

**DATINVEST INTERNATIONAL LTD.**

**FINANCIAL STATEMENTS**

For the Years Ended December 31, 2013 and 2012

(Expressed in Canadian Dollars)

# DATINVEST INTERNATIONAL LTD.

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## **INDEPENDENT AUDITOR'S REPORT**

To: the Shareholders of  
Datinvest International Ltd.

I have audited the accompanying financial statements of Datinvest International Ltd. ("the Company"), which comprise the statements of financial position as at December 31, 2013 and December 31, 2012 and the statements of loss and comprehensive loss and cash flows and statements of changes in shareholders' equity for the years then ended December 31, 2013 and December 31, 2012, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

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

### **Emphasis of Matter**

Without qualifying my opinion, I draw attention to Note 1 in the financial statements which indicates that the Company incurred a net loss of \$108,046 during the year ended December 31, 2013 and, as of that date, had an accumulated deficit of \$2,841,998 since inception. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

**"Sam S. Mah Inc"**  
Chartered Accountant

Vancouver, Canada  
April 30, 2014

**DATINVEST INTERNATIONAL LTD.**

Statements of Financial Position

(Expressed in Canadian Dollars)

As of December 31

	Note	2013	2012
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 546,345	\$ 682,491
Marketable securities	4	1,250	7,500
Receivables	3	24,639	22,211
		<u>572,234</u>	<u>712,202</u>
Non-Current Assets		-	-
		<u>\$ 572,234</u>	<u>\$ 712,202</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	5	\$ 56,733	\$ 34,655
Loans and borrowing	6	12,000	66,000
		<u>68,733</u>	<u>100,655</u>
Non-current liabilities		-	-
		<u>68,733</u>	<u>100,655</u>
<b>Shareholders' Equity</b>			
Share capital	7	3,221,875	3,221,875
Contributed surplus	7	123,624	123,624
Deficit		(2,841,998)	(2,733,952)
		<u>503,501</u>	<u>611,547</u>
		<u>\$ 572,234</u>	<u>\$ 712,202</u>
Nature of Operations and Going Concern	1		

*Approved on behalf of the Board:*

“Jason Birmingham”  
Jason Birmingham, Director

“Balraj Mann”  
Balraj Mann, Director

**DATINVEST INTERNATIONAL LTD.**  
**Statements of Loss and Comprehensive Loss**  
**(Expressed in Canadian Dollars)**  
**For the Years Ended December 31**

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	<b>2013</b>	2012
<b>Administrative Costs</b>		
Bank charges and interest	<b>166</b>	152
Management fee – Note 9	<b>37,560</b>	33,600
Office and rent	-	1,608
Printing and shareholder information	-	170
Professional fees – Note 9	<b>27,811</b>	19,761
Transfer & filing fees	<b>11,259</b>	16,938
Write-off of loan receivable – (Note 6)	<b>25,000</b>	-
Unrealized (gain) loss on marketable securities (Note 4)	<b>6,250</b>	15,000
Net and comprehensive income (loss) for the year	<b>(108,046)</b>	(87,229)
<b>Loss per share</b>	<b>\$0.005</b>	\$0.004
<b>Weighted average number of shares outstanding</b>	<b>19,793,100</b>	19,793,100

**DATINVEST INTERNATIONAL LTD.**

## Statements of Changes in Equity

(Expressed in Canadian Dollars)

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	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
<b>Balance, December 31, 2011</b>	<b>19,793,100</b>	<b>\$ 3,221,875</b>	<b>\$ 123,624</b>	<b>\$ (2,646,723)</b>	<b>\$ 698,776</b>
Net and comprehensive loss for the year	-	-	-	(87,229)	(57,229)
<b>Balance, December 31, 2012</b>	<b>19,793,100</b>	<b>\$ 3,221,875</b>	<b>\$ 123,624</b>	<b>\$ (2,733,952)</b>	<b>\$ 611,547</b>
Net and comprehensive loss for the year	-	-	-	(108,046)	(108,046)
<b>Balance, December 31, 2013</b>	<b>19,793,100</b>	<b>\$ 3,221,875</b>	<b>\$ 123,624</b>	<b>\$ (2,841,998)</b>	<b>\$ 503,501</b>

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**DATINVEST INTERNATIONAL LTD.**

## Statements of Cash Flows

For the Years Ended December 31

(Expressed in Canadian Dollars)

	2013	2012
<b>Operating Activities:</b>		
Net loss for the year	<u>\$ (108,046)</u>	<u>\$ (87,229)</u>
Items not affecting cash:		
Unrealized loss (gain) on marketable securities	6,250	15,000
Non-cash working capital items changes:		
GST/HST receivable	(2,428)	(6,453)
Accounts payable and accrued liabilities	<u>(31,922)</u>	<u>(2,517)</u>
	<u>(136,146)</u>	<u>(81,199)</u>
Investing Activities	<u>-</u>	<u>-</u>
<b>Financing Activities</b>		
Issuance of common shares	<u>-</u>	<u>-</u>
<b>Decrease in cash during the year</b>	<b>(136,146)</b>	<b>(81,199)</b>
<b>Cash and Cash Equivalents, beginning of the year</b>	<b>682,491</b>	<b>763,690</b>
<b>Cash and Cash Equivalents, end of the year</b>	<b><u>\$ 546,345</u></b>	<b><u>\$ 682,491</u></b>

**DATINVEST INTERNATIONAL INC.**  
**Notes to the Financial Statements**  
**(Expressed in Canadian Dollars)**  
**For the Years Ended December 31, 2013 and 2012**

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**1. Nature of Operations and Going Concern**

**Nature of Operations**

Datinvest International Inc. (the “Company”) was incorporated under the British Columbia Company Act on May 1, 1987.

The Company was unable to meet Tier Maintenance Requirements pursuant to the policies of the Exchange and was designated as Inactive on September 28, 2001. The Company’s shares are trading under the symbol DALH and are regulated by the NEX policies.

The address of the Company’s corporate office and principal place of business is Suite 1000, 595 Burrard Street, British Columbia, Canada V7X 1S8.

**Going Concern**

The recoverability of carrying amounts for resource property interests and related deferred exploration and development costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying resource properties, the ability of the Company to obtain necessary financing to complete exploration and development, and achievement of future profitable production or proceeds from disposition.

The Company’s financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. Certain conditions and events cast significant doubt on the validity of this assumption. For the year ended December 31, 2013, the Company reported a net loss of \$108,046 (2012: \$87,229) and as at that date had an accumulated deficit of \$2,841,998 (2012: \$2,733,952). As of December 31, 2013, the Company has a working capital of \$503,501 (2012: \$611,547). While in the past, the Company has been successful in obtaining funding from equity financings, option agreements, loans or through other arrangements, there is no assurance that these initiatives will be successful in the future.

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

**2. Summary of Significant Accounting Policies**

**a) Statement of compliance**

These financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The policies applied in these financial statements are based on IFRS issued and outstanding as of April 30, 2014, the date the Board of Directors approved the financial statements.

**b) Basis of Presentation**

These financial statements were prepared on an accrual basis, except for cash flow, and are based on historical costs, except for certain financial instruments, which are measured at fair value.



**DATINVEST INTERNATIONAL INC.**  
**Notes to the Financial Statements**  
**(Expressed in Canadian Dollars)**  
**For the Years Ended December 31, 2013 and 2012**

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**2. Summary of Significant Accounting Policies - continued**

**c) Critical Accounting Estimates, Judgments and Uncertainties**

The Company makes estimates about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

**Critical Accounting Estimates and Assumptions**

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.

**Critical Accounting Judgments**

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

*Recovery of deferred tax assets*

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

The Company has not recorded any deferred tax assets.

**d) Functional and Presentation Currency**

The Company's functional currency is the Canadian Dollar ("CAD"). The financial statements are presented in CAD which is the Company's presentation currency, unless otherwise noted.

All amounts in these financial statements are rounded to the nearest dollar.

**e) Exploration and Evaluation Assets**

Exploration and evaluation asset expenditures are capitalized once the legal right to explore a property has been acquired. Exploration and evaluation assets are recorded at cost less accumulated impairment losses. Direct costs related to the acquisition and exploration and evaluation of exploration and evaluation assets are capitalized until the commercial viability of the asset is established, at which time the capitalized costs are reclassified to mineral properties under development. To the extent that the expenditures are spent to establish ore reserves within the rights to explore, the Company will consider those costs as intangible assets in nature. The depreciation of a capital asset in connection with exploring or evaluating a property of this nature will be included in the cost of the intangible asset.

**DATINVEST INTERNATIONAL INC.**  
**Notes to the Financial Statements**  
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**For the Years Ended December 31, 2013 and 2012**

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**2. Summary of Significant Accounting Policies - *continued***

**e) Exploration and Evaluation Assets**

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation asset expenditures incurred are deemed to be impaired. As a result, those exploration and expenditure asset costs, in excess of estimated recoveries, are written off to profit or loss.

Management reviews the facts and circumstances suggesting if the carrying amount of the exploration and evaluation assets exceeds their recoverable amount on a regular basis. If the facts and circumstances suggest the carrying value exceeds the recoverable amount, the Company will perform an impairment test on the property.

Exploration stage assets and development stage assets are considered separate cash generating units (“CGU”) for impairment testing purposes.

The amount shown for exploration and evaluation assets does not necessarily represent present or future values. Recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

**f) Income Taxes**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purpose. Deferred tax is not recognized for the following temporary differences: 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 loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred

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**2. Summary of Significant Accounting Policies - *continued***

**f) Income Taxes - *continued***

tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**g) Property, Plant and Equipment**

Equipment is carried at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the items and restoring the site on which it is located.

Depreciation is provided at rates calculated to amortize the costs of PPE less their estimated residual value, using the straight-line method over five years commencing from the year the assets are put into service.

An item of equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit and loss.

Where an item of equipment is composed of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

**h) Decommissioning Liabilities**

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event, and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. The Company does not have any decommissioning liabilities.

**i) Earnings (Loss) per Share**

Basic earnings (loss) per share is computed by dividing the net earnings (loss) attributable to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. Diluted loss per share is not separately presented, as the effect of securities exercisable into common shares would reduce the amount presented as loss per share.

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**2. Summary of Significant Accounting Policies - continued**

**j) Financial Instruments**

**Financial assets:**

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The Company's cash and cash equivalents are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company has classified receivables as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in profit or loss. At December 31, 2011, the Company has not classified any financial assets as available for sale.

Transaction costs associated with FVTPL 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.

**Financial liabilities:**

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. At December 31, 2013, the Company has not classified any financial liabilities as FVTPL.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in profit or loss unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

**k) Share Capital**

- (i) Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and share purchase warrants are classified as equity instruments.
- (ii) Incremental costs directly attributable to the issue of new shares or warrants are shown in equity as a deduction, net of tax, from the proceeds.

**DATINVEST INTERNATIONAL INC.**  
**Notes to the Financial Statements**  
**(Expressed in Canadian Dollars)**  
**For the Years Ended December 31, 2013 and 2012**

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**2. Summary of Significant Accounting Policies – continued**

**k) Share Capital – continued**

(iii) The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing price on the measurement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded in contributed surplus.

**l) Share-based Payments**

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. On the exercise of stock options, the applicable amounts of reserves are transferred to share capital and consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments, such as stock options and warrants, are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods or services received.

**m) Accounting Standards Issued but Not Yet Effective**

(i) Effective for annual periods beginning on or after January 1, 2014

- *IFRS 13 Fair Value Measurement*

Defines fair value and sets out a framework for measuring fair value and disclosures about fair value measurements. It applies when other IFRS's require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRS or address how to present changes in fair value.

- *IFRS 10 Consolidated Financial Statements*

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

- *IFRS 11 Joint Arrangements*

IFRS 11 describes the accounting for arrangements in which there is joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers.

**DATINVEST INTERNATIONAL INC.**  
**Notes to the Financial Statements**  
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**2. Summary of Significant Accounting Policies – continued**

**m) Accounting Standards Issued but Not Yet Effective Policies – continued**

- IFRS 12 *Disclosure of Interests in Other Entities*

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

(ii) Effective for annual periods beginning on or after January 1, 2014

- Amendments to IAS 32, *Financial Instruments: Presentation*

IAS 32 clarifies the application of the offsetting rules and requires additional disclosure on financial instruments subject to netting arrangements.

(iii) Effective tentatively for annual periods beginning on or before January 1, 2018

- IFRS 9 *Financial Instruments*

IFRS 9 *Financial Instruments* replaces the current standard IAS 39 *Financial Instruments: Recognition and Measurement*, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

The Company has not early adopted above standard and is currently assessing the impact that this standard could have on future financial statements.

**n) Cash Equivalents**

Cash equivalents are highly liquid investments, such as term deposits with major financial institutions, having a term to maturity of three months or less at acquisition, that are readily convertible to specified amounts of cash.

**3. Receivables**

	2013	2012
Amounts due from the Government of Canada pursuant to HST input tax credits	\$ 24,639	\$ 22,211

The Company qualifies for the Goods and Services Tax input tax credits which may change pursuant to an audit by the taxation authorities.

**DATINVEST INTERNATIONAL INC.**  
**Notes to the Financial Statements**  
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**4. Marketable Securities**

The Company's other investments, which are classified as held-for-trading have been valued at their market prices.

2013		2012	
Cost	Market	Cost	Market
\$10,000	\$1,250	\$10,000	\$7,500

The Company signed a Letter of Intent ("LOI") dated June 6, 2008 with Intuitive Exploration Inc. ("NTX") for the acquisition of all issued and outstanding shares of NTX, a British Columbia resource exploration company. A refundable deposit of \$25,000 was paid on October 27, 2008 to Intuitive Exploration as part of the negotiation for a reverse takeover. The Company announced on December 29, 2008 that an agreement could not be reached and that the transaction would not proceed. The deposit was secured by a promissory note. Due to the contingency on collectability of this deposit, the Company decided to write it off in year 2008.

On August 12, 2010, the Company received 250,000 shares of Orestone Mining Corp. in settlement of the \$25,000 owed by Intuitive Exploration Inc., which was acquired by Orestone on June 3, 2010. On September 18, 2012 Orestone consolidated its shares on 1 for 4 basis as a result the Company now hold 62,500 shares. The Company classifies these shares as held-for-trading and, accordingly; any unrealized gains and losses in fair value are included in net income or loss for the year.

**5. Accounts Payable and Accrued Liabilities**

	2013	2012
Trade and other payables	\$ 28,623	\$ 22,655
Accrued liabilities	28,110	12,000
<b>Total</b>	<b>\$ 56,733</b>	<b>\$ 34,655</b>

**DATINVEST INTERNATIONAL INC.**  
**Notes to the Financial Statements**  
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**6. Loans and Borrowings**

On June 26, 2013, the Company signed a letter of intent (the “LOI”) with Cerro Mining Corp. (“Cerro”) regarding their mutual intention to enter into a business combination. It is contemplated that the business combination will take place by way of a plan of arrangement under the British Columbia *Business Corporations Act* or other statutory procedure (the “Transaction”) whereby the security holders of Cerro and the Company will each hold 50% equity ownership of the resulting issuer. The final structure of the Transaction is subject to the mutual agreement of the parties, acting reasonably, following their receipt of final tax, corporate, securities law and financial advice.

Key terms of the Transaction are summarized as follows:

- The board of directors of the Resulting Issuer is expected to consist of five individuals, the names of whom will be specified in the definitive agreement. Two of the directors will be nominated by the current board of directors of Cerro, two will be nominated by the Company, and the final director will be nominated jointly by Cerro and the Company. The officers of the Resulting Issuer will be agreed to in the definitive agreement.
- The Company advanced the sum of \$25,000 to Cerro (the “Loan”). The Loan is secured by certain of Cerro’s currently-held marketable securities.
- Concurrent with the closing of the Transaction, Cerro will be required to complete a financing raising gross proceeds of not less than \$100,000 and at a price not less than \$0.05 per unit. It is expected that such financing will be a private placement.
- Concurrent with the closing of the Transaction, Cerro will be required to enter into debt settlement agreements so that Cerro’s debts are not more than \$90,000 plus such amounts agreed to by Cerro and the Company to a maximum of \$120,000 (the “Debt Cap”). Promissory notes that Cerro has entered into and announced via news release are not subject to the Debt Cap and, accordingly, will not be reduced.

The Transaction is subject to a number of conditions including, but not limited to, each party’s completion of due diligence, the execution of a definitive agreement between Cerro and the Company, TSX Venture Exchange (TSX-V) approval and receipt of the requisite approvals of the shareholders of both parties.

The Transaction is a non-arm’s length transaction for the purposes of the TSX-V as the parties have a common director, being Jason Birmingham. Mr. Birmingham holds 600,000 shares of Cerro, representing 3.50% of the issued and outstanding common shares of Cerro. Mr. Birmingham holds 818,000 shares of the Company, representing 4.13% of the issued and outstanding common shares.

On September 25, 2013, the Company and Cerro announced that the letter of intent has expired and have mutually decided not to move forward with the proposed business combination. The \$25,000 loan is due on December 31, 2013.



**DATINVEST INTERNATIONAL INC.**  
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**7. Share Capital and Contributed Surplus**

Authorized: Unlimited common shares without par value

On May 17, 2011, the Company arranged a non-brokered private placement of up to 7,692,308 Units of the Company for gross proceeds of \$500,000 at a price of \$0.065 per Unit, each Unit consisting of one common share and one warrant, each warrant entitling the holder to purchase one additional share of the Company at a price of \$0.10 per share for a period of twelve months.

All securities issued pursuant to the Offering will be subject to a four month hold period expiring on September 18, 2011. The net proceeds from the private placement will be used for general working capital. No finder's fee will be paid with respect to this financing.

**Warrants**

As at December 31, 2013 and 2012, the following warrants are outstanding:

December 31, 2012	Issued in the year	Exercised in the year	Expired in the year	December 31, 2013	Price	Expiry Date
-	-	-	-	-	-	-

As at December 31, 2013 and 2012, there were no warrants outstanding and unexercised.

**Options**

Options	December 31, 2013		2012	
	Number Of Options	Weighted Average Exercise Price	Number Of Options	Weighted Average Exercise Price
Outstanding, beginning of year	300,000	\$ 0.200	650,000	\$ 0.200
Granted	-	-	-	-
Expired/cancelled	(300,000)	\$0.200	(350,000)	\$0.215
Exercised	-	-	-	-
<b>Outstanding, end of year</b>	<b>-</b>	<b>\$ -</b>	<b>300,000</b>	<b>\$ 0.200</b>

As at December 31, 2013 and 2012, there were no stock options outstanding and unexercised.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock option awards.

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**8. Income Taxes**

The Company has accumulated non-capital losses for Canadian income tax purposes of approximately \$850,000 which expire in various years to 2033 as follows:

2014	83,000
2015	65,000
2026	67,000
2027	191,000
2028	132,000
2029	51,000
2030	50,000
2031	62,000
2032	72,000
2033	77,000
	\$ 850,000

The Company also has capital losses of approximately \$1,086,778 which may be carried forward indefinitely.

The reconciliation of income tax provision at statutory rates to the reported income tax provision is as follows:

	2013	2012
	26.0%	25.0%
Net loss for the year	(108,046)	(64,729)
Income tax benefits computed at Canadian statutory rates	\$ 28,091	\$ 16,182
Unrecognized tax losses	(28,091)	(16,182)
	\$ -	\$ -

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Significant components of the Company's future tax assets and liabilities, after applying enacted corporate income tax rates are as follows:

	2013	2012
Future income tax assets		
Temporary differences in assets	\$ 700	\$ 700
Non-capital losses carried forward	221,000	193,000
Net capital losses carried forward	283,000	272,000
Cumulative resource development costs	15,000	15,000
	519,700	480,700
Valuation allowance for future income tax assets	( 519,700)	( 480,700)
Future income tax assets	\$ -	\$ -

The conditions required to recognize potential future tax assets based on establishment of likely future profitability have not been met. Accordingly, a 100% valuation allowance has been provided.

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**9. Related Party Transactions**

During the year ended December 31, 2013 the Company was charged \$37,560 (December 31, 2012: 33,600) for management fees by its directors. At December 31, 2013, the Company owed \$14,760 (December 31, 2012 - \$nil).

During the year ended December 31, 2013 the Company was charged \$10,411 (December 31, 2012 - \$361) for legal services to a company related to a director. At December 31, 2013, the Company owed \$24,566 (December 31, 2012 - \$14,021).

**10. Capital Risk Management**

The Company's objectives when managing capital are: to safeguard the Company's ability to continue as a going concern; to maintain optimal capital structure, while ensuring the Company's strategic objectives are met and to provide an appropriate return to shareholders relative to the risk of the Company's underlying assets.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, stock options, contributed surplus and deficit.

The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, selling and/or acquiring assets, and controlling its capital expenditures program.

The Company has no business or operations and is currently reviewing new projects. As such, the Company is dependent on external financing to fund its activities. In order to pay for its operating expenses, the Company will spend its existing working capital and raise additional amounts as needed and if available.

Management reviews its capital management approach on an ongoing basis.

**11. Fair Value Measurement**

The Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3862 "Financial Instruments Disclosures" requires disclosure of a three-level hierarchy for fair value measurements based upon the significance of inputs used in making fair value measurements as follows:

Level 1 - quoted prices 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).

Level 3 - inputs for the asset or liability that are not based on observable market data.

At December 31, 2013, the levels in the fair value hierarchy into which the Company's financial assets and liabilities measured and recognized in the balance sheet at fair value are categorized are as follows:

	<b>Level 1</b>	<b>Level 2</b>
Cash and cash equivalents	\$ 546,345	
Marketable securities	\$ 1,250	