Great Thunder Gold Corp.

(An exploration stage company)

Condensed Interim Consolidated Financial Statements

(Unaudited)

July 31, 2013

Notice of No Auditor Review

The accompanying unaudited condensed interim consolidated financial statements were prepared by management and approved by the Audit Committee and the Board of Directors.

The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

Great Thunder Gold Corp.

(An exploration stage company)

Condensed Interim Consolidated Statements of Financial Position

(Unaudited)

	July 31, 2013	April 30, 2013
ASSETS		
Current assets		
Cash	$ 93,782	$ 53,995
Accounts receivable	788	-
Sales tax recoverable	16,317	11,925
Mining tax credit receivable	11,319	11,319
Due from related parties (note 9)	17,327	-
Reclamation bond (note 6)	10,272	10,075
Prepaid expenses	9,282	7,515
	159,087	94,829
Non-current assets		
Investments (note 5)	22,552	13,352
Reclamation bond (note 6)	13,000	13,000
Exploration and evaluation assets (note 7)	1,337,329	1,338,429
	$ 1,531,968	$ 1,459,610
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 13,545	$ 32,680
Due to related parties (note 9)	-	34,858
Site restoration obligation (note 6)	15,000	15,000
	28,545	82,538
SHAREHOLDERS' EQUITY		
Share capital (note 8)	12,506,124	12,296,782
Share-based payment reserve	167,317	201,530
Accumulated other comprehensive loss	(101,349)	(103,320)
Deficit	(11,068,669)	(11,017,920)
	1,503,423	1,377,072
	$ 1,531,968	$ 1,459,610

Nature of Operations and Going Concern (note 1)
Commitments (note 13)

Approved on behalf of the Board of Directors

/s/ Kevin C. Whelan Director *\/s/ William Glasier* Director

The accompanying Notes to the Condensed Interim Consolidated Financial Statements are an integral part of these financial statements

Great Thunder Gold Corp.

(An exploration stage company)

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

(Unaudited)

	For the Three Months Ended July 31 2013	2012
GENERAL AND ADMINISTRATIVE EXPENSES		
Depreciation	$ -	$ 103
Consulting fees	17,000	18,550
Foreign exchange	247	246
General exploration expenditures	-	11,445
Insurance	1,261	-
Investor relations and shareholder information	1,900	5,091
Legal fees	1,955	123
Listing and filing fees	1,693	1,400
Management fees	47,997	22,500
Office and administrative services and supplies	7,492	18,845
Rent	2,936	-
Transfer agency fees	5,755	1,746
Travel and accommodation	1,269	3,576
	89,505	83,625
OPERATING LOSS	(89,505)	(83,625)
OTHER INCOME		
Gain on disposition of exploration and evaluation assets	18,750	-
Interest income	35	256
LOSS FOR THE PERIOD	(70,720)	(83,369)
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that may be reclassified subsequently to profit or loss		
Unrealized gain (loss) on investments (note 5)	1,700	(11,700)
Unrealized currency translation gain	271	-
TOTAL COMPREHENSIVE LOSS	$ (68,749)	$ (95,069)
LOSS PER SHARE (basic and diluted)	$ (0.01)	$ (0.01)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (basic and diluted)	8,482,162	5,926,628

The accompanying Notes to the Condensed Interim Consolidated Financial Statements are an integral part of these financial statements

Great Thunder Gold Corp.

(An exploration stage company)

Condensed Interim Consolidated Statements of Equity

(Unaudited)

	Number of Common Shares	Share Capital	Share-Based Payment Reserve	Accumulated Other Comprehensive Loss: Currency Translation Account	Accumulated Other Comprehensive Loss: Unrealized Gains (Losses) on Available-for-Sale Financial Assets	Accumulated Other Comprehensive Loss: Total Accumulated Other Comprehensive Loss	Deficit	Total
Balances, April 30, 2012	**7,482,180**	**$12,207,999**	**$ 342,815**	**$(16,000)**	**$(126,700)**	**$(142,700)**	**$(10,355,884)**	**$ 2,052,230**
Loss for the period	-	-	-	-	-	-	(83,369)	(83,369)
Other comprehensive loss								
Unrealized loss on investments (note 5)	-	-	-	-	(11,700)	(11,700)	-	(11,700)
Balances, July 31, 2012	**7,482,180**	**12,207,999**	**342,815**	**(16,000)**	**(138,400)**	**(154,400)**	**(10,439,253)**	**1,957,161**
Rounding upon 1:3 share consolidation	(18)	-	-	-	-	-	-	-
Transfer upon expiration of options and warrants	-	88,783	(141,285)	-	-	-	52,502	-
Loss for the period	-	-	-	-	-	-	(631,169)	(631,169)
Other comprehensive income								
Unrealized gain on investments	-	-	-	-	44,450	44,450	-	44,450
Unrealized currency translation gain	-	-	-	6,630	-	6,630	-	6,630
Balances, April 30, 2013	**7,482,162**	**12,296,782**	**201,530**	**(9,370)**	**(93,950)**	**(103,320)**	**(11,017,920)**	**1,377,072**
Shares issued for cash	4,000,000	200,000	-	-	-	-	-	200,000
Share issue costs								
Finder's fees paid in cash	-	(4,900)	-	-	-	-	-	(4,900)
Finder's fees paid by warrants	-	(3,940)	3,940	-	-	-	-	-
Transfer upon expiration of options and warrants	-	18,182	(38,153)	-	-	-	19,971	-
Loss for the period	-	-	-	-	-	-	(70,720)	(70,720)
Other comprehensive income								
Unrealized gain on investments (note 5)	-	-	-	-	1,700	1,700	-	1,700
Unrealized currency translation gain	-	-	-	271	-	271	-	271
Balances, July 31, 2013	**11,482,162**	**$12,506,124**	**$ 167,317**	**$ (9,099)**	**$ (92,250)**	**$(101,349)**	**$(11,068,669)**	**$ 1,503,423**

The accompanying Notes to the Condensed Interim Consolidated Financial Statements are an integral part of these financial statements

Great Thunder Gold Corp.

(An exploration stage company)

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited)

	Three Months Ended July 31 2013	2012
OPERATING ACTIVITIES		
Loss for the period	$ (70,720)	$ (83,369)
Adjustments for items not involving cash:		
Depreciation	-	103
Gain on disposition of exploration and evaluation assets	(18,750)	-
	(89,470)	(83,266)
Changes in non-cash working capital:		
Accounts receivables	(788)	4,809
Sales tax recoverable	(4,392)	11,369
Mining tax credit receivable	-	1,000
Due from and to related parties	(52,185)	(2,596)
Prepaid expenses	(1,767)	2,676
Accounts payable and accrued liabilities	(19,135)	(5,111)
	(167,737)	(71,119)
INVESTING ACTIVITIES		
Proceeds from sale of exploration and evaluation assets	12,000	-
Investments in exploration and evaluation assets	350	(56,286)
	12,350	(56,286)
FINANCING ACTIVITIES		
Shares issued for cash, net	195,100	-
EFFECT OF EXCHANGE RATE CHANGES ON CASH	74	-
NET CHANGE IN CASH	39,787	(127,405)
CASH, beginning of period	53,995	424,828
CASH, end of period	$ 93,782	$ 297,423
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION		
Interest income	$ 35	$ 256
Foreign exchange	(247)	(246)
Income taxes	-	-
SUPPLEMENTARY DISCLOSURE OF NON-CASH INVESTING ACTIVITIES		
Shares received upon sale of exploration and evaluation asset	7,500	-

The accompanying Notes to the Condensed Interim Consolidated Financial Statements are an integral part of these financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Great Thunder Gold Corp. was incorporated under the laws of the Province of British Columbia, Canada. The Company owns interests in exploration and evaluation assets in the Province of British Columbia, Canada and the State of Nevada, USA, and its principal business is the exploration and development of those assets. The Company`s head office and principal place of business is Suite 900 - 570 Granville Street, Vancouver, British Columbia, Canada. On April 16, 2013, the Company changed its name from Mill Bay Ventures Inc. to Great Thunder Gold Corp.

The Company is in the exploration stage of its exploration and evaluation assets and has not yet determined whether those assets contain ore reserves that are economically recoverable. The carrying value of the exploration and evaluation assets represents the total of net costs capitalized, and is not intended to reflect either their present or future value.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's legal interest in the assets, the ability of the Company to obtain the necessary financing to complete development, and future profitable production or proceeds from the disposition of the assets. For those exploration and evaluation assets in which it has a joint venture interest, the Company is required to contribute its proportionate share of costs or accept dilution of its interest.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and meet its obligations in the ordinary course of business. There are conditions that cast doubt on the validity of this assumption. As of July 31, 2013, the Company had working capital of $130,542 (April 30, 2013 – $12,291) and an accumulated deficit of $11,068,669 (April 30, 2013 – $11,017,920). The Company will need to raise new financing through the sale of shares to maintain operations. These factors together raise substantial doubt about its ability to continue as a going concern. These financial statements do not reflect adjustments for the possible future effect on the recoverability and classification of the assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty. Realization values may be substantially different from carrying values as shown in these financial statements should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of compliance
These financial statements, including comparatives, comply with IAS 34 – *Interim Financial Reporting* and have been prepared on an historical cost basis except for certain items that are measured at fair value, including available for sale investments. All dollar amounts presented are in Canadian dollars, which is the Company's functional and presentation currency, unless otherwise specified. The accounting policies described herein have been applied consistently to all periods in these financial statements.

2. BASIS OF PRESENTATION (continued)

Statement of consolidation and presentation
These financial statements incorporate the financial statements of the Company and its controlled subsidiary. Control exists when the Company has the power, directly or indirectly, to govern the financial and reporting policies of an entity so as to obtain benefits from its activities. These financial statements include the accounts of the Company and its wholly-owned subsidiary, Golden Reef Mining Co. Intercompany balances and transactions, income and expenses are eliminated on consolidation.

The functional currency of the Company's wholly-owned subsidiary, Golden Reef Mining Co., is the U.S. dollar. The assets and liabilities of Golden Reef are translated into the presentation currency using the exchange rate at the period end, and income and expenses are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e. the average rate for the period). All resulting translation differences are reported as a separate component of shareholders' equity titled "Accumulated other comprehensive loss."

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these financial statements requires management to make judgements 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 judgements and estimates. The financial statements include judgements and estimates which, by their nature, are uncertain. The impact of such judgements and estimates is 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 current and future periods.

Significant assumptions about the future and other sources of judgements and estimates that management has made at the statement of financial position date, 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.

Critical accounting judgements
Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. The Company made the following critical accounting judgments:

Functional currency
In concluding that the Canadian dollar is the functional currency of the parent and the U.S. dollar is the functional currency of the subsidiary, management considered the currency that mainly influences the costs of providing goods and services in each jurisdiction in which the Company operates.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical accounting judgements (continued)

Exploration and evaluation assets

Once technical feasibility and commercial viability of an exploration and evaluation asset can be demonstrated, it is reclassified from exploration and evaluation assets and subject to different accounting treatment. At the end of the reporting period, management had determined that no reclassification of exploration and evaluation assets was required.

Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Critical accounting 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.

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires estimate in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Share-based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value for the share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model, including the expected life of the share option, volatility and dividend yield, and making assumptions about them. The assumptions and models used for estimating fair value of share-based payment transactions are described in note 4.

Reclamation and environmental obligations

Reclamation provisions have been created based on internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical accounting estimates (continued)
Reclamation and environmental obligations (continued)
Estimates are reviewed annually and are based on current regulatory requirement. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from year to year.

Actual reclamation costs will ultimately depend on future market prices for the reclamation costs, which will reflect the market condition at the time reclamation costs are actually incurred. The final cost of the currently recognized reclamation provisions may be higher or lower than currently provided for.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation
The financial statements include the accounts of the Company and its wholly owned subsidiary, Golden Reef Mining Co., a company incorporated under the laws of the State of Nevada, USA. Inter-company balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the financial statements.

Foreign currencies
Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of transactions. At each financial position reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Financial instruments
Financial assets and financial liabilities are recognized in the statements 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.

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
> 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 statements of operations and comprehensive loss. The Company did not hold any fair value through profit or loss financial assets at the date of the statements of financial position.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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, receivable and reclamation bonds as loans and receivables financial assets.

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 statements of operations and comprehensive loss. The Company did not hold any held-to-maturity investments at the date of the statements of financial position.

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 statement of operations and comprehensive loss. The Company has classified its investments as available-for-sale investments.

Transaction costs
Transaction 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.

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 financial assets classified as fair value through profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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 statements of financial position at fair value with changes in fair value recognized in the statements of operations and comprehensive loss. The Company did not hold any fair value through profit or loss financial liabilities at the date of the statements of financial position.

Other financial liabilities
This category includes accounts payable and accrued liabilities, amounts due to related parties, and site restoration obligations, all of which are recognized at amortized cost.

Derecognition 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 bifurcates its Canadian dollar denominated units consisting of common shares and share purchase warrants 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 share-based payment reserve. When warrants are exercised, forfeited or expire, the corresponding value is transferred from share-based payment reserve to common stock. For the periods ended July 31, 2013 and 2012, all issued units were denominated in Canadian dollars.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents recorded in the statements of financial position comprise cash at banks 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 did not hold any cash equivalents at the date of the statements of financial position.

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 units-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 farm-out 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.

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 and evaluation assets represent net costs incurred to the date of the statements of financial position and do not necessarily reflect present or future values.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Company records revenue arising from the leasing or optioning of its exploration and evaluation assets when it has a written contract with the lessee and reasonable assurance exists regarding measurement and collectability. The revenue is recognized as it accrues in accordance with the terms of the relevant agreement, and is first allocated against the carrying amount of exploration and evaluation assets retained, with any excess included in profit and loss. The Company had no revenues during the periods ended July 31, 2013 and 2012.

Other property and equipment

Other property and equipment is recorded at cost upon acquisition and amortized over its estimated useful life on the declining balance basis at an annual rate of 30%.

Other property and equipment is written down to net realizable value if management determines that its carrying value exceeds the estimated future benefits to the Company.

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.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment transactions

The Company's stock option plan allows its 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 the date of grant, 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 respect 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 affects neither accounting nor 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 date of the statements of financial position.

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.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 obligation
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 amortization 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.

The Company evaluated its site restoration obligations to be $15,000 as at July 31, 2013 (April 30, 2013 – $15,000).

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. Diluted loss per share is not presented in the period when the effect is 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 loss, 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 (loss), cumulative translation adjustments, and unrealized gains (losses) on available for sale investments are presented in the statements of operations and comprehensive loss and the statements of equity.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards and interpretations recently adopted

IFRS 10 – Consolidated financial statements
IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under previous IFRS, consolidation was required when an entity had the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaced SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements.* The standard was effective for the Company commencing May 1, 2013.

IFRS 11 – Joint arrangements
IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures are accounted for using the equity method of accounting whereas for a joint operation the venturer recognizes its share of the assets, liabilities, revenue and expenses of the joint operation. Under previous IFRS, entities had the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 superseded IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers*. The standard was effective for the Company commencing May 1, 2013.

IFRS 12 – Disclosure of interests in other entities
IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles, and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The standard was effective for the Company commencing May 1, 2013.

IFRS 13 – Fair value measure
IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under previous IFRS, guidance on measuring and disclosing fair value was dispersed among the specific standards requiring fair value measurements and in many cases did not reflect a clear measurement basis or consistent disclosures. The standard was effective for the Company commencing May 1, 2013.

IAS 27 – Separate financial statements
IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. The standard was effective for the Company commencing May 1, 2013.

IAS 28 – Investments in associates and joint ventures
IAS 28 was amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13. The standard was effective for the Company commencing May 1, 2013.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards and interpretations recently adopted (continued)

IAS 1 – Presentation of financial statements
IAS 1 amendment requires components of other comprehensive loss to be separately presented between those that may be reclassified to loss and those that will not. The standard was effective for the Company commencing May 1, 2013.

IAS 32 – Financial instruments: presentation
IAS 32 amendment provides clarification on the application of offsetting rules. The standard was effective for the Company commencing May 1, 2013.

IFRIC 20 – Stripping costs in the production phase of a surface mine
IFRIC 20 clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The standard was effective for the Company commencing May 1, 2013.

New accounting standards and interpretations not yet adopted
The following standard has been issued but is not yet effective and has not been early adopted by the Company. The Company is evaluating the impact of this new standard, but does not anticipate the standard will have a significant impact on its financial statements.

IFRS 9 – Financial instruments
IFRS 9 was issued in November 2009 and contains requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39 *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. The standard will be effective for the Company for the year ending April 30, 2016.

5. INVESTMENTS

Investments in available-for-sale shares comprise the following:

	Number of Shares	Cost	Accumulated Unrealized Gain (Loss)	July 31, 2013 Fair Value
Levon Resources Ltd.	30,000	$ 1,800	$ 6,900	$ 8,700
CMQ Resources Inc.	30,000	105,500	(104,150)	1,350
Dynasty Gold Corp.	500,000	7,500	5,000	12,500
Brettco Oil & Gas Inc.	50,000	1	-	1
Oniva International Services Corporation	1	1	-	1
	610,001	$114,802	$ (92,250)	$ 22,552

	Number of Shares	Cost	Accumulated Unrealized Gain (Loss)	April 30, 2013 Fair Value
Levon Resources Ltd.	30,000	$ 1,800	$ 9,000	$ 10,800
CMQ Resources Inc.	30,000	105,500	(102,950)	2,550
Brettco Oil & Gas Inc.	50,000	1	-	1
Oniva International Services Corporation	1	1	-	1
	110,001	$107,302	$ (93,950)	$ 13,352

During the three-month period ended July 31, 2013, the Company recorded an unrealized gain of $1,700 in other comprehensive loss on investments designated as available for sale. During the three-month period ended July 31, 2012, the Company recorded an unrealized loss of $11,700 in other comprehensive loss on investments designated as available for sale.

Levon Resources Ltd. is a related public company with common directors. Fair value was determined using quoted market prices at the date of the statements of financial position.

The Company owns a 16.67% equity interest in Oniva International Services Corporation, a private company with common management, which provides office and administration services to the Company. The remaining 83.33% is shared equally between five other companies that are related by common directors (see note 9). As Oniva is a private company, fair value is not readily determinable at the date of the statements of financial position and the investment in Oniva is shown at its carrying value.

6. RECLAMATION BONDS

The Company has hypothecated term deposits totalling $13,000 (April 30, 2013 – $13,000) as security to the Province of British Columbia for future mineral claims site reclamation. The Company has also provided non-interest bearing cash bonds amounting to $10,272 (April 30, 2013 – $10,075) in favour of the U.S. Bureau of Land Management as a reclamation deposit relating to its AC Claims located in Nevada, USA. This bond was returned to the Company subsequent to the end of the reporting period following termination of its option to purchase the claims in June 2013.

7. EXPLORATION AND EVALUATION ASSETS

	Valentine Mountain	BRX Claims	Golden Repeat Claims	JDN Claims	E & E Claims	Total
Balance, April 30, 2013	$1,338,426	$ 1	$ 1	$ 1	$ -	$1,338,429
Exploration costs incurred in the period:						
Maintenance (recovery)	(1,100)	750	-	-	-	(350)
Sale proceeds						
Cash	-	-	(12,000)	-	-	(12,000)
Shares	-	-	(7,500)	-	-	(7,500)
	-	-	(19,500)	-	-	(19,500)
Gain (loss) on disposition of exploration and evaluation assets	-	(750)	19,499	-	1	18,750
Balance, July 31, 2013	$1,337,326	$ 1	$ -	$ 1	$ 1	$1,337,329

	Valentine Mountain	BRX Claims	Ivanpah Claims	AC Claims	Golden Repeat Claims	JDN Claims	E & E Claims	Total
Balance, April 30, 2012	$1,274,900	$ 1	$ 1	$ 256,802	$ 1	$ 1	$ 1	$1,531,707
Exploration costs incurred in the period:								
Assays	2,032	-	-	-	-	-	-	2,032
Consulting	42,229	-	-	-	-	-	-	42,229
Geological	12,333	-	-	-	-	-	-	12,333
Lease payments	-	-	-	15,113	-	-	-	15,113
Licenses and taxes	18,251	-	-	16,833	-	-	-	35,084
Mining tax credits	(11,319)	-	-	-	-	-	-	(11,319)
	63,526	-	-	31,946	-	-	-	95,472
Writedown of exploration and evaluation assets	-	-	(1)	(295,957)	-	-	(1)	(295,959)
Currency translation gain	-	-	-	7,209	-	-	-	7,209
Balance, April 30, 2013	$1,338,426	$ 1	$ -	$ -	$ 1	$ 1	$ -	$1,338,429

Valentine Mountain Claims

In 2008 and 2009, the Company acquired a 100% interest in 25 mineral claims comprising approximately 7,188 hectares and two overlying placer claims comprising 43 hectares on Valentine Mountain located 50 kilometres west northwest of Victoria, British Columbia, Canada for total consideration of $39,158 and 116,666 common shares of the Company valued at $270,000. One of the claims is subject to a 5% net smelter returns royalty, which the Company may repurchase for $1,000,000.

7. EXPLORATION AND EVALUATION ASSETS (continued)

BRX Claims
In 2005, the Company acquired a 50% undivided interest in nine mineral tenures comprising approximately 2,115 hectares in the Lillooet Mining Division of central British Columbia, Canada by issuing 3,333 common shares valued at $30,000 and incurring exploration expenditures totalling $200,000. The other 50% joint interest is held by Levon Resources Ltd. Under the joint venture agreement with Levon, each of the participants is required to fund their proportionate share of further exploration expenditures, failing of which will dilute their interest. On dilution to 10%, the non-contributor's interest will convert to a 10% net profits royalty interest.

During 2011, the Company wrote down the property's value to a nominal $1; however, management intends to maintain the claims in good standing.

Golden Repeat Claims
The Company owned a 100% interest in 49 mining claims in Elko County, Nevada, USA. In May 2013, the Company sold the claims for $12,000, 500,000 common shares of the purchaser and a 2% net smelter returns royalty. If, during the 10 years following the sale, the purchaser establishes reserves or a resource of not less than 500,000 ounces of gold or gold equivalent, the purchaser will issue an additional 500,000 shares to the Company.

JDN Claims
The Company owns a 50% undivided interest in 27 mining claims in Lander County, Nevada, USA. The remaining 50% interest is owned by a subsidiary of Coral Gold Resources Ltd., a corporation with common directors.

E & E Claims
The Company owns a 100% interest in 26 mining claims in Eureka County, Nevada, USA.

Ivanpah Claims
In 2007, the Company acquired 16 placer mining claims located in Clark County, Nevada, USA for 73,333 common shares of the Company and US$128,000 from a Company controlled by a director. The claims were written-off during the year ended April 30, 2013 and were permitted to lapse after the reporting period.

AC Claims
In 2008 and 2010, the Company entered into, and amended, an option agreement to acquire 111 mining claims located in Lander County, Nevada, USA covering approximately two square miles by paying 50,000 shares over three annual instalments (issued), US$1,300,000 in 11 annual instalments (US$65,000 paid), and incurring US$10,000 of exploration expenditures on the property (incurred). The Company terminated the option in June 2013.

8. SHARE CAPITAL

Authorized
An unlimited number of common shares without par value.

8. SHARE CAPITAL (continued)

Issued

In May 2013, the Company completed a private placement of 4,000,000 units at a price of $0.05 per unit for gross proceeds of $200,000. Each unit consisted of one common share and one share purchase warrant. Each warrant, in turn, entitles the holder to purchase an additional common share at a price of $0.10 for a period of five years following the closing of the offering. The company paid a finder's fee of $3,150 and 63,000 broker warrants. Each broker warrant entitles the holder to purchase a common share of the Company at a price of $0.10 for a period of five years following the closing of the offering. Participants in the offering included, directly or indirectly, five directors and officers who purchased, in total, 2,250,000 units of the offering.

Effective April 16, 2013, the Company consolidated its share capital and exchanged one new common share for every three old common shares. All common share and commitments to issue common shares information has been restated retroactively throughout these financial statements to reflect this share consolidation.

Share purchase warrants

The continuity of warrants during the reporting period is as follows:

	July 31, 2013		April 30, 2013	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of period	3,626,662	$0.66	5,629,784	$0.69
Warrants issued	4,063,000	0.10	-	-
Expired	(416,666)	(0.54)	(2,003,122)	(0.75)
Balance, end of period	7,272,996	$0.65	3,626,662	$0.66

A summary of share purchase warrants outstanding is as follows:

		Number of Warrants Outstanding and Exercisable	
Exercise Price Per Share	Expiry Date	July 31, 2013	April 30, 2013
$1.50	September 19, 2013	2,809,996	2,893,329
$0.30	April 20, 2014	400,000	733,333
$0.10	May 23, 2018	4,063,000	-
		7,272,996	3,626,662

Share-based payments

The Company has an equity-settled stock option plan under which the Board of Directors may grant options to directors, officers, other employees and consultants. The purpose of the plan is to advance the interests of the Company by encouraging these individuals to acquire shares in the Company and thereby remain associated with, and seek to maximize the value of, the Company.

8. SHARE CAPITAL (continued)

***Share-based payments* (continued)**
Under the plan, the number of shares reserved for issuance pursuant to the exercise of all options under the plan may not exceed 10% of the issued and outstanding common shares on a non-diluted basis from time to time. The options expire not more than five years from the date of grant, or earlier if the individual ceases to be associated with the Company, and vest over terms determined at the time of grant.

A summary of the Company's stock options as of July 31, 2013 and April 30, 2013, and the changes for the periods ending on those dates is as follows:

	Options Outstanding			Options Exercisable		
	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)	Number Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
Balances, April 30, 2012	599,166	$ 0.57	4.3	599,166	0.57	4.3
Expired and forfeited	(105,832)	0.34				
Balances, April 30, 2013	493,334	0.45	3.4	493,334	$ 0.45	3.4
Expired and forfeited	(83,333)	0.45				
Balances, July 31, 2013	410,001	$ 0.45	3.2	410,001	$ 0.45	3.2

Escrow shares
As at July 31, 2013, 23,333 common shares were held in escrow (April 30, 2013 – 27,668).

9. RELATED PARTY TRANSACTIONS AND BALANCES

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 three-month periods ended July 31, 2013 and 2012 are as follows:

	2013	2012
Fees, salaries and benefits	$ 61,997	$ 43,250
Stock-based compensation	-	-
	$ 61,997	$ 43,250

Other related party transactions
During the three-month period ended July 31, 2013, $8,465 (2012 – $7,382) was charged for office, occupancy, miscellaneous costs, salaries and administrative services paid on behalf of the Company by Oniva International Services Corporation. The Company takes part in a cost-sharing arrangement to reimburse Oniva for a variable percentage of its overhead expenses, to reimburse its out-of-pocket expenses incurred on behalf of the Company, and to pay a percentage-based fee on the total overhead and corporate expenses. The arrangement may be terminated with one month notice by either party.

9. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Due to related parties
As at July 31, 2013, the Company owed $1,614 (April 30, 2013 – $3,625) to Oniva in the ordinary course of business. The Company receives rent, office and administrative supplies and services from Oniva, a private company related by common management. The Company also paid a fee retainer to a corporation controlled by an officer in the ordinary course of business, of which $18,941 was outstanding at July 31, 2013 (April 30, 2013 – nil). As at April 30, 2013, the Company also owed $31,233 to directors, officers and other related parties of the Company in the ordinary course of business. The amounts due to related parties are non-interest bearing, unsecured and due on demand.

10. FINANCIAL INSTRUMENTS

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

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. In the opinion of management, none of the Company's financial assets were exposed to significant credit risk as at July 31, 2013 or April 30, 2013.

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 had cash at July 31, 2013 in the amount of $93,782 (April 30, 2013 – $53,995) in order to meet short-term business requirements. At July 31, 2013, the Company had current liabilities of $28,545 (April 30, 2013 – $82,538). 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 (see note 1 – Nature of Operations and Going Concern).

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 has two components:

a) 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.
b) 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 is currently held in highly liquid short-term investments and therefore management considers the interest rate risk to be minimal.

10. FINANCIAL INSTRUMENTS (continued)

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. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in foreign currency. At the end of the reporting period, the Company was not exposed to material 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 exposed to other price risk with respect to its investments as they are carried at fair value based on quoted market prices.

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 fair value of the Company's cash and investments is categorized as a Level 1 in the Fair Value Hierarchy. The fair value of the Company's cash, receivables, reclamation bonds, amounts due from and to related parties, and accounts payables and accrued liabilities approximate their carrying values because of the short-term nature of these instruments. The fair value of the Company's available for sale investments is detailed in note 5.

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 exploration and evaluation assets, and to maintain a 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.

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 issue new shares or adjust the amount of cash. Management reviews the capital structure on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As at July 31, 2013, the Company had $1,597,205 of capital (April 30, 2013 – $1,431,067), an increase in capital of $166,138 during the three-month period ended July 31, 2013 (2012 – decrease of $139,552).

12. FOREIGN OPERATIONS

The statement of financial position as at July 31, 2013 includes $2 for exploration and evaluation assets located in Nevada, USA (April 30, 2013 – $2).

13. COMMITMENTS

The Company entered into a consulting agreement with a corporation controlled by its Chief Executive Officer whereby that corporation will provide management services at a rate of $8,000 per month, or such amount as agreed by mutual consent of the parties, until January 31, 2016. The agreement may be terminated by the Company without cause upon payment of six months of severance fees.

The Company entered into a consulting agreement with a corporation controlled by its Chief Financial Officer whereby that corporation will provide consulting services at its standard rates. The agreement may be terminated by the Company without cause upon payment of three months of severance fees.