CRESVAL CAPITAL CORP.
(an exploration stage company)

Financial Statements

For the Years Ended December 31, 2013 and 2012

(stated in $Cdn)

Index

I. Vellmer Inc.
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Independent Auditor's Report

To the shareholders of
Cresval Capital Corp.

Report on the Financial Statements
I have audited the accompanying financial statements of Cresval Capital Corp., which comprise the statements of financial position as at December 31, 2013 and 2012 and the statements of operations and comprehensive loss, the statements of changes in equity and the statements of cash flows for the for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion
In my opinion, these financial statements present fairly, in all material respects, the financial position of Cresval Capital Corp. as at December 31, 2013 and 2012 and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying my opinion, I draw attention to Note 1 of the financial statements which indicates that the Company has incurred losses since inception and has not yet developed self-sustaining operations. These conditions, along with other matters as set for the in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

April 25, 2014
Vancouver, Canada

"I Vellmer Inc."
Chartered Accountant

CRESVAL CAPITAL CORP.
Statements of Financial Position
(Stated in $Cdn)

As at	Note	December 31, 2013	December 31, 2012
ASSETS			
Current Assets			
Cash and cash equivalents		$ **53,269**	$ **34,396**
Other receivables		**1,973**	**11,588**
Mining tax credit receivable		**8,067**	**194,557**
Prepaid expenses and deposits		**5,067**	**2,461**
		68,376	**243,002**
Non-Current Assets			
Exploration and evaluation assets	4	**1,230,803**	**1,228,259**
Reclamation bonds	5	**15,000**	**15,000**
Property, plant and equipment	6	**10,336**	**13,645**
		1,256,139	**1,256,904**
		$ **1,324,515**	$ **1,499,906**
LIABILITIES			
Current Liabilities			
Trade and other payables		$ **44,256**	$ **175,826**
Due to related parties	9	**153,810**	**156,036**
		198,066	**331,862**
SHAREHOLDERS' EQUITY			
Share capital	7	**2,074,480**	**2,052,480**
Reserves		**205,115**	**251,276**
Deficit		**(1,153,146)**	**(1,135,712)**
		1,126,449	**1,168,044**
		$ **1,324,515**	$ **1,499,906**

Note 1 – Nature of Operations and Going Concern

These financial statements are authorized for issue by the Board of Directors on April 25, 2014

s/ *"Louis Wolfin"*
_______________________Director
Louis Wolfin

s/ *"Lee Ann Wolfin"*
_______________________Director
Lee Ann Wolfin

The accompanying notes form an integral part of these financial statements.

CRESVAL CAPITAL CORP.
Statements of Operations and Comprehensive Loss
(Stated in $Cdn)

Years ended December 31,		2013		2012
Operating Expenses				
Depreciation	$	3,309	$	4,412
Consulting and management fees		90,000		87,500
Share transfer, listing and filing fees		10,895		14,537
Office supplies and services		1,861		18,305
Professional fees		26,946		20,540
Bank charges and interest		272		1,254
Stock based compensation		-		15,058
Shareholder information and communications		2,354		8,776
Travel and entertainment		-		14,475
Operating Loss		**(135,637)**		**(184,857)**
Other Income				
Gain on settlement of debt (Note 8)		92,356		-
Interest income		1,686		140
TOTAL NET LOSS AND COMPREHENSIVE LOSS		**(41,595)**		**(184,717)**
Loss per share - basic and diluted	$	(0.01)	$	(0.01)
Weighted average number of shares – (basic and diluted)		18,746,301		18,676,006

The accompanying notes form an integral part of these financial statements.

CRESVAL CAPITAL CORP.
STATEMENTS OF CHANGES IN EQUITY
(Stated in $Cdn)

	Number of shares issued	Share Capital	Share Subscriptions Received	Share Option Reserve	Warrants Reserve	Deficit	Total Equity
		$	$	$	$	$	$
Balance, December 31, 2011	17,970,400	1,951,590	50,000	214,218	35,300	(950,995)	1,300,113
Common shares and warrants issued for cash	400,000	28,000	(50,000)	-	22,000	-	-
Common shares issued for settlement of debt	375,901	37,590	-	-	-	-	37,590
Transfer upon expiration of warrants	-	35,300	-	-	(35,300)	-	-
Stock-based compensation	-	-	-	15,058	-	-	15,058
Net loss and comprehensive loss	-	-	-	-	-	(184,717)	(184,717)
Balance, December 31, 2012	18,746,301	2,052,480	-	229,276	22,000	(1,135,712)	1,168,044
Transfer upon expiration of warrants	-	22,000	-	-	(22,000)	-	-
Transfer upon expiration of stock options	-	-	-	(24,161)	-	24,161	-
Net loss and comprehensive loss	-	-	-	-	-	(41,595)	(41,595)
Balance, December 31, 2013	18,746,301	2,074,480	-	205,115	-	(1,153,146)	1,126,449

The accompanying notes form an integral part of these financial statements.

CRESVAL CAPITAL CORP.
STATEMENTS OF CASH FLOWS
(Stated in $Cdn)

Years ended December 31,	2013	2012
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the year	$ (41,595)	$ (184,717)
Items not affecting cash:		
Depreciation	3,309	4,412
Stock-based compensation	-	15,058
Gain on settlement of debt	(92,356)	-
Cash provided by (used in) changes in non-cash working capital items:		
Other receivables	9,615	96,375
Prepaid expenses and deposits	(2,606)	189
Mining tax credit receivable	186,490	(6,977)
Accounts payable and accrued liabilities	(39,214)	(25,422)
Due to related parties	(2,226)	99,483
	21,417	**(1,599)**
INVESTING ACTIVITIES		
Exploration and evaluation asset expenditures	(2,544)	(16,629)
	(2,544)	**(16,629)**
FINANCING ACTIVITIES		
Common shares issued for cash	-	50,000
Share subscriptions received	-	(50,000)
	-	**-**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**18,873**	**(18,228)**
CASH AND CASH EQUIVALENTS, beginning of year	**34,396**	**52,624**
CASH AND CASH EQUIVALENTS, end of year	**$ 53,269**	**$ 34,396**
Supplementary Disclosure of Statements of Cash Flows Information		
Interest received (paid)	$ 1,686	$ 140
Income taxes received (paid)	$ -	$ -
Dividends received (paid)	$ -	$ -
Supplementary Disclosure of Non-Cash Financing and Investing Activities		
Issuance of common shares on settlement of debt	$ -	$ 37,590

The accompanying notes form an integral part of these financial statements.

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

Cresval Capital Corp. (the "Company") was incorporated under the laws of the Province of British Columbia, Canada on July 23, 2001. The Company is an exploration stage company engaged in the exploration for and development of base and precious metals. It holds interests in exploration properties in British Columbia, Canada, and has not yet determined whether the properties contain ore reserves which are economically recoverable. The underlying carrying value of the mineral properties interests and related deferred exploration and development expenditures is dependent upon the existence of economically recoverable reserves, confirmation of the Company's interest in the mineral claims, its ability to obtain necessary financing to complete the exploration and development, and future profitable production or proceeds from the sale of all or an interest in its mineral claims.

The Company's head office and principal place of business is Suite 900, 570 Granville Street, Vancouver, BC, Canada.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2013, the Company had a working capital deficiency of $129,690 (December 31, 2012 – working capital deficiency of $88,860) and an accumulated deficit of $1,153,146 (December 31, 2012 - $1,135,712). The Company has not yet realized any revenues from its operations. It will be required to raise new financing through the sale of shares or issuance of debt to continue with the exploration and development of its mineral properties. Although management intends to secure additional financing as may be required, there can be no assurance that management will be successful in its efforts to secure additional financing or that it will ever develop a self-supporting business. These factors together raise substantial doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 2 – BASIS OF PRESENTATION

Statement of Compliance with International Financial Reporting Standards

These financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements have been authorized for issuance by the Company's board of directors; the board of directors has the authority to amend these financial statements after issuance, if applicable.

Basis of Presentation

These financial statements are presented in Canadian dollars and have been prepared on a historical cost basis except for financial instruments which have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The policies have been consistently applied to all years presented, unless otherwise stated.

NOTE 2 – BASIS OF PRESENTATION (Continued)

Functional Currency

The presentation currency of the Company and the functional currency of the Company is the Canadian Dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions.

Significant Accounting Judgments and Estimates

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

Critical accounting judgements
Critical accounting judgments are the application of accounting policies that have been identified as being complex or involving subjective judgments or assessments. The Company did not make any critical accounting judgments during the year ended December 31, 2013.

Estimates
Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:.

- recoverability of amounts receivable which are included in the statement of financial position;
- the recoverable amount of exploration and evaluation assets;
- the provision for income taxes which is included in the statements of comprehensive loss and composition of deferred income tax assets and liabilities included in the statement of financial position;
- the inputs used in determining the net present value of the liability for asset retirement obligation included in the statement of financial position;
- the assessment of indications of impairment of each mineral property and related determination of the net realizable value and write-down of those properties;
- the amounts recorded for stock-based compensation are based on estimates. The Black Scholes model is based on estimates of assumptions for expected volatility yields and risk-free interest rates;
- Valuation of the common share and warrant components of units that the Company issued.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

Financial assets and financial liabilities are recognized on the statement of financial position when the Company becomes a party to the contractual provision of the financial instrument. The Company does not have any derivative financial instruments.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets

The Company classifies its financial assets into one of the following categories, at initial recognition depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss ("FVTPL") - This category comprises derivatives, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statement of operations. The Company did not hold any FVTPL financial assets as at December 31, 2013 and 2012.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. The Company has classified its cash and cash equivalents and other receivables as loans and receivables financial assets. Included in its other receivables are input tax credits recoverable in the amount of $nil (2012 - $9,615), which are not classified as financial instruments.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest rate method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations. The Company did not hold any held-to-maturity investments as at December 31, 2013 and 2012.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the income statement. The Company did not hold any available-for-sale investments as at December 31, 2013 and 2012.

Transactions costs associated with fair value through profit or loss financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Impairment - All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method - The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

De-recognition of financial assets - A financial asset is derecognized when the contractual right to the asset's cash flows expires, or if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the income statement. The Company did not hold any fair value through profit or loss financial liabilities as at December 31, 2013 and 2012.

Other financial liabilities **-** This category includes amounts due to related parties and trade and other payables, all of which are recognized at amortized cost.

De-recognition of financial liabilities - The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Share purchase warrants - The Company bi-furcates those units, consisting of common shares and share purchase warrants, that meet the definition of equity using the residual value approach, whereby it measures the common share component of the unit at fair value using market prices as input values and then allocates the residual value of the units over the fair value of the common shares to the warrant component. The value of the warrant component is credited to warrants reserve. When warrants are exercised, the corresponding value is transferred from warrant reserve to common stock.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Fair value hierarchy
The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:
- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs, other than quoted prices, that are observable for the asset or liability either directly; or indirectly; and
- Level 3 - inputs that are not based on observable market data.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. The Company does not hold any cash equivalents as at December 31, 2013 and 2012.

Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in mineral properties and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims and crediting all proceeds received against the cost of the related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves.

The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

Incidental revenues and operating costs are included in mineral properties and development costs prior to commercial production. Accrued tax credits on eligible exploration expenditures are accounted for as deduction from mineral properties and development costs, on a property by property basis, and will be charged to operations on the same basis as the acquisition, exploration and development expenditures. The exploration tax credits are accrued in the year when the exploration expenditures are incurred and the tax credit is applied for provided there is reasonable assurance that the tax credits will be realized.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exploration and evaluation assets (continued)

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to Mine Properties.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations.

The amounts shown for exploration assets represent net costs incurred to the date of the financial statements and do not necessarily reflect present or future values.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is based on the cost of an asset less its residual value. Depreciation is recognized in profit or loss on a declining balance basis at rates ranging from 20% to 30% per annum. Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted appropriately.

Impairment

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Share-based payment transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized as equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affect neither accounting or taxable profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes (continued)

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

Flow-through shares

Proceeds from the issuance of flow-through shares are allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares. The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow through share arrangements are renounced to investors in accordance with tax legislation. Under the liability method of accounting for income taxes, the deferred income tax liability related to the temporary difference arising at the earlier of renunciation and when the qualifying expenditures are incurred, are recorded at that time together with a corresponding recognition of the premium in the statements of loss and comprehensive loss.

Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as accretion expense.

Site restoration liability

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through deprecation using either the unit-of-production or the straight-line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. For the years presented, this calculation proved to be anti-dilutive.

Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to self-sustaining operations. The Company's comprehensive income (loss), components of other comprehensive income, and cumulative translation adjustments are presented in the statements of comprehensive income (loss) and the statements of changes in equity.

Newly adopted accounting policies adopted effective January 1, 2013
The mandatory adoption of the following new and revised accounting standards and interpretations on January 1, 2013 had no significant impact on the Company's financial statements for the current or prior years presented.

IFRS 13 *Fair Value Measurement* - IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard defines the fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also establishes disclosures about fair value measurement.

IAS 1 *Presentation of Financial Statements* - In June 2011, the IASB issued an amendment to IAS 1, which requires entities to separately present items in other comprehensive income, along with their tax effects, to be grouped into those that will or will not subsequently be reclassified to profit or loss.

Future IFRS standards and interpretations

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2013 and have not been applied in preparing these financial statements.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following standard will be effective for annual periods beginning on or after January 1, 2014:

IAS 36 *Impairment of Assets* – In May 2013, the IASB issued amendments regarding the disclosure of the recoverable amount of an asset or CGU for periods in which an impairment loss has been recognized or reversed. The amendments also address disclosure requirements applicable when an asset's or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal.

IFRIC 21 *Levies* - In May 2013, the IASB issued IFRIC 21, an interpretation of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past activity or event ("obligating event") described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The Company is currently evaluating the impact of the adoption of this interpretation on its financial statements.

The following standard will be effective for annual periods beginning on or after January 1, 2017:

IFRS 9 *Financial Instruments* - In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments that introduces new requirements for the classification and measurement of financial assets. On July 24, 2013, the IASB tentatively decided to defer mandatory effective date until the finalization of the impairment, classification and measurement requirements, with earlier adoption still permitted.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

NOTE 4 – EXPLORATION AND EVALUATION ASSETS

	Copper Claims	New Raven Claims	Aumax Claims	Total
Balance, December 31, 2011	$ 1,054,270	$ 157,360	$ -	$ 1,211,630
Acquisition	-	-	348	348
Assays and sampling	1,064	-	-	1,064
Assessment reports, drafting and maps	1,650	220	110	1,980
Camp and field supplies	26	-	115	141
Drilling and field support	2,643	-	-	2,643
Geological consulting	3,612	4,235	3,385	11,232
Miscellaneous	3,639	792	890	5,321
Travel and accommodation	-	-	877	877
BC mining tax credit	(3,790)	(1,574)	(1,613)	(6,977)
Balance, December 31, 2012	**1,063,114**	**161,033**	**4,112**	**1,228,259**
Assessment reports, drafting and maps	-	-	3,060	3,060
Geological consulting	383	-	191	574
BC mining tax credit	(115)	-	(975)	(1,090)
Balance, December 31, 2013	**$ 1,063,382**	**$ 161,033**	**$ 6,388**	**$ 1,230,803**

Copper Mineral Claims, British Columbia, Canada

By an agreement dated June 27, 2006 between the Company and Frobisher Securities Ltd. (“Frobisher”), a private company controlled by the Chief Executive Officer and a Director of the Company, the Company acquired 16 mineral claims located in the Lillooet Mining Division, British Columbia known as the Copper Mineral Claims. Pursuant to the terms of the acquisition, the Company reimbursed Frobisher its out-of-pocket costs of $38,223 (for recording costs, sampling, assays, and report preparation), and issued 1,100,000 common shares at a value of $0.15 per share ($165,000). The shares were held in escrow subject to the gradual timed release in instalments over a six year period.

The Company staked a further 13 claims, as part of the Copper Mineral Claims Property, during the year ended 2007 and a further 2 claims during the year ended December 31, 2010.

New Raven Claims, British Columbia, Canada

By an agreement dated March 31, 2008 the Company signed a mineral purchase agreement with Frobisher and with a director of a public company related by common management, pursuant to which it acquired a 100% interest in the New Raven claims in the Lillooet mining district of British Columbia for consideration of 200,000 of its common shares and a cash payment of $50,000. The acquisition of the New Raven claims from Frobisher was recognized at the carrying value and the excess of consideration paid over Frobisher’s carrying amount, $7,261 was charged against reserves.

Aumax Claims, British Columbia, Canada

In the year ended December 31, 2012, the Company acquired by staking 5 mineral claims located in the Lillooet Mining Division, British Columbia, known as the Aumax claims.

NOTE 5 – RECLAMATION BOND

The Company has hypothecated a term deposit in the amount of $15,000 (2012 - $15,000) as security to the Province of British Columbia for future mineral claims site reclamation. The Company evaluated its site restoration liability to be $nil as at December 31, 2013 (December 31, 2012 - $nil).

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

	Equipment and Vehicle $	Total $
Cost:		
December 31, 2011	24,171	24,171
Additions / disposals	-	-
December 31, 2012	24,171	24,171
Additions/disposals	-	-
December 31, 2013	**24,171**	**24,171**
Accumulated depreciation:		
December 21, 2011	6,114	6,114
Depreciation	4,412	4,412
December 31, 2012	10,526	10,526
Depreciation	3,309	3,309
December 31, 2013	**13,835**	**13,835**
Carrying amounts:		
December 31, 2011	18,057	18,057
December 31, 2012	13,645	13,645
December 31, 2013	**10,336**	**10,336**

NOTE 7 – SHARE CAPITAL

(a) Authorized: unlimited number of common shares without par value.

(b) Issued:

There were no changes in share capital during the year ended December 31, 2013.

During the year ended December 31, 2012, the Company completed a private placement of 400,000 units for consideration of $0.125 per unit, each unit consisting of one flow-through common share and one share purchase warrant exercisable at $0.30 for 2 years. 110,000 of the units were issued to the Company's president, 200,000 or the units were issued to the Company's Chief Executive Officer and 50,000 of the units were issued to a Director of the Company. The Company valued the warrant component of the units at $22,000 using the residual valuation method.

NOTE 7 – SHARE CAPITAL (Continued)

(b) Issued (continued):

Further, during the year ended December 31, 2012, the Company completed a share for debt settlement by issuing 375,901 common shares to settle $37,590 of debt owed to the Company's President and to a company related to two Directors. No warrants were issued as a part of the transaction and therefore no corresponding warrant component was valued.

(c) Stock Options

The Company established a stock option plan in 2004, under which it may grant stock options totalling in aggregate up to 10% of the Company's total number of shares issued and outstanding on a non-diluted basis. The stock option plan provides for the granting of stock options to regular employees and persons providing investor-relation or consulting services up to a limit of 5% and 2% respectively of the Company's total number of issued and outstanding shares per year. The stock options are fully vested on the date of grant, except those issued to persons providing investor-relation services, which vest over a period of one year. The option price must be greater or equal to the discounted market price on the grant date and the option expiry date can not exceed five years after the grant date.

The continuity of stock options for the years ended December 31, 2013 and 2012 is as follows:

Expiry Date	Exercise Price	Dec. 31, 2012	Granted	Exercised	Expired/ cancelled	Dec. 31, 2013
Aug. 15, 2013	$0.16	388,000	-	-	(388,000)	-
Mar. 2, 2016	$0.24	957,000	-	-	-	957,000
Feb. 28, 2017	$0.16	235,000	-	-	-	235,000
		1,580,000	-	-	(388,000)	1,192,000

Expiry Date	Exercise Price	Dec 31, 2011	Granted	Exercised	Expired/ cancelled	Dec. 30, 2012
Aug. 15, 2013	$0.16	388,000	-	-	-	388,000
Mar 2, 2016	$0.24	957,000	-	-	-	957,000
Feb. 28, 2017	$0.16	-	235,000	-	-	235,000
		1,345,000	235,000	-	-	1,580,000

All of the Company's stock options outstanding as at December 31, 2013 and 2012 were exercisable. The fair value of the 235,000 stock options granted on February 28, 2012 was $15,058 or $0.064 per stock option. The stock options were fully vested on the date of grant. The fair value of these options was determined on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 1.44%; expected life of 5 years; expected volatility of 129%; and expected dividends of $nil. The Company recorded stock-based compensation expense of $15,058 and recorded this amount in share option reserve.

NOTE 7 – SHARE CAPITAL (Continued)

(d) Warrants

The continuity of warrants for the years ended December 31, 2013 and 2012 is as follows:

Expiry Date	Exercise Price	Dec 31, 2012	Granted	Exercised	Expired/ cancelled	Dec. 30, 2013
May 24, 2013	$0.22[2]	3,375,000	-	-	(3,375,000)	-
Dec 23, 2013	$0.30	400,000	-	-	(400,000)	-
		3,775,000	-	-	(3,775,000)	-

Expiry Date	Exercise Price	Dec. 31, 2011	Granted	Exercised	Expired/ cancelled	Dec. 30, 2012
Sept 9, 2012	$0.15[1]	3,530,000	-	-	(3,530,000)	-
May 24, 2013	$0.22[2]	3,375,000	-	-	-	3,375,000
Dec 23, 2013	$0.30	-	400,000	-	-	400,000
		6,905,000	400,000		(3,530,000)	3,775,000

[1]The exercise price of 3,530,000 common share purchase warrants have been reduced from the original exercise price of $0.15 per warrant share to $0.10 per warrant share, and will apply to all warrants, with the exception of an aggregate 1,055,000 warrants issued to insiders, which remain at $0.15 per warrant share.

[2]The exercise price of 3,375,000 common share purchase warrants have been reduced from the original exercise price of $0.30 per warrant share to $0.22 warrant share, and will apply to all warrants.

NOTE 8 – SETTLEMENT OF DEBT

During the year ended December 31, 2013, the Company settled a $145,180 trade payable relating to exploration costs out of court by paying $40,000, and recognized a net gain of $92,356 on this settlement.

NOTE 9 – RELATED PARTY BALANCES AND TRANSACTIONS

a) Management transactions

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel for the years ended December 31, 2012 and 2013 are as follows

	December 31, 2013	December 31, 2012
Salaries, consulting fees and directors' fees	$ 90,000	$ 87,500
Stock-based compensation	-	8,012
	$ 90,000	$ 95,512

b) Other related party transactions

$1,334 (2012 - $4,731) was charged for office, occupancy and miscellaneous costs and salaries, and administrative services paid on behalf of the Company by Oniva International Services Corp. (``Oniva``). The Company takes part in a cost-sharing arrangement to reimburse Oniva for a variable percentage of its overhead expenses, to reimburse 100% of its out-of-pocket expenses incurred on behalf of the Company, and to pay a percentage fee based on the total overhead and corporate expenses. The arrangement may be terminated with one-month notice by either party.

c) Due to related parties

There was $2,954 due to Oniva, a private company related by common management (2012 - $2,969), $143,942 due to the president of the Company (2012 - $145,329), $1,000 due to the Company's CEO (2012 - $1,000), $2,675 due to the Company's CFO (2012 - $3,499), $2,742 due to a company related to Directors of the Company (2012 - $2,742) and $497 (2012 - $497) to the former CFO. The amounts due to related parties are non-interest bearing, unsecured and due on demand.

NOTE 10 – FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks, credit risk, liquidity risk and market risk.

a) *Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk.

NOTE 10 – FINANCIAL INSTRUMENTS (Continued)

a) Credit Risk (continued)

The Company manages credit risk, in respect of cash, by maintaining the majority of cash at high credit rated Canadian financial institutions. As at December 31, 2013, the Company had no cash or cash equivalents that exceeded the amounts covered under federal deposit insurance (December 31, 2012 - $10).

Concentration of credit risk exists with respect to the Company's cash as the majority of the amounts are held with a single Canadian financial institution. The Company manages this risk by holding the cash with a leading Canadian financial institution.

The Company's amounts receivable consist primarily of harmonized sales tax due from the federal government of Canada. As such the Company considers this risk to be minimal.

b) *Liquidity Risk*

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. The Company has cash at December 31, 2013 in the amount of $53,269 (2012 - $34,396) in order to meet short-term business requirements. At December 31, 2013, the Company had current liabilities of $198,066 (2012 - $331,862). Accounts payable have contractual maturities of approximately 30 days or are due on demand and are subject to normal trade terms. Amounts due to related parties are without stated terms of interest or repayment. The Company will be required to raise debt or equity in order to meet its ongoing operating obligations.

c) *Market Risk*

Market risk consists of interest rate risk, foreign currency risk and other price risk. These are discussed further below.

Interest Rate Risk

Interest rate risk consists of two components:

(i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's cash and cash equivalents are currently held in highly liquid short-term investments and therefore management considers the interest rate risk to be minimal.

NOTE 10 – FINANCIAL INSTRUMENTS (Continued)

c) *Market Risk (continued)*

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

At this time, the Company is not exposed to foreign currency risk.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not materially exposed to other price risk.

d) *Classification of Financial instruments*

IFRS 7 *'Financial Instruments: Disclosures'* establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has valued its cash and cash equivalents using Level 1 inputs as at December 31, 2013 at $53,269 (December 31, 2012 - $34,396). The fair value of the Company's other receivables, due to related parties and trade and other payables approximate their carrying values because of the short-term nature of these instruments.

NOTE 11 – CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes the components of shareholders' equity as well as cash and cash equivalents.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or adjust the amount of cash and cash equivalents. Management reviews the capital structure on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

NOTE 11 – CAPITAL MANAGEMENT (Continued)

As at December 31, 2013, the Company had $1,179,718 of capital (December 31, 2012 - $1,202,440), a decrease of capital of $22,722 during the year ended December 31, 2013 (2012 – decrease of $150,297).

NOTE 12 – INCOME TAXES

The potential benefit of net operating loss carry forwards has not been recognized in the financial statements since the Company cannot be assured that it is more likely than not that such benefit will be utilized in future years.

The approximate tax effects of each type of temporary difference that gives rise to deferred tax assets are as follows:

	2013	2012
Non-capital loss carry forwards	$ 277,214	$ 272,408
Resource pools	238,140	230,568
Other	5,617	4,626
	520,971	507,602
Valuation allowance	(520,971)	(507,602)
Net future income tax assets	$ -	$ -

The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the statutory income tax rate of 25.8% (2012: 25.0%) to the loss for the year ended December 31, 2013 as follows:

	2013	2012
Loss for the year before income taxes	$ 41,595	$ 184,717
Income tax rate	25.8%	25.0%
Anticipated income tax recovery	10,711	46,179
Permanent differences	2,123	1,704
Change in valuation allowance due to change in income tax rate	15,174	(33,634)
Valuation allowance	(28,008)	(14,249)
Income tax recovery	$ -	$ -

NOTE 12 – INCOME TAXES (Continued)

The Company has accumulated non-capital losses for income tax purposes of approximately $1,075,059. The losses expire in the following years:

2015	$ 42,883
2026	111,871
2027	102,197
2028	119,986
2029	117,719
2030	147,407
2031	210,756
2032	172,402
2033	49,838
	$ 1,075,059

The change in valuation allowance relating to deferred tax assets was $13,369 in fiscal year ended December 31, 2013 (2012 - $160,492)

In addition, the Company has accumulated Canadian Exploration Expenses and Canadian Development Expenses for income tax purposes of $924,816 (2012 - $922,272). The expenditures pools can be carried forward indefinitely to be applied against income of future years.

NOTE 13 – SUBSEQUENT EVENTS

The following subsequent events occurred following the year ended December 31, 2013:

- Subsequent to December 31, 2013, the Company granted 692,500 stock options to directors, officers and consultants. The stock options are exercisable at a price of $0.05 for a period of five years, expiring on February 5, 2019.