014 and December 31, 2013, the Corporation had 32,477,248 common shares outstanding. In addition, at June 30, 2014, the Corporation had 1,960,400 stock options (December 31, 2013 -1,810,400) for fully diluted common share capital of 34,437,648.

At June 30, 2014 and August 14, 2014, in addition to the 1,960,400 options outstanding, 1,246,070 (December 31, 2013 - 1,396,070) options were available to be granted. As at August 14, 2014, 32,477,248 commons shares were outstanding for fully diluted common share capital of 34,437,648.

RISKS AND UNCERTAINTIES

The Corporation, like all other mining exploration companies, is exposed to a variety of financial and environmental risks as well as operational and safety risks related to the very nature of its activities. It is also subject to risks related to other factors, such as metal prices and financial market conditions. Further details with respect to the following risks were outlined in the Corporation's December 31, 2013 Annual MD&A.

- (a) Financing Risk
- (b) Cash Flow
- (c) Permits and licenses
- (d) Government Regulations
- (e) Environmental Risks
- (f) Exploration and Development Risks
- (g) Title Matters

In the June 2014 Budget, the Quebec Government presented changes to the "flow-through" share regime which could result in a reduction in the deductions available to Quebec investors. The deductions would be allocated as follows:

- A base deduction of 100% of Canadian exploration expenses or Canadian developments expenses;
- Where the investor is an individual residing in Quebec, in addition to the base deduction of 100%:

- In the case of mining exploration expenses are incurred in Quebec:
 - an initial additional deduction of 10%,
 - a second additional deduction of 10% for surface expenses.

The new tax regime reduces the additional deductions to 20% rather than the 50% compared with the previous tax regime. This proposals could adversely impact CIM's success in raising "flow-through" funds in the future.

RELATED PARTY INFORMATION

The Corporation is considered a related party with Globex Mining Enterprises Inc. as Management consisting of the President and CEO, Executive Vice-President and Chief Financial Officer hold the same positions with both entities. In addition, the President and CEO holds a large number of common shares of both organizations and therefore can significantly influence the operations of both entities. Currently, CIM is dependent upon management services provided by Globex as described below.

Management Services

On December 29, 2012, CIM entered into a Management Services Agreement with Globex under which the Corporation would receive management services including administrative, compliance, corporate secretarial, risk management support and advisory services.

The Management services charges of \$12,000 during the three-month period ended June 30, 2014 (June 30, 2013 - \$126,000) represent Globex's estimate of the specific costs related to performing these services plus a mark-up in accordance with the Management Services Agreement. The Management services costs were \$36,000 (2013 - \$252,000) in the six-month period ended June 30, 2014. The costs are dramatically reduced in the three-month and six-month periods in 2014 as the activity levels were significantly reduced due CIM's lack of exploration funds.

Director and Management Compensation

None of the Directors or Management received any remuneration or benefits in these roles during either of the three-month or six-month periods ended June 30, 2014 or June 30, 2013.

During the three-month period ended June 30, 2014, Ray Zalnieriunas an independent director, provided no geological consulting services to the Corporation whereas in the comparable period in 2013, he earned fees totaling \$10,980. In the three-month period ended June 30, 2014, Sam Bosum, an independent director, provided no services to the Corporation through his corporation, Native Exploration Services whereas in the comparable period in 2013 he earned \$7,360 for line cutting services.

During the six-month period ended June 30, 2014, Ray Zalnieriunas earned fees totalling \$17,152 (June 30, 2013 - \$17,534). These charges represented the fair market value for similar services.

OUTLOOK

Following the Quebec election earlier this year, we hope that the Government's attitude will begin to be more mining friendly. Major producing mining companies are currently focussed on reducing their operating costs and maximizing the return to shareholders while the junior mining sector continues to face challenges in raising funds.

As previously reported, the exploration activities for 2013 were successful and the Corporation has met all of its assessment requirements for 2014 and 2015.

In the first quarter of 2014, the Corporation developed a range of exploration strategies and options, ranging between: (a) limited activities with no drilling, (b) limited drilling and (c) a variety of activities including some drilling on all of the properties. At that time, it was recognized that the ultimate program would depend upon completing a financing.

Based on the current proposed financing which would generate \$600,000, the funds would be used to drill previously defined copper gold targets, stripping to test the potential extension to surface of a zone of copper gold mineralization and to trench and assay, on a systematic basis, areas of massive iron, titanium and vanadium mineralization at our historical Mont Sorcier deposit east of Chibougamau.

These options reflect the current economic uncertainties and market challenges which may impede the speed at which plans can be executed. In addition to exploring these properties, the Corporation is considering optioning some properties to third parties.

ADDITIONAL INFORMATION

This analysis should be read in conjunction with the comparative financial statements for the year ended December 31, 2013 and the year ended December 31, 2012 and additional information about the Corporation which is available on SEDAR at www.sedar.com. Further, the Corporation posts all publicly filed documents, including this MD&A on its website, www.chibougamaumines.com, in a timely manner.

If you would like to obtain, at no cost to you, a copy of the 2013 MD&A, then please send your request to:

Chibougamau Independent Mines Inc.
86, 14th Street, Rouyn-Noranda, Quebec J9X 2J1
Telephone: 819.797.5242 Fax: 819.797.1470
Email: info@chibougamaumines.com

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The financial statements and other financial information contained in this MD&A are the responsibility of CIM's management and have been approved by the Board of Directors on August 14, 2014.

CHIBOUGAMAU INDEPENDENT MINES INC.

Interim Condensed Statements of Loss and Comprehensive Loss

(Unaudited - In Canadian dollars)

| | Notes | Three months ended June 30, | | Six months ended June 30, | |
|--|-------|--------------------------------|--------------|------------------------------|--------------|
| | | 2014 | 2013 | 2014 | 2013 |
| Continuing operations | | | | | |
| Expenses | | | | | |
| Administration | 12 | \$ 4,067 | \$ 13,660 | \$ 14,290 | \$ 23,915 |
| Transfer agent and filing fees | | 6,339 | 14,740 | 20,116 | 56,572 |
| Legal | | 4,034 | 17,120 | 7,268 | 58,410 |
| Audit and accounting | | 6,000 | 28,450 | 12,000 | 31,950 |
| Management services | 15 | 12,000 | 126,000 | 36,000 | 252,000 |
| Other professional | | - | - | - | (12,630) |
| Share-based compensation | 14 | 23,298 | - | 23,298 | - |
| Impairment of mineral properties and deferred exploration expenses | 7, 8 | 1,585 | - | 21,881 | - |
| Gain on foreign exchange | | (11) | - | (11) | - |
| | | 57,312 | 199,970 | 134,842 | 410,217 |
| Loss from operations | | (57,312) | (199,970) | (134,842) | (410,217) |
| Other income (expenses) | | | | | |
| Interest income | | - | 19 | 3 | 19 |
| Increase (decrease) in fair value of financial assets | | (48,602) | 48,602 | (145,806) | - |
| | | (48,602) | 48,621 | (145,803) | 19 |
| Loss before taxes | | (105,914) | (151,349) | (280,645) | (410,198) |
| Income and mining taxes (recovery) | 11 | (6,959) | 15,954 | (25,492) | 78,727 |
| Loss and comprehensive loss for the period | | \$ (98,955) | \$ (167,303) | \$ (255,153) | \$ (488,925) |
| Loss per common share | | | | | |
| Basic and diluted | 13 | \$ (0.00) | \$ (0.01) | \$ (0.01) | \$ (0.02) |
| Weighted average number of common shares outstanding | | | | | |
| | | 32,477,248 | 32,477,248 | 32,477,248 | 32,477,248 |
| Shares outstanding at end of period | | 32,477,248 | 32,477,248 | 32,477,248 | 32,477,248 |

The accompanying notes are an integral part of these financial statements

CHIBOUGAMAU INDEPENDENT MINES INC.
Interim Condensed Statements of Cash Flows
(Unaudited - In Canadian dollars)

| | | Six months ended | |
|--|-------|-------------------------|---------------------|
| | Notes | 2014 | June 30, |
| | | | 2013 |
| Operating activities | | | |
| Loss and comprehensive loss for the period | | \$ (255,153) | \$ (488,925) |
| Adjustments for: | | | |
| Share-based compensation | | 23,298 | - |
| Decrease in fair value of financial assets | | 145,806 | - |
| Impairment of mineral properties and deferred exploration expenses | 7, 8 | 21,881 | - |
| Deferred income and mining taxes | | (25,492) | 78,727 |
| Income and mining taxes paid | | (5) | - |
| | | (89,665) | (410,198) |
| Changes in non-cash operating working capital items | 16 | (12,723) | (11,529) |
| | | (102,388) | (421,727) |
| Investing activities | | | |
| Acquisition of mineral properties | 7 | (342) | (350,000) |
| Deferred exploration expenses | 8 | (34,262) | (625,065) |
| | | (34,604) | (975,065) |
| Net decrease in cash and cash equivalents | | (136,992) | (1,396,792) |
| Cash and cash equivalents, beginning of period | | 170,798 | 2,532,054 |
| Cash and cash equivalents, end of period | | \$ 33,806 | \$ 1,135,262 |
| Cash and cash equivalents | | \$ 33,806 | \$ 342,528 |
| Cash reserved for exploration | | - | 792,734 |
| | | \$ 33,806 | \$ 1,135,262 |

Supplementary cash flows information (note 16)

The accompanying notes are an integral part of these financial statements

CHIBOUGAMAU INDEPENDENT MINES INC.**Interim Condensed Statements of Financial Position**
(Unaudited - In Canadian dollars)

| | Notes | June 30, 2014 | December 31, 2013 |
|--|-------|---------------------|----------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 4 | \$ 33,806 | \$ 170,798 |
| Investments | 5 | 97,204 | - |
| Taxes receivable | | 17,972 | 45,683 |
| Distribution receivable | 6 | - | 243,010 |
| Prepaid expenses | | 9,555 | 9,407 |
| | | 158,537 | 468,898 |
| Mineral properties | 7 | 3,882,162 | 3,881,820 |
| Deferred exploration expenses | 8 | 1,360,035 | 1,347,654 |
| | | \$ 5,400,734 | \$ 5,698,372 |
| Liabilities | | | |
| Current liabilities | | | |
| Payables and accruals | 9 | \$ 16,202 | \$ 56,488 |
| | | 16,202 | 56,488 |
| Deferred income tax | 11 | 355,466 | 380,963 |
| Owners' equity | | | |
| Common shares | 14 | 8,554,690 | 8,554,690 |
| Deficit | | (3,799,012) | (3,543,859) |
| Contributed surplus - equity settled reserve | | 273,388 | 250,090 |
| | | 5,029,066 | 5,260,921 |
| | | \$ 5,400,734 | \$ 5,698,372 |

The accompanying notes are an integral part of these financial statements

Approved by the board

"Jack Stoch"

Jack Stoch, Director

"Dianne Stoch"

Dianne Stoch, Director

CHIBOUGAMAU INDEPENDENT MINES INC.
Interim Condensed Statements of Equity
(Unaudited - In Canadian dollars)

| | Notes | Six months ended 2014 June 30, | 2013 | Year ended December 31, 2013 |
|---|-------|--------------------------------------|--------------|------------------------------------|
| Common shares | | \$ 8,554,690 | \$ 8,554,690 | \$ 8,554,690 |
| Warrants | | | | |
| Beginning of period | | \$ - | \$ 183,249 | \$ 183,249 |
| Expired warrants | 14 | - | - | (183,249) |
| End of period | | \$ - | \$ 183,249 | \$ - |
| Contributed surplus - equity settled reserve | | | | |
| Beginning of period | | \$ 250,090 | \$ - | \$ - |
| Share-based compensation and payments | | 23,298 | - | 66,841 |
| Expired warrants | | - | - | 183,249 |
| End of period | | \$ 273,388 | \$ - | \$ 250,090 |
| Deficit | | | | |
| Beginning of period | | \$ (3,543,859) | \$ (64,453) | \$ (64,453) |
| Loss and comprehensive loss for the period | | (255,153) | (488,925) | (3,479,406) |
| End of period | | \$ (3,799,012) | \$ (553,378) | \$ (3,543,859) |
| Total Equity | | \$ 5,029,066 | \$ 8,184,561 | \$ 5,260,921 |

The accompanying notes are an integral part of these financial statements

Notes to the Interim Condensed Financial Statements

Periods ended June 30, 2014 and 2013

(in Canadian dollars)

1. General business description

Chibougamau Independent Mines Inc. (the "Corporation", "CIM") was incorporated under the Canada Business Corporations Act on December 13, 2010, as a wholly-owned subsidiary of Globex Mining Enterprises Inc. ("Globex") with the intention of acquiring and developing all of the exploration activities carried out by Globex in the Chibougamau Mining District of Québec.

On September 10, 2012, Globex and CIM entered into an Arrangement which resulted in the reorganization of the Corporation's capital and the receipt of cash and cash equivalents, certain investments held by Globex as well as the transfer of ten properties from Globex to CIM subject to a 3% "gross metal royalty" in favour of Globex.

On December 29, 2012, (the "Effective Date"), Globex completed the reorganization by way of a Plan of Arrangement under the Business Corporations Act (Québec) which resulted in the transfer of cash of \$503,006, investments with a fair market value of \$72,903 and ten mining properties with a fair market value of \$6,429,175.

CIM is a natural resources exploration and development corporation, with properties, located in the area of Chibougamau, Quebec. It holds exploration properties that were transferred from Globex as of December 29, 2012.

The CIM shares trade on the TSX Venture Exchange under the symbol CBG and on the Stuttgart exchange under the symbol CLL. The Corporation's head office and principal business offices are located at 86, 14th Street, Rouyn-Noranda, Québec, J9X 2J1.

2. Basis of presentation and going concern

Basis of Presentation

These interim condensed financial statements were prepared on a going concern basis, under the historical cost basis, as modified by the revaluation of financial assets and financial liabilities at fair value through the statement of loss. All financial information is presented in Canadian dollars.

The Corporation's ability to continue as a going concern depends on its ability to realize its assets and to obtain additional financing. While it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. The application of International Financial Reporting Standards (IFRS) on a going concern basis may be inappropriate, since there is a doubt as to the appropriateness of the going concern assumption.

The recoverability of amounts shown for mineral properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Corporation's interest in the underlying mineral claims, the ability of the Corporation to obtain necessary financing to complete the development, and future profitable production or proceeds from the disposal thereof.

2. Basis of presentation and going concern (continued)

These interim condensed financial statements have been prepared on a going-concern basis which contemplates that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. This assumption is based on the current net assets of the Corporation and management's current operating plans.

These interim condensed financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported amounts of revenues and expenses and the classification of statement of financial position items if the going concern assumption was deemed inappropriate, and these adjustments could be material. Management did not take these adjustments into account as it believes in the validity of the going concern assumption.

Statement of Compliance

These interim condensed financial statements have been prepared by Management in accordance with *IAS 34 Interim Financial Reporting*. The disclosure contained in these interim condensed financial statements does not include all the requirements in *IAS 1, Presentation of Financial Statements*. Accordingly, the interim condensed financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2013.

The preparation of interim condensed financial statements in accordance with *IAS 34* requires the use of certain critical judgments and accounting estimates. It also requires management to exercise judgment when applying the Corporation's accounting policies.

The Corporation's Board of Directors approved these interim condensed financial statements for the periods ended June 30, 2014 and June 30, 2013 on August 14, 2014.

3. Summary of significant accounting policies

(a) New and revised International Financial Reporting Standards issued, adopted

These interim condensed financial statements have been prepared using the same accounting policies and methods of computation as the annual financial statements (Note 4) of the Corporation for the year ended December 31, 2013 with the exception that the Corporation has adopted the following standards which are effective for annual periods on or after January 1, 2014:

Amendments to IAS 36, Impairment of Assets:

In May 2013, the IASB adopted amendments that more accurately reflect the IASB's previous decision to require:

- the disclosure of the recoverable amount of impaired assets; and
- additional disclosures about the measurement of the recoverable amount of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount.

The amendments are effective for annual periods on or after January 1, 2014. This amendment did not have an impact on the Corporation's interim condensed financial statements.

3. Summary of significant accounting policies (continued)

IFRIC 21 - Levies:

This new interpretation was issued by the IASB in May 2013. IFRIC 21 provides guidance on the accounting for levies within the scope of *IAS 37 - Provisions, Contingent Liabilities and Contingent Assets*.

The main features of IFRIC 21 are as follows:

- defines a levy as an outflow of resources or economic benefits that is imposed by governments in accordance with laws and/or regulations, other than (a) those within the scope of *IAS 12 Income Taxes* and (b) fines or other penalties that are imposed for breaches of the legislation.
- the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation; and
- the liability to pay a levy is recognized progressively if the obligating event occurs over a period of time.

This interpretation is effective for annual periods on or after January 1, 2014. This interpretation did not have an impact on the Corporation's interim condensed financial statements.

(b) New and revised International Financial Reporting Standards issued, but not yet effective

Certain new standards, interpretations, amendments and improvements to existing standards are not yet effective, and have not been applied in preparing these interim condensed financial statements.

IFRS 9 – Financial Instruments (replacement of IAS 39):

In July 2014, the IASB completed the final element of the comprehensive responses to the financial crisis with the publication of *IFRS 9 Financial Instruments*. The package of improvements introduced to IFRS 9 includes a logical model for classification and measurement, a single, forward – looking “expected loss” impairment model and a substantially reformed approach to hedge accounting.

The IASB has previously published versions of IFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). The July 2014 publication represents the final version of the Standard, replaces earlier versions of IFRS 9 and completes the IASB's project to replace *IAS 39 Financial Instruments: Recognition and Measurement*.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted. Management is in the process of evaluating the impacts of this standard.

4. Cash and cash equivalents

| | June 30, 2014 | December 31, 2013 |
|---------------|------------------|----------------------|
| Bank balances | \$ 33,806 | \$ 170,798 |

5. Investments

| | June 30, 2014 | December 31, 2013 |
|-----------------------------------|------------------|----------------------|
| Equity investments ⁽ⁱ⁾ | \$ 97,204 | \$ - |

(i) Represents the fair market value of 4,860,200 Mag Copper Ltd. shares received under the Plan of Arrangement.

6. Distribution receivable

| | June 30, 2014 | December 31, 2013 |
|-------------|------------------|----------------------|
| Investments | \$ - | \$ 243,010 |

The transfer of the legal ownership of 4,860,200 Mag Copper Ltd. shares was completed on January 27, 2014 eliminating the distribution receivable.

7. Mineral Properties

| | December 31, 2013 | Additions 2014 | Impairment and write-offs 2014 | June 30, 2014 |
|---|----------------------|-------------------|--------------------------------------|------------------|
| Bateman Bay | \$ 647,058 | \$ - | \$ - | \$ 647,058 |
| Berrigan South and Berrigan Mine | 1,081,962 | - | - | 1,081,962 |
| Lac Chibougamau | 1,657,935 | - | - | 1,657,935 |
| Copper Cliff Extension | 18,375 | - | - | 18,375 |
| Grandroy | 69,675 | - | - | 69,675 |
| Kokko Creek | 64,650 | - | - | 64,650 |
| Lac Éline (Berrigan West) | 141,377 | 123 | - | 141,500 |
| Lac Antoinette | 81,297 | - | - | 81,297 |
| Mont Sorcier (Sulphur Converting Property and Magnetite Bay) | 52,091 | 219 | - | 52,310 |
| Québec Chibougamau Goldfields | 63,500 | - | - | 63,500 |
| Virginia Property | 3,900 | - | - | 3,900 |
| | \$ 3,881,820 | \$ 342 | \$ - | \$ 3,882,162 |

| | December 31, 2012 | Additions 2013 | Impairment and write-offs 2013 | December 31, 2013 |
|---|----------------------|-------------------|--------------------------------------|----------------------|
| Bateman Bay | \$ 1,220,000 | \$ - | \$ (572,942) | \$ 647,058 |
| Berrigan South and Berrigan Mine | 1,885,150 | 82,124 | (885,312) | 1,081,962 |
| Lac Chibougamau | 3,070,000 | 29,681 | (1,441,746) | 1,657,935 |
| Copper Cliff Extension | 18,375 | - | - | 18,375 |
| Grandroy | 53,250 | 16,425 | - | 69,675 |
| Kokko Creek | 63,000 | 1,650 | - | 64,650 |
| Lac Éline (Berrigan West) | - | 141,377 | - | 141,377 |
| Lac Antoinette | - | 81,297 | - | 81,297 |
| Mont Sorcier (Sulphur Converting Property and Magnetite Bay) | 52,000 | 91 | - | 52,091 |
| Québec Chibougamau Goldfields | 63,500 | - | - | 63,500 |
| Virginia Property | 3,900 | - | - | 3,900 |
| | \$ 6,429,175 | \$ 352,645 | \$ (2,900,000) | \$ 3,881,820 |

8. Deferred exploration expenses

| | December 31, | Additions | Impairment and write-offs | June 30, |
|----------------------------------|--------------|-----------|------------------------------|--------------|
| | 2013 | 2014 | 2014 | 2014 |
| Bateman Bay | \$ 256,042 | \$ 352 | \$ - | \$ 256,394 |
| Berrigan South and Berrigan Mine | 329,948 | 620 | - | 330,568 |
| Lac Chibougamau | 270,910 | 7,724 | - | 278,634 |
| Copper Cliff Extension | 25,211 | - | - | 25,211 |
| Grandroy | 67,340 | 29 | - | 67,369 |
| Kokko Creek | 86,677 | - | - | 86,677 |
| Lac Éleine (Berrigan West) | 119,522 | 585 | - | 120,107 |
| Lac Antoinette | - | 242 | - | 242 |
| Mont Sorcier | 190,931 | 2,507 | - | 193,438 |
| Québec Chibougamau Goldfields | 800 | - | - | 800 |
| Virginia Property | - | 140 | - | 140 |
| Buckell Lake | 111 | - | - | 111 |
| Lac Simon | 162 | 182 | - | 344 |
| General exploration and others | - | 21,881 | (21,881) | - |
| | \$ 1,347,654 | \$ 34,262 | \$ (21,881) | \$ 1,360,035 |

The \$21,881 write-off represents general exploration expenses which have been expensed in accordance with the Corporation's exploration accounting policy.

| | December 31, | Additions | Impairment and write-offs | December 31, |
|----------------------------------|--------------|--------------|------------------------------|--------------|
| | 2012 | 2013 | 2013 | 2013 |
| Bateman Bay | \$ - | \$ 256,042 | \$ - | \$ 256,042 |
| Berrigan South and Berrigan Mine | - | 329,948 | - | 329,948 |
| Lac Chibougamau | - | 270,910 | - | 270,910 |
| Copper Cliff Extension | - | 25,211 | - | 25,211 |
| Grandroy | - | 67,340 | - | 67,340 |
| Kokko Creek | - | 86,677 | - | 86,677 |
| Lac Éleine (Berrigan West) | - | 119,522 | - | 119,522 |
| Lac Antoinette | - | - | - | - |
| Mont Sorcier | - | 190,931 | - | 190,931 |
| Québec Chibougamau Goldfields | - | 800 | - | 800 |
| Virginia Property | - | - | - | - |
| Buckell Lake | - | 111 | - | 111 |
| Lac Simon | - | 162 | - | 162 |
| General exploration and others | - | 86,631 | (86,631) | - |
| | \$ - | \$ 1,434,285 | \$ (86,631) | \$ 1,347,654 |

8. Deferred exploration expenses (continued)

Deferred exploration expenses by expenditure type

| | June 30, 2014 | December 31, 2013 |
|--|------------------|----------------------|
| Balance, beginning of year | \$ 1,347,654 | \$ - |
| Current exploration expenses | | |
| Claim staking | - | 3,250 |
| Consulting | - | 101,955 |
| Core shack, storage and equipment rental | - | 15,220 |
| Drilling | - | 384,649 |
| Equipment rental | - | 18,776 |
| Geology | 14,681 | 236,604 |
| Geophysics | - | 356,729 |
| Laboratory analysis and sampling | 28 | 87,539 |
| Labour | 10,427 | 94,502 |
| Line cutting | - | 58,001 |
| Mining property tax and permits | 4,870 | 5,965 |
| Permit - Forestry | - | 2,726 |
| Prospecting and surveying | - | 8,652 |
| Reports, maps and supplies | 2,510 | 52,220 |
| Transport and road access | 1,746 | 7,497 |
| Total current exploration expenses | 34,262 | 1,434,285 |
| Impairment and write-offs | (21,881) | (86,631) |
| Balance, end of year | \$ 1,360,035 | \$ 1,347,654 |

9. Payable and accruals

| | June 30, 2014 | December 31, 2013 |
|--|------------------|----------------------|
| Trade payables and accrued liabilities | \$ 14,932 | \$ 56,488 |
| Sundry liabilities | 1,270 | - |
| | \$ 16,202 | \$ 56,488 |

10. Other liabilities

| | June 30, 2014 | December 31, 2013 |
|---|------------------|----------------------|
| Balance, beginning of period | \$ - | \$ 327,184 |
| Reduction related to the incurrence of qualified exploration expenditures | - | (327,184) |
| Balance, end of period | \$ - | \$ - |

11. Income taxes

Income and mining taxes (recovery)

| | Three months ended | | Six months ended | |
|---|--------------------|------------------|--------------------|------------------|
| | June 30, 2014 | June 30, 2013 | June 30, 2014 | June 30, 2013 |
| Current tax expense | | | | |
| Tax expense for the current period | \$ - | \$ - | \$ 5 | \$ - |
| Deferred tax provision for income tax | (6,959) | 45,186 | (25,497) | 222,973 |
| Recovery of income and mining taxes as a result of the sale of tax benefits (flow-through shares) | - | (29,232) | - | (144,246) |
| | (6,959) | 15,954 | (25,497) | 78,727 |
| | \$ (6,959) | \$ 15,954 | \$ (25,492) | \$ 78,727 |

Deferred tax balances

| | December 31, 2013 | Recognized in income or loss | Other | June 30, 2014 |
|---|----------------------|---------------------------------|-------|------------------|
| Temporary differences | | | | |
| Deferred tax assets | | | | |
| Non-capital losses carry forward | \$ 223,221 | \$ 39,123 | \$ - | \$ 262,344 |
| Share issue expenses | 90,022 | (15,003) | - | 75,019 |
| | 313,243 | 24,120 | - | 337,363 |
| Less valuation allowance | (313,243) | (24,120) | - | (337,363) |
| Deferred tax assets | - | - | - | - |
| Financial assets at FVTPL | 22,879 | (19,611) | - | 3,268 |
| Mining properties and deferred exploration expenses | 358,084 | (5,886) | - | 352,198 |
| Deferred tax liabilities | \$ 380,963 | \$ (25,497) | \$ - | \$ 355,466 |

12. Expenses by nature

The following is a breakdown of the nature of expenses included in administration expenses.

| | Three months ended | | Six months ended | |
|---|--------------------|------------------|------------------|------------------|
| | June 30, 2014 | June 30, 2013 | June 30, 2014 | June 30, 2013 |
| Administration | | | | |
| Office supplies & maintenance | \$ 129 | \$ 2,427 | \$ 3,205 | \$ 3,220 |
| Shareholder information | 466 | 661 | 466 | 1,829 |
| Information technology | 340 | - | 2,101 | 4,566 |
| Advertising & Promotion | - | - | - | 2,276 |
| Part XII.6 Tax related to Flow-through shares | - | 7,942 | - | 7,942 |
| Insurance & other administrative expenses | 3,132 | 2,630 | 8,518 | 4,082 |
| | \$ 4,067 | \$ 13,660 | \$ 14,290 | \$ 23,915 |

13. Loss per share

The loss per common share is calculated by dividing the net loss by the weighted average number of common shares outstanding during the period. Diluted loss per common share is calculated by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding during the period, plus the effects of dilutive common share equivalents such as stock options. Diluted net loss per share is calculated using the treasury method, where the exercise of options is assumed to be at the beginning of the period and the proceeds from the exercise of options and the amount of compensation expense measured, but not yet recognized in income are assumed to be used to purchase common shares of the Corporation at the average market price during the period.

Basic and diluted loss per share

The following table sets forth the computation of basic and diluted loss per share:

| | Three months ended | | Six months ended | |
|---|--------------------|------------------|------------------|------------------|
| | June 30, 2014 | June 30, 2013 | June 30, 2014 | June 30, 2013 |
| Numerator | | | | |
| Loss for the period | \$ (98,955) | \$ (167,303) | \$ (255,153) | \$ (488,925) |
| Denominator | | | | |
| Weighted average number of common shares - basic and diluted ⁽¹⁾ | 32,477,248 | 32,477,248 | 32,477,248 | 32,477,248 |
| Loss per share | | | | |
| Basic and diluted | \$ (0.00) | \$ (0.01) | \$ (0.01) | \$ (0.02) |

(1) At June 30, 2014, stock options have not been included in the diluted loss per share as they are anti-dilutive.

14. Share capital

Authorized:

The Corporation is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series.

Common: Voting

Preferred: Issuable in series, non-voting, conditions to be determined by the Board of Directors.

(a) Issued: Common shares

| | June 30, 2014 | | December 31, 2013 | |
|--------------------------|---------------------|---------------|----------------------|---------------|
| | Number of shares | Capital Stock | Number of shares | Capital Stock |
| Fully paid common shares | 32,477,248 | \$ 8,554,690 | 32,477,248 | \$ 8,554,690 |

14. Share capital (continued)

(b) Warrants

| | June 30, 2014 | | December 31, 2013 | |
|-----------------------------------|-----------------------|---------------|-----------------------|---------------|
| | Number of warrants | Fair Value | Number of warrants | Fair Value |
| Balance, beginning of period | - | \$ - | 2,290,615 | \$ 183,249 |
| Expired warrants - ascribed value | - | - | (2,290,615) | (183,249) |
| Balance, end of period | - | \$ - | - | \$ - |

(c) Stock Options

On September 7, 2012, the CIM Directors approved the adoption of the 2012 Stock Option Plan for directors, officers, employees and consultants who share primary responsibility for the management, growth and protection of the business of the Corporation. The maximum number of shares that can be issued pursuant to the plan is a fixed number of 3,206,470.

The key terms of the plan are as follows:

- (i) The maximum number of shares that can be issued pursuant to the plan is a fixed number of 3,206,470.
- (ii) The maximum number of shares that can be reserved for issuance during any 12 month period is limited to a certain percentage, as follows, of issued and outstanding shares:
 - (a) 5% for any one optionee,
 - (b) 2% for any one consultant,
 - (c) 2% for persons conducting investor-relations.
- (iii) The option exercise price shall be fixed by the Board of Directors at the time of granting the options and shall not be less than the Market Price of the Shares, less the maximum discount permitted under the policies of the TSX Venture Exchange.
- (iv) The options are not transferable and the term cannot exceed ten (10) years.

At June 30, 2014, 1,960,400 (December 31, 2013 - 1,810,400) options were issued with a weighted average exercise price of \$0.16 per share and a weighted average remaining contractual life of 3.14 years. At that date, in addition to the 1,960,400 options outstanding, 1,246,070 (December 31, 2013 - 1,396,090) options were available to be granted.

The following is a summary of option transactions under the Plan for the relevant periods:

14. Share capital (continued)

| | June 30, 2014 | | December 31, 2013 | |
|-----------------------------------|----------------------|---------------------------------------|----------------------|---------------------------------------|
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| Balance - beginning of period | 1,810,400 | \$ 0.20 | 1,137,900 | \$ 0.27 |
| Expired | (275,000) | 0.25 | (52,500) | 0.41 |
| Granted - Directors and employees | 425,000 | 0.06 | 725,000 | 0.10 |
| Balance - end of period | 1,960,400 | \$ 0.16 | 1,810,400 | \$ 0.20 |
| Options exercisable | 1,960,400 | \$ 0.16 | 1,810,400 | \$ 0.20 |

The following table summarizes information regarding the stock options outstanding and exercisable at June 30, 2014:

| Range of prices | Number of Options Outstanding | Number of options outstanding and exercisable | Weighted average remaining contractual life (years) | Weighted average exercise price |
|-----------------|-------------------------------------|--|---|---------------------------------------|
| 0.05 - 0.08 | 425,000 | 425,000 | 4.97 | \$ 0.06 |
| 0.09 - 0.12 | 725,000 | 725,000 | 4.11 | 0.10 |
| 0.17 - 0.22 | 425,000 | 425,000 | 1.45 | 0.17 |
| 0.25 - 0.36 | 249,200 | 249,200 | 0.82 | 0.27 |
| 0.38 - 0.59 | 136,200 | 136,200 | 1.75 | 0.58 |
| | 1,960,400 | 1,960,400 | 3.14 | \$ 0.16 |

Share-based compensation

The Corporation uses the fair value method for stock options granted to directors, officers, employees and non-employees. Accordingly, the fair value of the options at the date of grant is charged to operations, with an offsetting credit to contributed surplus, over vesting periods (which can vary from immediate vesting to 3 years). If and when the stock options are exercised, the applicable amounts of contributed surplus are transferred to capital stock.

The Corporation uses the Black-Scholes model to estimate fair value using the following weighted average assumption:

| | Six months ended | |
|--|------------------|------------------|
| | June 30, 2014 | June 30, 2013 |
| Expected dividend yield | Nil | Nil |
| Expected stock price volatility | 152.0% | 155.5% |
| Risk-free interest rate | 1.31% | 1.36% |
| Expected life | 5.0 years | N/A |
| Weighted average fair value of granted options | \$0.06 | N/A |

14. Share capital (continued)

During the six-month period ended June 30, 2014, the total expense related to share-based compensation of \$23,298 (June 30, 2013 - Nil) related to 425,000 options which were issued on June 17, 2014 to employees and directors, has been recorded and presented separately in the Statements of Loss and Comprehensive Loss.

15. Related party information

The Corporation is considered a related party with Globex as Management consisting of the President and CEO, Executive Vice-President and Chief Financial Officer hold the same positions with both entities. In addition, the President and CEO holds a large number of common shares of both organizations and therefore can significantly influence the operations of both entities. Currently, CIM is dependent upon management services provided by Globex as described below.

Management Services

On December 29, 2012, CIM entered into a Management Services Agreement with Globex under which the Corporation would receive management services including administrative, compliance, corporate secretarial, risk management support and advisory services during 2013.

The Management Service fees of \$36,000 during the six-month period ended June 30, 2014 (June 30, 2013 - \$252,000) represent Globex's estimate of the specific costs related to performing these services plus a mark-up in accordance with the Management Services Agreement.

Transactions with Key Management Personnel

None of the key management personnel received any remuneration or other benefits during the six-month period ended June 30, 2014 or June 30, 2013.

16. Supplementary cash flows information

Change in non-cash working capital items

| | Six months ended | |
|---------------------------------------|------------------|------------------|
| | June 30, 2014 | June 30, 2013 |
| Taxes receivable | \$ 27,711 | \$ (65,118) |
| Distribution receivable | - | 575,936 |
| Prepaid expenses | (148) | (2,634) |
| Investment | - | (72,903) |
| Payables and accruals | (40,286) | 37,394 |
| Due to Globex Mining Enterprises Inc. | - | (484,204) |
| | \$ (12,723) | \$ (11,529) |

17. Financial instruments

Capital risk management

The Corporation manages its common shares, stock options, warrants and retained earnings (deficit) as capital. Its principal source of cash is from the issuance of common shares. The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern while it pursues its objective of evaluating, enhancing the value and acquiring additional properties or business assets. The Corporation manages the capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, CIM may attempt to issue new shares. In order to maximize ongoing exploration efforts, CIM does not pay dividends.

The Corporation's investment policy is to invest its short-term excess cash in highly-liquid short-term interest-bearing investments with short-term maturities, selected with regards to the expected timing of expenditures related to continuing operations.

Financial risk management objectives

The Corporation's financial instruments are exposed to certain financial risks including credit risk, liquidity risk, and interest rate risk.

(a) Credit Risk

The Corporation had cash and cash equivalents of \$33,806 at June 30, 2014 (December 31, 2013 - \$170,798). These funds are subject to a combination of the \$100,000 maximum guarantee per individual institution as provided by the Canadian Deposit Insurance Corporation ("CDIC"), a federal Crown Corporation.

The Corporation does not believe that it is subject to any significant concentration of credit risk. Cash and Cash equivalents are in place with major financial institutions.

The maximum exposure to credit risk was:

| | June 30, 2014 | December 31, 2013 |
|---------------------------------|-------------------|----------------------|
| Cash and cash equivalents | \$ 33,806 | \$ 170,798 |
| Investments | 97,204 | - |
| Taxes receivable ⁽¹⁾ | 17,972 | 45,683 |
| Distribution receivable | - | 243,010 |
| | <u>\$ 148,982</u> | <u>\$ 459,491</u> |

- (1) Taxes receivable of \$17,972 (December 31, 2013 - \$45,683) represent G.S.T. and Q.S.T. recoverable and therefore are not subject to credit risks.

(b) Liquidity Risk

Liquidity risk represents the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk through its capital structure and by continuously monitoring actual and projected cash flows. The Corporation finances its exploration activities through flow-through shares, operating cash flows and the utilization of its liquidity reserves.

The Board of Directors reviews and approves the Corporation's operating and capital budgets, as well as any material transaction out of the ordinary course of business.

17. Financial instruments (continued)

(c) Equity market risk

Equity market risk is defined as the potential adverse impact on the Corporation's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Corporation closely monitors the general trends in the stock markets and individual equity movements, and determines the appropriate course of action to be taken.

The Corporation currently holds investments which were transferred from Globex under the Plan of Arrangement. Based on the fair market value of the investments of \$97,204 at June 30, 2014, a 10% increase or decrease would impact Income and Loss by \$9,720.

(d) Fair value measurements recognized in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable data (unobservable inputs).

| June 30, 2014 | Level 1 | Level 2 | Level 3 | Total financial assets at fair value |
|------------------------|---------|-----------|---------|--------------------------------------|
| Financial assets | | | | |
| Equity investments | \$ - | \$ 97,204 | \$ - | \$ 97,204 |
| Total financial assets | \$ - | \$ 97,204 | \$ - | \$ 97,204 |

The fair value of the equity investments has been measured using the quoted price of the related shares on the market which has been determined non-active.

| December 31, 2013 | Level 1 | Level 2 | Level 3 | Total financial assets at fair value |
|---------------------------------------|---------|------------|---------|--------------------------------------|
| Financial assets | | | | |
| Distribution receivable (Investments) | \$ - | \$ 243,010 | \$ - | \$ 243,010 |
| Total financial assets | \$ - | \$ 243,010 | \$ - | \$ 243,010 |

18. Risk Management

The Corporation is engaged primarily in mineral exploration and manages related industry risk issues directly. The Corporation may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

19. Commitments and Contingencies

- (a) At the period end, the Corporation had no outstanding commitments other than in the normal course of business.
- (b) The Corporation's operations are subject to governmental laws and regulations regarding environmental protection. The environmental consequences are difficult to identify and it is also a challenge to anticipate the impacts of deadlines. At June 30, 2014, management believes to the best of its knowledge that CIM is in conformity with applicable laws and regulations. Restoration costs, if any, will be accrued in the financial statements and reflected in the statement of income and loss, if and when they can be reasonably estimated at that time.