CANADIAN IMPERIAL VENTURE CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE THREE AND NINE MONTH PERIODS ENDED AUGUST 31, 2013
(Unaudited – Prepared by Management)

Notice of Non-review of Condensed Interim Financial Statements

The attached condensed interim financial statements for the three and nine month periods ended August 31, 2013 have been prepared by and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. The Company's independent auditor has not performed a review of these condensed interim financial statements.

CANADIAN IMPERIAL VENTURE CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

	August 31, 2013	November 30, 2012
ASSETS		
Current		
Cash	$ 142,846	$ 317,498
Accounts receivable	11,246	8,225
Reclamation deposit (Note 4)	56,538	56,128
Prepaid expenses and deposits	3,391	21,811
Marketable securities (Note 3)	400,000	738,414
Total current assets	614,021	1,142,076
Non-current assets		
Exploration and evaluation (Note 5)	579,700	211,633
Equipment (Note 6)	5,556	5,299
Total non-current assets	585,256	216,932
Total assets	$ 1,199,277	$ 1,359,008
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Trade payables and accrued liabilities	$ 203,934	$ 190,760
Other liabilities (Note 7)	-	3,195
Total liabilities	203,934	193,955
Shareholders' equity		
Capital stock (Note 8)	14,714,917	14,198,081
Reserves (Note 8)	2,661,740	2,661,740
Deficit	(16,381,314)	(15,694,768)
Total shareholders' equity	995,343	1,165,053
Total liabilities and shareholders' equity	$ 1,199,277	$ 1,359,008

Nature of operations and basis of presentation (Note 1 & 2)
Commitments (Note 15)

Approved and authorized by the Board on October 29, 2013:

"Gerard Edwards" Director "Robert Smiley" Director

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

CANADIAN IMPERIAL VENTURE CORP.
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Expressed in Canadian Dollars)
FOR THE NINE MONTH PERIODS ENDED

		Three month periods ended August 31			Nine months periods ended August 31	
		2013	2012		2013	2012
EXPENSES						
Depreciation (Note 6)	$	624	1,331	$	1,682	3,899
Finance expense		61	104		791	484
Other operating expenses (Note 10)		118,187	144,873		426,651	471,631
Share-based compensation (Note 9)		-	1,155		-	9,294
		(118,872)	(147,463)		(429,124)	(485,308)
Loss on marketable securities (Note 3)		(350,290)	(1,599,686)		(257,846)	(1,429,455)
Interest and other income		135	138		424	418
Loss and comprehensive loss for the period	$	(469,027)	(1,747,011)	$	(686,546)	(1,914,345)
Earnings (loss) per common share, basic and diluted	$	(0.008)	(0.003)	$	(0.012)	(0.004)
Weighted average number of common shares outstanding: (Note 16)						
Basic		56,805,127	51,358,838		58,262,955	51,358,838
Diluted		56,805,127	51,358,838		58,262,955	51,358,838

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

CANADIAN IMPERIAL VENTURE CORP.
STATEMENT OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE NINE MONTH PERIODS ENDED

	Three Months Ended August 31		Nine Months Ended August 31	
	2013	2012	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss) for the period	$ (469,027)	$ (1,747,011)	$ (686,546)	$ (1,914,345)
Items not affecting cash:				
Depreciation (Note 6)	624	1,331	1,682	3,899
Share-based compensation	-	1,155	-	9,294
Gain on marketable securities	350,290	1,599,686	257,846	1,429,455
Changes in non-cash working capital items:				
Decrease (increase) in accounts receivable	7,769	26,025	(3,021)	211,202
Decrease in prepaid expenses	8,182	12	18,420	6,556
Increase (decrease) in trade payables and accrued liabilities	56,939	(73,393)	13,174	(191,720)
Net cash used in operating activities	(45,223)	(192,195)	(398,445)	(445,659)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	-	193,648	80,568	553,789
Payment of other liabilities	(3,195)	-	(3,195)	(2,342)
Equipment additions	-	-	(1,939)	(2,795)
E & E asset additions	(12,500)	(37,692)	(368,067)	(37,692)
Change in reclamation deposits	(135)	(138)	(410)	(418)
Net cash used in investing activities	(15,830)	155,818	(293,043)	(510,542)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares	12,500	-	519,370	-
Share issuance costs	-	-	(2,534)	-
Net cash used in financing activities	12,500	-	516,836	-
Change in cash for the period	(48,553)	(36,377)	(174,652)	64,883
Cash, beginning of period	191,399	246,049	317,498	144,789
Cash, end of period	$ 142,846	$ 209,672	142,846	$ 209,672

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

CANADIAN IMPERIAL VENTURE CORP.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Capital Stock					
	Number of common shares	Amount	Shares Issuable	Reserves	Deficit	Total
Balance at December 1, 2011	51,358,838	14,113,381	-	2,652,331	(13,680,336)	3,085,376
Loss for the period	-	-	-	-	(1,914,345)	(1,914,345)
Share-based compensation	-	-	-	9,294	-	9,294
Balance at August 31, 2012	51,358,838	14,113,381		2,661,625	(15,594,681)	1,180,325
Balance at December 1, 2012	51,958,838	14,198,081	-	2,661,740	(15,694,768)	1,165,053
Loss for the period	-	-	-	-	(686,546)	(686,546)
Issued for exploration and evaluation asset (Note 5)	500,000	12,500	-	-	-	12,500
Private placements	10,137,400	506,870	-	-	-	506,870
Share issuance costs	-	(2,534)	-	-	-	(2,534)
Balance, August 31, 2013	62,596,238	$ 14,714,917	$ -	$ 2,661,740	$ (16,381,314)	$ 995,343

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Canadian Imperial Venture Corp.'s (the "Company") business activity is the exploration and evaluation of resource properties in Canada. The Company was incorporated under the Canada Business Corporations Act of British Columbia. The Company is listed on the TSX Venture Exchange, having the symbol CQV. The Company's head office is located at 233 Duckworth Street, Suite 205, St. John's, NL.

The subsidiaries of the Company, USG Energy Corp. and ENEGI Inc., were amalgamated with the Company on November 29, 2011. These condensed interim financial statements are presented as if the amalgamation had occurred at the beginning of the comparative period. There is no effect to the previously reported numbers.

Long-term continuance of the Company's operations is dependent upon achieving profitable operations and obtaining additional equity or debt financing. The recoverability of the carrying values of the Company's exploration and evaluation assets is dependent upon the existence and discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties and future profitable production from or proceeds from the disposition of these properties.

These condensed interim 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 for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

These condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

These condensed consolidated interim financial statements are unaudited, but in the opinion of management, reflect all adjustments (consisting of normal recurring accruals) necessary for fair presentation of the financial position, operations and changes in financial results for the interim periods presented.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

These condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies followed in these condensed interim financial statements are the same as those applied in the Company's most recent annual financial statements for the year ended November 30, 2012.

The policies applied in these condensed interim financial statements are based on IFRS issued and outstanding as of October 29, 2013, the date the Board of Directors approved the statements.

The condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended November 30, 2012.

(Expressed in Canadian Dollars)

3. MARKETABLE SECURITIES

Marketable securities consist of an investment in common shares of Shoal Point Energy Ltd. ("SPE"). The Company acquired, during the year ended November 30, 2011, as consideration for the sale of a petroleum and natural gas asset (Note 5), 20,000,000 units of SPE. Each unit is comprised of one common share and one-half of one common share purchase warrant (10,000,000 warrants in total). Each whole warrant is exercisable to acquire an additional common share of SPE at an exercise price of $0.40 per common share for a period of two years expiring October 25, 2013.

The Company designated this investment as held-for-trading on initial recognition. The Company initially valued the shares at $3,300,000 based on the $0.165 quoted common share price on the closing date of the transaction less a common share trading restriction (until February 24, 2012) discount of $460,000 for the 4 month common share escrow period for a net value of $2,840,000. The fair value of the warrants was initially estimated as $243,706. The fair value was determined using the Black Scholes option pricing model with the following assumptions:

	Common Share Trading Restriction Discount	Warrants
Volatility	62%	70%
Risk-free rate	1.0%	1.0%
Dividend yield	Nil	Nil
Expected life	4 months	2 years

Due to its classification as a held-for-trading financial instrument, the investment is measured subsequent to initial recognition at fair value. At August 31, 2013, the common shares and warrants were re-measured as $400,000 and $nil (November 30, 2012 - $731,250 and $7,164) respectively, which resulted in a $257,846 (November 30, 2012 - $1,020,954 gain) loss on marketable securities.

The warrants held as at August 31, 2013 and November 30, 2012 were valued using the Black-Scholes option pricing model with the following assumptions.

	August 31, 2013	November 30, 2012
Volatility	58%	89%
Risk-free rate	1.19%	1.2%
Dividend yield	Nil	Nil
Expected life	2 months	11 months

4. RECLAMATION DEPOSITS

The Company is required to make reclamation deposits in respect of its expected rehabilitation obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on E&E assets in connection with the permits required for exploration activities by the Company.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

	Mineral			Petroleum and Natural Gas			Total
	Acquisition	E&E	Total	Acquisition	E&E	Total	
Balance at December 1, 2011	-	-	-	-	-	-	-
Exploration costs	-	81,633	81,633	-	-	-	81,633
Option payment cash	40,000	-	40,000	-	-	-	40,000
Option payment shares	90,000	-	90,000	-	-	-	90,000
Balance at November 30, 2012	-	-	-	-	-	-	-
Exploration costs	-	295,567	295,567	-	-	-	295,567
Option payment cash	60,000	-	60,000	-	-	-	60,000
Option payment shares	12,500	-	12,500	-	-	-	12,500
Balance at August 31, 2013	$ 202,500	$ 377,200	$ 579,700	$ -	$ -	$ -	$ 579,700

(i) Mineral exploration and evaluation assets

In September 2012 the Company executed an option agreement (the "Option Agreement") between the Company, Carina Energy Inc. ("Carina"), a private mining exploration company based in Toronto, Ontario and Ozias Theriault ("Theriault") whereby the Company was granted an option by Carina and Theriault to acquire a 55% interest in the Little Bear Lake gold property (the "Property") which is located in the Lac du Bonnet Mining Division in Manitoba.

Pursuant to the terms of the Option Agreement:

- The Company has issued to Carina 600,000 common shares on September 24, 2012 (the "Closing Date") and on the first anniversary of the Closing Date (September 24, 2013) the Company will deliver an additional 500,000 common shares to Carina.

- The Company is required to spend $600,000 of expenditures on the Property within two years of the Closing Date (September 24, 2014).

- The Company is responsible for cash payments to Theriault for the sum of $20,000 payable on execution of the Option Agreement (paid) and $10,000 per month commencing on October 1, 2012 until June 1, 2014 for aggregate payments totaling $200,000.

- The Company is required to make two advanced royalty payments of $50,000 each to Theriault. The payments are due on November 12, 2013 and November 12, 2014, respectively.

- The property is subject to a 2.5% net smelter royalty.

On August 16, 2013, the Company announced that it had entered into an Amendment Agreement to the Option Agreement dated August 16, 2012. The Amendment Agreement grants CIVC an extension to the payment requirements for its acquisition of its 55% interest in the LBL Property.

As consideration for the amendments made to the Option Agreement and upon approval from the TSX Venture Exchange, CIVC made the following:

- a cash payment of $20,000 to Theriault; and
- the issuance of 500,000 post-consolidation common shares in the capital of CIVC to Theriault.

5. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Subject to the terms and conditions set out in the Option Agreement and Amendment, Theriault and Carina grant to CIVC, the sole and exclusive right and option (the "Option") to acquire an undivided 55% right, title and interest in the LBL Property by CIVC making the following payments and share issuances:

- on the first day of each month, commencing on July 1, 2015, pay to Theriault $10,000 per month until August 1, 2016 for aggregate payments totalling $140,000;
- on September 24, 2015, issue to Carina 500,000 post-consolidation common shares in the capital of CIVC to Carina;
- prior to September 24, 2016, make expenditures of $600,000 conducting exploration of the Property qualifying expenditures to-date - $466,564.70; and
- on or before November 12, 2016, pay to Theriault $50,000 and on or before November 12, 2017, pay to Theriault $50,000, in payment of the first two advance royalty payments to Theriault under the Amended Option Agreement (said payments to be shared by Carina and CIVC according to their respective interests in the Property).

On October 1, 2010, the Company entered into an agreement with an arm's length party to earn a 40% interest in two mineral licenses in Western Newfoundland and incurred $482,188 of related costs, $270,000 of which related to shares issued in 2011.

Effective November 29, 2011, mineral license 16508M was cancelled. During the first quarter of 2012, the other three licenses were cancelled. At November 30, 2011 the Company reviewed the carrying value of its mineral exploration and evaluation assets and recorded an impairment provision of $482,188.

(ii) **Petroleum and natural gas exploration and evaluation assets**

Effective October 25, 2011 the Company sold substantially all of its petroleum and natural gas exploration and evaluation asset interests to SPE (Note 3). Consideration for the sale included 20,000,000 common shares and 10,000,000 common share purchase warrants of SPE and $500,000 cash of which $300,000 was received on the October 25, 2011 closing date, and the remaining $200,000 was received in the first quarter of 2012. All securities issued in this transaction were subject to a four month hold period, which ended February 24, 2012. Concurrent with the sale, all outstanding debt between SPE and the Company relating to certain drilling activities was extinguished on the transaction closing. A gain of $3,270,764 was recognized as a result of this transaction.

At November 30, 2011 the Company reviewed the carrying value of its remaining petroleum and natural gas exploration and evaluation assets and recorded, in impairment expense, a provision of $127,049.

(Expressed in Canadian Dollars)

6. EQUIPMENT

	Office Furniture	Computer Softward	Computer Equipment	Total
Cost				
Balance at December 1, 2011	$ 7,741	$ -	$ 49,853	$ 57,594
Additions	2,795	-	1,691	5,939
Disposals	-	-	(40,921)	(40,921)
Balance at November 30, 2012	$ 10,536	$ -	$10,623	$ 21,159
Additions	1,000	939	-	1,940
Disposals	-	-	-	-
Balance at August 31, 2013	$ 11,536	$ 939	$10,623	$ 23,098
Depreciation and impairment				
Balance at December 1, 2011	$ 5,319	$ -	$ 45,387	$ 50,706
Depreciation for the year	764	-	5,311	6,075
Disposals	-	-	(40,921)	(40,921)
Balance at November 30, 2011	$ 6,083	$ -	$ 9,777	$ 15,860
Depreciation for the period	734	314	634	1682
Disposals	-	-	-	-
Balance at August 31, 2013	$ 6,817	$ 314	$ 10,411	$ 17,542
Carrying amounts				
At November 30, 2012	$ 4,453	$ -	$ 846	$ 5,299
At August 31, 2013	$ 4,719	$ 625	$ 212	$ 5,556

7. REHABILITATION PROVISION

Balance at December 1, 2011	$	5,537
Liabilities settled		(2,342)
Balance at November 30, 2012	$	3,195
Liabilities settled		(3,195)
Balance at August 31, 2013		

Rehabilitation provision

The Company makes full provision for the future cost of site rehabilitation on an undiscounted basis due to its short term nature of its exploration and evaluation assets. The rehabilitation provision represented the fair value of rehabilitation costs relating to exploration and evaluation activities.

8. SHARE CAPITAL AND RESERVES

a) Common shares

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

i. Private Placement

On April 22, 2013, the Company completed a non-brokered private placement previously announced on March 22, 2013. Upon closing, a total of 10,137,400 units (“Units”) were sold for proceeds of $506,870. Each Unit consists of one common share in the capital of the Company and one non-transferable share purchase warrant (“Warrant”). One whole Warrant will entitle the holder to buy an additional share in the capital of the Company for a period of two years at a price of $0.10 per share. All common shares sold in the private placement and any shares acquired upon exercise of the Warrants will be subject to a four-month hold period expiring August 23, 2013.

Directors of the Company purchased 4,190,000 Units.

ii. Share consolidation

On March 18, 2013, the Company completed a share consolidation, on the basis of ten (10) old shares for one (1) new share (the “Consolidation”), as was approved by shareholders at the Annual and Special meeting held on December 14, 2012. All common share, warrant and stock option balances reported in these condensed interim financial statements have been adjusted to reflect post share-consolidation balances.

iii. Acquisition of working interest in mineral license

On August 16, 2012, the Company entered into an agreement with an arm’s length company to earn a 55% interest in Little Bear Property (Note 5). On September 24, 2012, the securities regulator approved the share issuance. The Company issued the 600,000 common shares with a fair value on the issue date of $90,000.

iv. Warrant extension

Effective August 14, 2012, the application to amend the following warrants was accepted by the TSX Venture Exchange:

- 1,050,000 Warrants shall be amended to expire October 13, 2013;
- 1,150,000 Warrants shall be amended to expire October 29, 2013; and
- 800,000 Warrants shall be amended to expire November 12, 2013.

On July 5, 2011, the Company announced that it proposed to extend the term of certain common share purchase warrants, which were issued in 2009, for an additional 12 months, as follows:

- 1,400,000 Warrants shall be amended to expire July 30, 2012;
- 575,000 Warrants shall be amended to expire August 23, 2012; and
- 125,000 Warrants shall be amended to expire September 7, 2012.

Effective July 8, 2011, the application to amend the warrants was accepted by the TSX Venture Exchange.

b) Preferred shares

The Company is authorized to issue an unlimited number of preference shares, issuable in series. No preferred shares have been issued since the Company’s inception.

c) Reserves

The Reserves recorded in equity on the Company’s statement of financial position include amounts recorded for share-based compensation. When the stock options are exercised, the amount previously recorded into Reserves are reclassified into Capital Stock.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES (cont'd…)

d) Share purchase warrants

The following is a summary of changes in warrants:

	Number of Warrants	Weighted Average Exercise Price
Balance at December 1, 2011	**5,100,000**	**$ 1.00**
Expired warrants	(2,100,000)	1.00
Balance as at November 30, 2012	3,000,000	1.00
Issued	10,137,400	0.10
Balance as at August 31, 2013	**13,137,400**	**$ 0.31**

As at August 31, 2013, the Company had outstanding warrants as follows:

Number of Warrants	Exercise Price	Expiry	Weighted Average Remaining Contractual Life in Years
1,050,000	$ 1.00	October 13, 2013	0.37
1,150,000	$ 1.00	October 29, 2013	0.39
800,000	$ 1.00	November 12, 2013	0.45
10,137,400	$0.10	April 22, 2015	1.90
13,137,400	$ 0.31		0.78

9. SHARE-BASED PAYMENTS

a) Option plan details

The Company has a rolling Stock Option Plan ("the Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company.

Options granted must expire no later than a maximum of five years from the date of the grant while the Company's common shares are listed in Tier 2 of the TSX Venture Exchange ("TSX.V"). At such time as the Company's common shares are listed in Tier 1 of the TSX.V or the Toronto Stock Exchange ("TSX"), options granted must expire not later than a maximum of 10 years from the date of grant.

Terms of the Plan are as follows:

i. The number of common shares which may be issued pursuant to options previously granted and those granted under the Plan is a maximum of 10% of the issued and outstanding common shares at the time of the grant.
ii. The number of shares which may be awarded to any one individual may not exceed 5% of the issued shares at the date of grant and the total number of options awarded to any consultant shall not exceed 2% of the issued and outstanding common shares at the time of the grant.
iii. The total number of options awarded to all persons employed by the Company who perform investor relations activities shall not exceed 2% of the issued and outstanding shares of the Company in any twelve month period.
iv. Under TSX.V policy all such rolling stock option plans which set the number of common shares issuable under the plan at a maximum of 10% of the issued and outstanding common shares must be approved and ratified by shareholders on an annual basis.

The Plan does not require vesting provisions for options issued except in limited circumstances.

(Expressed in Canadian Dollars)

9. SHARE-BASED PAYMENTS (cont'd…)

a) **Option plan details** (cont'd…)

The following is a summary of changes in options from December 1, 2011 to August 31, 2013:

		Number of Options		Weighted Average Exercise Price
Balance at December 1, 2011	**$**	5,097,500	$	1.00
Expired		(847,500)		(1.00)
Cancelled		(770,000)		(1.00)
Balance at November 30, 2012	$	3,480,000	$	1.00
Cancelled		(1,750,000)		(1.00)
Balance at August 31, 2013	$	1,730,000	$	1.00

At August 31, 2013, the following stock options were outstanding and exercisable:

Outstanding	Exercisable		Weighted Average Exercise Price	Expiry Date	Weighted Average Remaining Life (years)
780,000	780,000	$	1.00	December 14, 2014	1.54
810,000	810,000	$	1.00	May 2, 2016	2.92
140,000	140,000	$	1.00	June 17, 2016	3.05
1,730,000	1,730 ,000	$	1.00		2.50

b) Fair value of stock options issued during the period

There were no stock options granted during the period ended August 31, 2013.

c) Expenses arising from share-based payment transactions

There was no share-based payment transactions during the period ended August 31, 2013. The total expense arising from share-based payment transactions recognized during the year ended November 30, 2012 as part of share-based compensation expense was $9,409.

10. NATURE OF EXPENSES

	Quarter ended August 31, 2013	**Quarter ended August 31, 2012**
Other expenses include:		
Office and shareholder information	$ 22,985	$ 23,544
Professional and filing fees	17,867	27,492
Promotion and travel	18,194	23,039
Service contracts and wages	59,140	70,798
	$118,186	**$ 144,873**

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments and risk management

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these condensed interim financial statements.

General objectives, policies and processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors reviews quarterly reports from the Company's Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

i. Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

ii. Equity price risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets.

The Company is exposed to this risk through its equity holdings. The held for trading investment in the common shares of SPE is monitored by Management with decisions on sale taken at the Board level. A 10% decrease/increase in the fair value of Shoal Point would result in a $40,000 decrease/increase in net loss for the year.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

General objectives, policies and processes (cont'd…)

iii. Commodity price risk:

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas and minerals are impacted by world economic events that dictate the levels of supply and demand as well as foreign exchange rates. As the Company has not yet developed commercial oil and gas and mineral interests, it is not exposed to commodity price risk at this time.

iv. Foreign currency risk:

The Company operates predominately in Canada and is not exposed to any significant foreign currency risk.

b) Credit risk

Credit risk is the risk that a customer or counterparty will fail to perform an obligation or fail to pay amounts due causing a financial loss. The majority of the Company's current period accounts receivable as at August 31, 2013 relates to amounts due from Canada Revenue Agency and hence credit risk is mitigated. The Company's reclamation deposit is also subject to credit risk. The Company maintains its cash balance with three major national financial institutions. The investment held by the Company is in one company who operates in the oil and gas industry. The Company is exposed to the risks of this investee and the industry in which it operates.

The maximum credit risk at the period end is represented by the recognized carrying amounts. Past due amounts included in accounts receivable at period end was $6,011 (November 30, 2012 - $1,083).

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

To facilitate its expenditure program, the Company may enter into E & E option agreements with third parties and/or raise funds through private equity placements or public offerings.

The Company is subject to liquidity risk given its accumulated deficit. If the Company is unable to obtain adequate additional financing by raising funds through private placements, through option agreement farm-outs or to recover its investment, the Company will be required to curtail operations, exploration and development activities. As at August 31, 2013 and August 31, 2012, the Company's financial liabilities were comprised of accounts payable and accrued liabilities which have either contractual or expected maturities of less than one year.

Determination of fair value

The carrying amounts of accounts receivable and trade payables and accrued liabilities approximate fair value due to their short-term nature. The Company's other financial instruments, cash, reclamation deposit and marketable securities are measured using the fair value hierarchy.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Fair value hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

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

The fair value of cash, reclamation deposits and marketable securities (common shares) are measured using level 1 inputs. The fair value of the marketable securities (warrants) are measured using level 2 inputs.

12. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to maintain sufficient capital base in order to meet its short-term obligations and at the same time preserve investor's confidence required to sustain future development and production of the business. The Company considers its common shares, warrants and stock options as capital.

The Company manages the capital structure and makes adjustments to it in light of changes in the 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, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash.

Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met. There were no changes in the Company's approach to capital management during the period ended August 31, 2013. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying condensed interim financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	Quarter ended August 31, 2013	2012
Directors fees	$ 2,000	$ -
Short-term benefits*	49,846	49,846
	$ 51,846	$ 49,846

*includes base salaries pursuant to contractual employment, or consultancy arrangements. These have been recorded in service contracts and wages

Included in trade payables and accrued liabilities are Consulting fees payable of $ 80,662 (August 31, 2012 – $14,142) to directors for services performed during the period. The amounts are unsecured, non-interest bearing and are expected to be repaid under normal terms of trade.

14. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration and development of E & E assets in North America. All assets are located within Canada.

15. COMMITMENTS

Under an office rental agreement with a third party, the Company is committed to monthly office lease payments of $1,057 until July 2014.

Under a management agreement with a company controlled by a director of the Company, the Company is committed to the monthly payment of management fees of $12,000 per month until February 2014.

16. EARNINGS (LOSS) PER SHARE

Weighted Average Number of Common Shares	**August 31, 2013**	November 30, 2012
Diluted weighted average number of shares outstanding	**58,262,955**	51,958,838