

BLUE VISTA TECHNOLOGIES INC.
(a development stage company)
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

INDEX

	<u>Page</u>
Independent Auditors' report	1
Statements of Financial Position	2
Statements of Operations and Comprehensive Loss	3
Statements of Changes in Shareholders' Equity	4
Statements of Cash Flows	5
Notes to the Financial Statements	6 - 18

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Blue Vista Technologies Inc.

We have audited the accompanying financial statements of Blue Vista Technologies Inc., which comprise the statements of financial position as at December 31, 2012 and December 31, 2011, and the statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 auditors' 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.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Blue Vista Technologies Inc. as at December 31, 2012 and December 31, 2011 and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about Blue Vista Technologies Inc.'s ability to continue as a going concern.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Accountants
April 24, 2013
Toronto, Ontario

BLUE VISTA TECHNOLOGIES INC.

(a development stage company)

STATEMENT OF FINANCIAL POSITION (Expressed in Canadian Dollars)**AS AT**

(Audited)

	December 31, 2012	December 31, 2011
ASSETS		
Current		
Cash	\$ 245,400	\$ 502,607
Accounts receivable	2,721	7,007
GST/HST receivable	7,393	44,889
	255,514	554,503
Equipment (Note 8)	2,915	3,644
	\$ 258,429	\$ 558,147
LIABILITIES		
Current		
Accounts payable and accrued liabilities(Notes 10(a) and 12)	\$ 902,029	\$ 914,559
Notes payable (Note 6)	188,597	188,597
	1,090,626	1,103,156
Deferred tax liability (Note 11)	-	72,750
	1,090,626	1,175,906
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	8,689,819	8,689,819
Contributed surplus	152,527	152,527
Deficit	(9,674,543)	(9,460,105)
	(832,197)	(617,759)
	\$ 258,429	\$ 558,147

Approved on Behalf of the Board*'Alex Falconer'* Director*'Chris Irwin'* Director

See accompanying notes to the audited financial statements.

BLUE VISTA TECHNOLOGIES INC.

(a development stage company)

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (Expressed in Canadian Dollars)
FOR THE
(Audited)

	Years Ended December 31,	
	2012	2011
Expenses		
Amortization (Note 8)	\$ 729	\$ 794
Exploration and evaluation expenses (Note 7)	93,820	192,697
Operating expenses	120,572	131,296
Professional fees	27,822	27,000
Accounting fees	9,250	13,750
Listing fees	23,354	12,473
Part XII.6 taxes (Note 12)	11,644	-
Loss from operations	287,191	378,010
Interest income	3	10
Deferred tax expense (recovery) (Note 11)	(72,750)	72,750
Net loss and comprehensive loss for the year	(214,438)	(450,750)
Loss per share		
Basic and fully diluted (loss) earnings per share	\$ (0.009)	\$ (0.019)
Weighted average number of shares	23,615,576	23,615,576

See accompanying notes to the audited financial statements.

BLUE VISTA TECHNOLOGIES INC.

(a development stage company)

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

(Audited)

	Preferred shares	Share capital		Contributed Surplus	Accumulated deficit	Total
		Amount	Common shares			
Balance January 1, 2011	9,100,000	\$ 13,056	23,615,576	\$ 152,527	\$ (9,009,355)	\$ (167,009)
Net loss and comprehensive loss for the year	-	-	-	-	(450,750)	(450,750)
Balance, December 31, 2011	9,100,000	\$ 13,056	23,615,576	152,527	\$ (9,460,105)	\$ (617,759)
Balance January , 2012	9,100,000	\$ 13,056	23,615,576	\$ 152,527	\$ (9,460,105)	\$ (617,759)
Net loss and comprehensive loss for year	-	-	-	-	(214,438)	(214,438)
Balance, December 31, 2012	9,100,000	\$ 13,056	23,615,576	\$ 152,527	\$ (9,674,543)	\$ (832,197)

See accompanying notes to the audited financial statements.

BLUE VISTA TECHNOLOGIES INC.

(a development stage company)

STATEMENTS OF CASH FLOWS (Expressed in Canadian Dollars)
FOR THE
(Audited)

	Years Ended December 31,	
	2012	2011
OPERATING ACTIVITIES		
Net loss for the year	\$ (214,438)	\$ (450,750)
Adjustments not effecting cash:		
Amortization	729	794
Changes in non-cash working capital		
Accounts receivable	4,286	94,361
GST receivable	37,497	-
Prepaid expenses	-	5,775
Deferred tax liability	(72,750)	72,750
Accounts payable and accrued liabilities	(12,531)	339
Cash used in operating activities	(257,207)	(276,731)
INVESTING ACTIVITIES		
Purchase of equipment	-	(4,438)
Cash used in investing activities	-	(4,438)
Net decrease in cash	(257,207)	(281,169)
Cash, beginning of year	502,607	783,776
Cash, end of year	\$ 245,400	\$ 502,607

BLUE VISTA TECHNOLOGIES INC.

(a development stage company)

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012 (Expressed in Canadian Dollars)

(Audited)

1. REPORTING ENTITY AND GOING CONCERN

Blue Vista Technologies Inc. (the "Company") is an exploration stage enterprise incorporated under the laws of Ontario on December 9, 1995. The Company is listed on the TSX Venture Exchange, having the symbol BV.H and is in the process of exploring its mineral properties.

The address of the Company's corporate office and principal place of business is 65 Queen Street West, Suite 501 Toronto, Ontario, M5H 2M5, Canada.

These financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has not yet realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of \$9,674,543 (2011 - \$9,460,105) as at December 31, 2012. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Management believes that it has the ability to raise the required additional funding. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be able to execute on its business strategy or be successful in future financing activities. As at December 31, 2012, the Company had current assets of \$255,514 (2011 - \$554,503) to cover current liabilities of \$1,090,626 (2011 - \$1,103,156).

2. BASIS OF PRESENTATION

Statement of Compliance

These financial statements for the year ended December 31, 2012 and 2011 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The financial statements were authorized for issue by the Board of Directors on April 24, 2013

Basis of Measurement

The financial statements have been prepared on the historic cost basis, as modified by any revaluation of fair value through profit or loss financial instruments.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale shall not be reversed through profit or loss.

The preparation of financial statements in conformity with IFRS requires that management make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement, areas where assumptions and estimates are significant to the financial statements are disclosed in below.

Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

BLUE VISTA TECHNOLOGIES INC.

(a development stage company)

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012 (Expressed in Canadian Dollars)

(Audited)

Use of Estimates and Judgement

The preparation of financial statements in conformity with IFRS requires that management make judgements, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant estimates used in the preparation of these financial statements include, but are not limited to, the recoverability of exploration and evaluation ("E&E") assets and equipment, asset retirement obligations, share-based compensation, income taxes, the recording of liabilities including any flow through premium and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from management's best estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

EXPLORATION AND EVALUATION EXPENDITURES

Exploration and evaluation expenditure ("E&E") assets consist of exploration and mining concessions, options and contracts. Acquisition and leasehold costs and exploration costs are capitalized and deferred until such time as the property is put into production or the properties are disposed of either through sale or abandonment.

E&E costs consist of:

- Gathering exploration data through topographical and geological studies;
- Exploratory drilling, trenching and sampling;
- Determining the volume and grade of the resource;
- Test work on geology, metallurgy, mining, geotechnical and environmental; and
- Conducting engineering, marketing and financial studies.

Proceeds received from the sale of any interest in a property are first credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the property and deferred exploration costs are written off to operations.

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely, which may be based on assumptions about future events or circumstances. The Company expenses all E&E costs until such time that regulatory approval is obtained for the purchase of the property. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of operations in the period when the new information becomes available. The Company assesses each cash generating unit ("CGU") annually to determine whether any indication of impairment exists.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the assets in an arm's length transaction between knowledgeable and willing parties.

BLUE VISTA TECHNOLOGIES INC.

(a development stage company)

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012 (Expressed in Canadian Dollars)

(Audited)

EQUIPMENT

Recognition and Measurement

Equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes all expenditures that are directly attributable to the acquisition of the asset.

Amortization

Equipment is depreciated annually on a straight-line basis using a rate of 20%.

Impairment

The carrying amounts of the Company's equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. In addition, capitalized E&E assets are assessed for impairment upon demonstrating the technical feasibility and commercial viability of the project.

Impairment is determined for an individual asset unless the asset does not generate cash inflows that are independent of those generated from other assets or group of assets, in which case, the individual assets are grouped together into CGUs for impairment purposes.

An impairment exists when the carrying amount of the asset, or group of assets, exceeds its recoverable amount. The impairment loss is the amount by which the carrying value exceeds the recoverable amount and such loss is recognized in the statement of operations. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized such that the recoverable amount has increased. The carrying amount after a reversal must not exceed the carrying account (net of amortization) that would have been determined had no impairment loss been recognised.

ACCOUNTING FOR INCOME TAXES

Income tax expense comprises of current and deferred tax expense. Current tax expense is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity. Income taxes are calculated using the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and for tax losses and other deductions carried forward.

Deferred income tax assets and liabilities are calculated using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability is settled. An asset is recognized on the statement of financial position only when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably. The effect on deferred tax assets and liabilities of changes in tax rates are recognized in income in the period in which the change is substantively enacted.

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual rate used for the year ended December 31, 2012 was 26.5% (2011 – 28.25%).

BLUE VISTA TECHNOLOGIES INC.

(a development stage company)

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012 (Expressed in Canadian Dollars)

(Audited)

BASIC LOSS PER COMMON SHARE

The Company presents basic and diluted earnings (loss) per share (EPS) data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise convertible warrants and share options granted by the Company.

SHARE-BASED PAYMENT

The Company accounts for share-based payments using the fair value method. Under this method, compensation expense for employees is measured at fair value on the date of grant using the Black-Scholes option pricing model, and is recognized as an expense or capitalized, depending on the nature of the grant, with a corresponding increase in equity, over the period that the employees earn the options. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility.

Warrants, stock options, and other equity instruments issued as purchase consideration in non-cash transactions, other than as consideration for E&E assets, are recorded at fair value of the goods or services received or if the value of the goods or services received is not reliably measurable then the value of the instruments if measured as determined by management using the Black-Scholes option pricing model. The fair value of the shares issued as purchase consideration for E&E assets is based upon the trading price of those shares on the TSX on the date of the agreement to issue shares as determined by the Board of Directors.

RECLAMATION OBLIGATION

A legal or constructive obligation to incur restoration, rehabilitation, and environmental costs may arise when environmental disturbance is caused by the exploration, development, or ongoing production of an E&E interest. The Company's exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and are generally becoming more restrictive.

The fair value of the liability for an asset retirement obligation is recorded when the legal obligation arises and the corresponding increase to the asset is amortized over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value.

The Company intends to make in the future, expenditures to comply with such laws and regulations. As at December 31, 2012 and 2011, no such obligations have been incurred.

SHARE CAPITAL

Equity instruments are contracts that give a residual interest in the net assets of the Company. 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, share warrants, and flow-through shares are classified as equity instruments. Preference share capital is classified as equity if it is non-retractable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from proceeds.

BLUE VISTA TECHNOLOGIES INC.

(a development stage company)

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012 (Expressed in Canadian Dollars)

(Audited)

WARRANTS

Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value. The relative fair value of the share component is credited to share capital and the relative fair value of the warrant component is credited to contributed surplus. Upon exercise of the warrants, consideration paid by the warrant holder together with the amount previously recognized in the contributed surplus account is recorded as an increase to share capital.

FINANCIAL INSTRUMENTS

The Company holds certain financial instruments such as cash, accounts receivables, accounts payable and accrued liabilities and notes payable, the fair value of which approximate their carrying value due to the short term nature of these instruments.

Financial assets and liabilities are recognized in the statement of financial position when the Company becomes a party to a contract. Both financial assets and liabilities are initially measured at fair value plus, in the case of financial instruments not at fair value through profit or loss, directly attributable transaction costs. IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39") requires classification of financial assets at inception into one of four categories: fair value through profit or loss, held to maturity, loans and receivables, and available for sale; and classification of financial liabilities at inception into one of two categories: fair value through profit or loss and other liabilities.

NON DERIVATIVE FINANCIAL INSTRUMENTS

Financial assets at fair value through profit or loss

The company has classified its cash as financial assets at fair value through profit or loss.

Loans and receivables

Accounts receivable are classified as loans and receivables.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized costs using the effective interest method, less any impairment losses. Gains and losses are recognized in profit or loss when loans are derecognized or impaired.

Available for sale

Available for sale financial instruments securities are measured initially at fair value. They are accounted for at fair value with unrealized gains and losses included in Other Comprehensive Income (Loss). When there is a permanent decline in the fair value of an available for sale financial asset and there is objective evidence that the asset is impaired, the cumulative loss equal to the difference between the acquisition cost and its fair value, less any impairment loss that has been recognized in Other Comprehensive Income (Loss) will be reclassified from equity to profit or loss even though the financial asset has not been derecognized.

BLUE VISTA TECHNOLOGIES INC.

(a development stage company)

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012 (Expressed in Canadian Dollars)

(Audited)

Impairment of financial assets

Financial assets, other than financial assets at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been negatively impacted.

The carrying amount of the financial asset is directly reduced by any impairment loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale shall not be reversed through profit or loss.

Other Liabilities

Accounts payable and accrued liabilities and notes payable are classified as other liabilities. The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial instruments recorded at FVTPL

Financial instruments recorded at fair value on the statements of financial position are classified using a financial value hierarchy that reflects the significance of the inputs used in marking the measurements. The fair value hierarchy has the following levels:

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

Cash is classified as level 1.

ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

IFRS 9, Financial Instruments (“IFRS 9”) was issued by the International Accounting Standards Board (“IASB”) on November 12, 2009 and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company is currently evaluating the impact of IFRS 9 on its financial instruments.

IFRS 10 Consolidated Financial Statements was issued by the IASS in May 2011. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in SIC-12 Consolidation-Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements and is effective for annual periods beginning on or after January 1, 2013. In October 2012, the IASB amended IFRS 10 to require investment entities to measure subsidiaries at fair value through profit or loss. The amendment is effective for annual periods beginning on or after January 1, 2014. Earlier application is permitted.

BLUE VISTA TECHNOLOGIES INC.

(a development stage company)

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012 (Expressed in Canadian Dollars)

(Audited)

IFRS 11 Joint Arrangements was issued by the IASB in May 2011. IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers, and is effective for annual periods beginning on or after January 1, 2013.

IFRS 12 Disclosure of Interests in Other Entities was issued by the IASB in May 2011. IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013.

IFRS 13 Fair Value Measurement was issued by the IASB in May 2011. IFRS 13 provides a consistent and less complex definition of fair value, establishes a single source of guidance for determining fair value and introduces consistent requirements for disclosures related to fair value measurement. 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. The standard is effective for annual periods beginning on or after January 1, 2013.

IFRIC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine was issued by the IFRIC in October 2011. IFRIC 20 applies to all types of natural resources that are extracted using the surface mining activity process. IFRIC 20 may represent a change in accounting practice for some Canadian mining entities. Specifically, IFRIC 20 permits capitalization of stripping costs if all of the following three criteria are met:

- probability of future economic benefit (improved access to the ore body) flowing to the entity;
- identifiability of the component of the ore body for which access has been improved; and
- measurability of the costs associated to the stripping activity.

Furthermore, where the costs of the stripping activity asset and of the inventory produced are not separately identifiable, IFRIC 20 provides a more detailed cost allocation guidance based on a relevant production measure that allows allocation between inventory produced and the stripping activity asset. IFRIC 20 is effective for annual periods beginning on or after January 1, 2013.

PROVISIONS

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

FLOW THROUGH SHARES

Upon the issuance of flow through shares, the Company records the initial proceeds to capital stock, net of any tax liability, if any. The flow through premium liability on the statement of financial position represents the premium of the financing price in excess of the market share price on the date of the flow through share financing. The financial liability pertaining to the premium is recognized in the statement of operations consistent with expenditure renunciations. As the Company incurs expenditures to meet flow through requirements, a corresponding tax liability is recognized, reflecting the difference between the accounting and tax basis of the expenditures.

BLUE VISTA TECHNOLOGIES INC.

(a development stage company)

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012 (Expressed in Canadian Dollars)

(Audited)

4. FINANCIAL INSTRUMENTS

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks (commodity prices, foreign currency exchange rate and interest rate), credit risk and liquidity risk through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required, through the use of derivative financial instruments. The Company does not use derivative financial instruments for purposes other than risk management. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and up-to-date market information.

Market Risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. The Company may use derivative financial instruments such as foreign exchange contracts and interest rate swaps to manage certain exposures. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis.

Liquidity Risk

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main sources of liquidity is derived from its common stock issuances. These funds are primarily used to finance working capital, operating expenses, capital expenditures, and acquisitions.

The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash. The 2013 budget is planned to be funded by cash.

Accounts payable and accrued liabilities are current financial instruments, are due within 30 days expected to be settled in the normal course of operations. Notes payable are due on demand.

As at December 31, 2012 the Company held cash of \$245,400 (2011 - \$502,607) to settle current liabilities of \$1,90,626 (2011 - \$1,103,156).

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash bears interest at market rates. Other current financial assets and liabilities are not exposed to interest rate risk because of their short-term nature.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and accounts receivable. The Company has reduced its credit risk by investing its cash with a Canadian chartered bank.

Fair Value

The Company has designated its cash as FVTPL, which is measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and note payable are classified as other financial liabilities, which are measured at amortized cost.

BLUE VISTA TECHNOLOGIES INC.

(a development stage company)

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012 (Expressed in Canadian Dollars)

(Audited)

The carrying value and fair value of financial instruments held at December 31, 2012 and December 31, 2011 approximate fair value due to their short term nature.

5. CAPITAL MANAGEMENT

The Company defines capital management in the manner it manages its share capital. As at December 31, 2012 the Company's share capital was \$8,689,819 (December 31, 2011 - \$8,689,819).

There were no changes in the Company's approach to capital management during the period ended December 31, 2012 and the Company is not subject to any externally imposed capital requirements.

The Company's objectives when managing capital are:

- a) To safeguard the Company's financial capacity and liquidity for future earnings in order to continue to provide an appropriate return to shareholders and other stakeholders;
- b) To maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk; and
- c) To enable the Company to maximize growth by meeting its capital expenditure budget, to expand its budget to accelerate projects, and to take advantage of acquisition opportunities.

The Company regularly monitors and reviews the amount of capital in proportion to risk and future development and exploration opportunities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debt or equity or similar instruments, reduce debt levels from, or make adjustments to, its capital expenditure program.

6. NOTES PAYABLE

	December 31, 2012	December 31, 2011
Unsecured advances from shareholders, directors and officers of the Company due on demand and are non-interest bearing	\$ 148,597	\$ 148,597
Due to non-related party	40,000	40,000
	<u>\$ 188,597</u>	<u>\$ 188,597</u>

7. EXPLORATION AND EVALUATION EXPENSES

	December 31, 2012	December 31, 2011
Total exploration and evaluation expenses	\$ 93,820	\$ 192,697

Hurdman Property

On September 7, 2011, the Company entered into an arm's length agreement with Eloro Resources Ltd. whereby the Company is to acquire Eloro's wholly-owned Hurdman Property, comprising 13 contiguous mining claims covering 2,944 hectares in Hurdman Township, 120 kilometres north-norhtwest of the City of Timmins, Ontario.

Pursuant to the Agreement and subject to regulatory approval and closing, the Company will acquire a 100% interest in the Hurdman Property by issuing 5,000,000 shares and paying \$40,000 to Eloro. Post the proposed rollback of 4:1, Eloro would hold 1.25 million shares of the Company. To date, regulatory approval has not been received and the proposed sale has not been finalized. As a result, exploration and evaluation expenditures made to date have not been capitalized in accordance with IFRS 6 Exploration for and evaluation of mineral resources, but have been expensed to operations.

BLUE VISTA TECHNOLOGIES INC.

(a development stage company)

NOTES TO THE FINANCIAL STATEMENTS**DECEMBER 31, 2012** (Expressed in Canadian Dollars)

(Audited)

8. EQUIPMENT

	<u>Office equipment</u>
<u>Cost</u>	
Balance at January 1, 2011	\$ -
Additions	4,438
Balance at December 31, 2011	\$ 4,438
Additions	-
Balance at December 31, 2012	\$ 4,438
<u>Accumulated Amortization</u>	
Balance at January 1, 2011	\$ -
Amortization for the year	794
Balance at December 31, 2011	\$ 794
Amortization for the period	729
Balance at December 31, 2012	\$ 1,523
<u>Carrying Amounts</u>	
As at December 31, 2011	\$ 3,644
As at December 31, 2012	\$ 2,915

9. SHARE CAPITAL

(a) Authorized:

Unlimited number of common shares

8,000,000 Class A preference shares, transferable, non-cumulative, non-retractable, redeemable on a performance basis for \$1 per share over sixteen years, commencing subsequent to the sale of 50 PARCON units.

1,600,000 Class B preference shares, transferable, non-cumulative, non-retractable, redeemable on a performance basis for \$1 per share over four years, commencing subsequent to the sale of 50 PARCON units.

(b) Issued:

23,615,576 common shares
 8,000,000 Class A preference shares
 1,100,000 Class B preference shares

(c) Warrants

The following table summarizes warrants that have been issued during the period ended December 31, 2012:

	Number of Warrants	Fair Value	Weighted Average Exercise Price	Expiry date
Balance, December 31, 2010	11,855,555	\$ 100,599	\$ 0.10	
Expired	(855,555)	(7,249)	0.10	
Expired	(11,000,000)	(93,350)	0.10	
Balance, December 31, 2011 and December 31, 2012	-	\$ -	\$ -	

BLUE VISTA TECHNOLOGIES INC.

(a development stage company)

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012 (Expressed in Canadian Dollars)

(Audited)

10. RELATED PARTY TRANSACTIONS

The following related party transactions occurred and were reflected in the financial statements during the year ended December 31, 2012 and 2011 as follows:

	December 31, 2012	December 31, 2011
Management fees and consulting fees expense:		
Management fees were charged by officers for corporate administrative and financial management services	\$ 36,000	\$ 33,000
Consulting fees were charged by officers for corporate administration	\$ 60,000	\$ 60,000
Professional fees expense:		
Legal fees were charged by an officer for legal and corporate secretarial services	\$ 27,822	\$ 27,000
Rent fees expense:		
Rent fees (office premises) were charged by an officer	\$ 12,000	\$ -

- a) Included in accounts payable and accrued liabilities are management fees of \$458,381 (December 31, 2011 - \$502,758) to companies controlled by certain directors and officers in common with the Company and legal fees of \$224,492 (December 31, 2011 - \$193,053) due to a company controlled by a director in common with the Company, and interest of \$53,118 (December 31, 2011 - \$53,118) due to certain directors and an officer of the Company and companies controlled by certain shareholders, directors and officers in common with the Company.
- b) Included in notes payable are advances of \$148,597 (December 31, 2011 - \$148,597) due to certain directors and an officer of the Company, companies controlled by certain shareholders, and companies controlled by a director and officer in common with the Company.

11. INCOME TAXES

- (a) Income tax recovery

The reconciliation of income taxes attributable to operations computed at the combined statutory income tax rate of 26.50% (2011 - 28.25%) to income tax recovery is as follows:

	2012	2011
Loss before income taxes	\$ 287,191	\$ 278,010
Income taxes payable (recovery) at combined statutory rate	(76,105)	(106,785)
Non-deductible expenses	3,086	-
Exploration and evaluation expenses and related renunciation	-	145,501
Loss carry forwards applied	(72,750)	-
Change in deferred taxes not recognized	70,534	41,601
Change in rates and other	2,485	(7,567)
Provision for income taxes	\$ (72,750)	\$ 72,750

BLUE VISTA TECHNOLOGIES INC.

(a development stage company)

NOTES TO THE FINANCIAL STATEMENTS**DECEMBER 31, 2012** (Expressed in Canadian Dollars)

(Audited)

(b) Deferred income tax assets

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for tax purposes. The significant components of the Company's deferred income tax assets are as follows:

	2012	2011
Deferred income tax assets		
Investment tax credits and other	\$ 7,594	\$ 7,791
Mineral properties	24,862	-
Non capital loss carry-forwards	79,679	33,810
Net deferred income taxes	112,135	41,601
Deferred taxes not recognized	(112,135)	(41,601)
Total deferred income tax assets	\$ -	\$ -

The Company has not recognized its deferred tax assets as at December 31, 2012 and 2011 due to uncertainties in the Company's ability to realize its net operating losses carried forward.

As at December 31, 2011 a deferred tax liability was recognized due to uncertainties relating to the availability of non-capital loss carry-forward. As at December 31, 2012, sufficient non-capital losses were available to apply against the deferred tax liability.

	2012	2011
Deferred income tax liabilities		
Mineral properties	\$ -	\$ 72,750

(c) Tax loss carry-forwards

The Company has an investment tax credit carryover of \$27,578 (2011- \$27,578) as at December 31, 2012 available to be offset in future years.

The Company has approximately \$300,451 (2011- \$1,696,112) of net operating losses as at December 31, 2012 available to be carried forward against future taxable income. These non-capital losses will expire as follows:

2031	\$ 119,456
2032	180,995

The Company has approximately \$1,576,656 of net operating losses that related to the period prior to December 31, 2010. On December 31, 2010, the Company believes that they had a change in control and changed the nature of their business and therefore the CRA will disallow the following losses to be carried forward.

2014	\$ 221,663
2015	439,312
2026	213,418
2027	353,830
2028	209,947
2030	138,486

BLUE VISTA TECHNOLOGIES INC.

(a development stage company)

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012 (Expressed in Canadian Dollars)

(Audited)

12. SHAREHOLDER INDEMNIFICATION

The Company is liable for indemnification to the shareholders who subscribed to the issuance of flow through units in 2010 as the Company did not spend the full amount of proceeds raised in the issuance. This liability of \$44,376.78 has been recorded in accounts payable and accrued liabilities. An officer, who was also a subscriber to the issuance, has agreed to reimburse the Company for the amount of this liability and the related accounts payable to the officer has been reduced by the amount of the reimbursement.

The Company also incurred and paid Part XII.6 tax expense of \$11,644 in connection with the under spending of the flow through proceeds.