Grenville Gold Corp.

Condensed Interim Consolidated Financial Statements

For the Three and Six Month Periods Ended June 30, 2013 and 2012

(Unaudited - Expressed in Canadian Dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accomplished by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Stands for the preparation of the condensed interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

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

Grenville Gold Corp.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Notes		June 30, 2013		December 31, 2012
ASSETS					
Current					
Cash		$	121,907	$	87,276
HST Receivable			1,397		6,412
Prepaids			23,416		6,025
			146,720		99,713
Non-current assets					
Equipment	4		2,628		3,521
Exploration and evaluation assets	5		3,822,793		3,817,693
		$	3,972,141	$	3,920,927
TOTAL ASSETS					
LIABILITIES					
Current liabilities					
Trade payables and accrued	6	$	89,164	$	84,552
Due to related parties	9		-		30,000
			89,164		114,552
TOTAL LIABILITIES					
SHAREHOLDERS' EQUITY					
Share capital			8,904,625		8,604,625
Subscription receivable			(100,000)		-
Reserves			3,993,592		3,993,593
Deficit			(8,915,240)		(8,791,843)
TOTAL EQUITY			3,882,977		3,806,375
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	3,972,141	$	3,920,927

Nature and continuance of operations (Note 1) Commitment (Note 14)

Approved on Behalf of the Board on August 26, 2013

"Sonny Janda"

Sonny Janda, Director

"Jack Bal"

Jack Bal, Director

Grenville Gold Corp.
Condensed Interim Consolidated Statements of Comprehensive Loss
For the Three and Six Month Periods Ended June 30, 2013 and 2012
(Unaudited - Expressed in Canadian dollars)

	For the Three Months Ending		For the Six Months Ending	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
	$	$	$	$
Expenses				
Amortization	440	476	879	1,031
Filing and transfer fees	2,541	960	13,309	13,872
Foreign exchange	-	(8,073)	150	19,794
Management & administration	-	20,451	-	38,036
Office and miscellaneous	17,199	9,044	26,906	23,298
Professional fees	24,390	15,197	43,450	25,588
Rent	7,500	7,500	15,000	15,000
	51,920	44,119	99,694	136,619
Other items				
Gain on debt settlement	-	(23,82)	(20,000)	(23,822)
Mineral property impairment	43,703	-	43,703	-
Other income	-	-	-	(2,051)
Net comprehensive income (loss) for the period	(95,623)	(20,297)	(123,397)	(110,746)
Basic and diluted income (loss) per common share	(0.006)	(0.001)	(0.008)	(0.01)
Weighted average number of common shares outstanding – basic and diluted	16,170,326	13,133,689	16,170,326	13,133,689

Grenville Gold Corp.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the Six Month Period Ended June 30, 2013 and 2012
(Unaudited - Expressed in Canadian dollars)

	Share Capital			Reserves			
	Number of shares	Amount	Subscription receivable	Option reserve	Warrant reserve	Deficit	Total
		$	$	$	$	$	$
Balance at December 31, 2011	**11,604,926**	**8,339,990**	**(11,910)**	**2,872,403**	**935,825**	**(8,551,935)**	**3,584,373**
Net and comprehensive (loss):		-	-	-	-	(110,745)	(110,745)
Subscription receivable		-	11,910	-	-	-	11,910
Private placement	4,500,000	264,635	-	-	185,365	-	450,000
Balance at June 30, 2012	**16,104,926**	**8,604,625**	**-**	**2,872,403**	**1,121,190**	**(8,662,680)**	**3,935,538**
Balance at December 31, 2012	**16,104,926**	**8,604,625**	**-**	**2,872,403**	**1,121,190**	**(8,791,843)**	**3,806,375**
Net and comprehensive (loss):		-	-	-	-	(123,397)	(123,397)
Private placement	6,000,000	192,000	-	-	108,000	-	300,000
Subscription receivable		-	(100,000)	-	-	-	(100,000)
Balance at June 30, 2013	**22,104,926**	**8,796,625**	**(100,000)**	**2,872,403**	**1,229,190**	**(8,915,240)**	**3,882,978**

Grenville Gold Corp.
Condensed Interim Consolidated Statements of Cash Flow
For the Three and Six Month Periods Ended June 30, 2013 and 2012
(Unaudited - Expressed in Canadian dollars)

	The Three Months Ended		The Six Months Ended	
	June 30, 2013	**June 30, 2012**	**June 30, 2013**	**June 30, 2012**
Operating activities	**$**	**$**	**$**	**$**
Net loss (income) for the year	(95,623)	(20,297)	(123,397)	(110,745)
Adjustments for non-cash items:				
Amortization	447	476	893	1,031
Exploration and evaluation asset impairment	43,703	-	43,703	-
Gain on debt settlement	-	(23,822)	(20,000)	(23,822)
Changes in non-cash working capital items:				
HST receivable	1,333	5,141	5,015	5,106
Prepaid expenses	644	1,062	(17,391)	(155)
Trade payables and accrued liabilities	(21,502)	(10,137)	(19,092)	(25,550)
Due to related parties	(30,000)	-	(30,000)	-
Net cash flows used in operating activities	(100,998)	(47,577)	(160,269)	(154,135)
Investing activities				
Expenditures on exploration and evaluation assets	(5,100)	(99,796)	(5,100)	(205,989)
Expenditures on equipment		-	-	-
Proceeds received on disposal of equipment		4,249	-	4,249
Net cash flows used in investing activities	(5,100)	(95,547)	(5,100)	(201,740)
Financing activities				
Proceeds on issuance of common shares, net of issue costs	300,000	-	300,000	450,000
Subscription receivable	(100,000)	-	(100,000)	-
Net cash flows from financing activities	200,000	-	200,000	450,000
Increase/(decrease in cash	93,902	(143,124)	34,631	94,125
Cash, beginning	28,005	299,458	87,276	62,209
Cash, ending	**121,907**	156,334	**121,907**	156,334

Nature and continuance of operations

Grenville Gold Corp. (the "Company") was incorporated under the laws of the province of Ontario by articles of incorporation effective November 17, 1994. By articles of amendment effective December 15, 1999, the private company restrictions were deleted from the articles. On June 19, 2009, the Company completed a continuance of business from Ontario to British Columbia. The Company is listed on the TSX Venture Exchange ("TSX-V: GVG"), the Frankfurt Stock Exchange in Germany ("Frankfurt:F9I"), and a pink sheet listing in the United States ("OTCPP:GVLGF").

These condensed interim consolidated financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at June 30, 2013 the Company had not advanced its property to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and or private placement of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statement of financial position?

1. Statement of compliance

These condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as were applied in our most recent audited annual financial statements for the year ended December 31, 2012.

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent 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").

These condensed interim consolidated financial statements do not include all of the information required of a full annual financial report and are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim financial statements be read in conjunction with the most recent audited annual financial statements of the Company for the year ended December 31, 2012.

2. Significant accounting policies

The financial statements were authorized for issue on August 26, 2013 by the directors of the Company.

Basis of measurement

The condensed interim consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The condensed interim consolidated financial statements are presented in Canadian dollars unless otherwise noted.

2. Significant accounting policies (continued)

Consolidation

The consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

		Percentage owned	
	Country of Incorporation	**June 30, 2013**	**December 31, 2012**
Grenville Silveria Ltd.	Canada	100%	100%
Grenville Espanola Holdings Ltd.	Canada	100%	100%
Minera Grenville S.A.C.	Peru	100%	100%
Minera Espanola S.A.C.	Peru	100%	100%
Upper Canyon Minerals Peru S.A.C.	Peru	100%	100%

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, the recoverability and measurement of deferred tax assets, provisions for restoration and environmental obligations and contingent liabilities.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- The determination of whether an acquisition constitutes a business combination or an acquisition of assets;
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses; and
- the determination of the functional currency of the parent company and its subsidiaries.
- Economic recoverability and probability of future economic benefits of mineral properties
- Management has determined that mineral property costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

Determination of functional currency

The functional currency of the Company is measured using the currency of the primary economic environment in which that the Company operates. The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

2. Significant accounting policies (continued)

Significant estimates are as follows:

Valuation of share-based payments
The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes
In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Amortization for equipment
Amortization expense is allocated based on assumed asset lives. Should the asset life or depreciation rates differ from the initial estimate, an adjustment would be made in the condensed interim consolidated statements of loss and comprehensive loss.

3. Accounting standards issued by not yet effective

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

New standard IFRS 10 "Consolidated Financial Statements"

This new standard will replace IAS 27 "Consolidated and Separate Financial Statements", and SIC-12 "Consolidation – Special Purpose Entities". Concurrent with IFRS 10, the IASB issued IFRS 11 "Joint Ventures"; IFRS 12 "Disclosures of Involvement with Other Entities"; IAS 27 "Separate Financial Statements", which has been amended for the issuance of IFRS 10 but retains the current guidance for separate financial statements; and IAS 28 "Investments in Associates and Joint Ventures", which has been amended for conforming changes based on the issuance of IFRS 10 and IFRS 11.

IFRS 10 uses control as the single basis for consolidation, irrespective of the nature of the investee, eliminating the risks and rewards approach included in SIC-12, and requires continuous assessment of control over an investee. The above consolidation standards are effective for annual periods beginning on or after January 1, 2013.

New standard IFRS 11 "Joint Arrangements"

This new standard requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes lAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities-Non-monetary Contributions by Venturers.

3. Accounting standards issued by not yet effective

New standard IFRS 12 "Disclosure of Interests in Other Entities"

This new standard establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

New standard IFRS 13 "Fair value measurement"

This new standard replaces the fair value measurement guidance currently included in various other IFRS standards with a single definition of fair value and extensive application guidance. IFRS 13 provides guidance on how to measure fair value and does not introduce new requirements for when fair value is required or permitted. It also establishes disclosure requirements to provide users of the financial statements with more information about fair value measurements. IFRS 13 is effect for annual periods beginning on or after January 1, 2013.

Amendments to IAS 32 "Financial Instruments: Presentation"

These amendments address inconsistencies when applying the offsetting requirements, and is effective for annual periods beginning on or after January 1, 2014.

Financial statement presentation

In June 2011, the IASB and the Financial Accounting Standards Board ("FASB") issued amendments to standards to align the presentation requirements for other comprehensive income ("OCI"). The IASB issued amendments to IAS 1 "*Presentation of Financial Statements*" to require companies preparing financial statements under IFRS to group items within OCI that may be reclassified to the profit or loss. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. The amendments are effective for fiscal years beginning on or after July 1, 2012.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on its consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. Equipment

		Total
Cost:		
At December 31, 2011		59,802
Net change for year		(5,920)
At December 31, 2012 and June 30, 2013	$	53,882
Amortization:		
At December 31, 2011		49,566
Net charge for year		795
At December 31, 2012	$	50,361
Change for the period		893
At June 30, 2013		51,254
Net book value:		
At December 31, 2012	$	3,521
At June 30, 2013	$	2,628

5. Exploration and evaluation assets

	Silveria	Espanola	Josefina	Silver Mountain	June 30, 2013	December 31, 2012
Acquisition costs						
Balance, beginning	$ 949,524	$ 457,502	$ 86,663	$ 39,631	$ 1,534,320	$ 1,407,026
Additions	-	-	-	-	-	126,294
Impairment	-	-	-	-	-	-
	$ 949,524	$ 457,502	$ 86,663	$ 39,631	$ 1,53,320	$ 1,534,320
Exploration costs						
Balance, beginning	$ 1,954,418	$ 304,423	$ 18,376	$ 7,156	$ 2,284,373	$ 2,182,736
Additions	12,803	12,000	12,000	12,000	48,803	101,637
Impairment	-	-	(40,979)	(2,724)	(43,703)	-
	$ 1,954,418	$ 304,423	$ 18,376	$ 7,156	$ 2,289,473	$ 2,284,373
Total	$ 2,903,942	$ 761,925	$ 105,039	$ 46,787	$ 3,822,793	$ 3,817,693

Silveria property

The Company owns 100% of the Silveria property which consists of 195 claims in the San Mateo Mining District in the Province of Huarochiri, Peru.

In January 2009, through its subsidiary, Minera Grenville S.A.C., the Company purchased all the common shares of Sociedad Minera de Responsabilidad Limitada Bella Rubia ("Bella Rubia") which owned 11 mining claims in the San Mateo Mining District.

During the year ended December 31, 2011, the Peruvian courts nullified the Bella Rubia agreement and all costs capitalized on the Bella Rubia claims of $761,564 were impaired in 2011(Note 13). Management is appealing the court decision and the outcome is uncertain.

Espanola property

The Company owns 100% of the Espanola property which consists of 17 claims in the San Mateo Mining District in the Province of Canete, Peru.

Josefina and Silver Mountain properties

On March 2, 2012 the Company entered into an agreement with Lucky Minerals Inc. ("Lucky Minerals"), a Company with a director and an officer in common, to acquire all issued and outstanding shares of Upper Canyon Minerals Peru S.A.C. ("UCM"), a wholly owned subsidiary of Lucky Minerals, for $131,000. UCM owns a 100% interest in the Josefina and Silver Mountain concessions which consists 14 claims located in the Huarochiri Province of Lima, Peru (Note 9).

The transaction was accounted for as an asset acquisition. The assets acquired are as follows:

Josefina property	$ 86,663
Silver Mountain property	39,631
Cash	42
Deposits	1,575
Loan receivable	553
Office equipment	1,393
Taxes receivable	1,143
	$ 131,000

No liabilities were assumed in the transaction.

6. Trade payables and accrued liabilities

		June 30, 2013		December 31, 2012
Trade payables	$	89,164	$	32,166
Accrued liabilities		-		52,386
	$	89,164	$	84,552

7. Share capital

Authorized share capital: An unlimited number of common shares without par value
An unlimited number of preferred shares without par value

On June 26, 2013 the Company closed, a non-brokered private of 6,000,000 Units at a price of $0.05 per Unit for gross proceeds of $300,000. Each Unit is comprised of one common share in the capital of the Company and one common share purchase warrant. Each warrant will permit the holder to purchase one additional common share of the Company for a period of 24 months from the closing of the financing. Furthermore, each warrant will have an exercise price of $0.06 if exercised within 12 months of the closing or $0.10 if exercised during the subsequent 12 months. Warrants were valued at $108,000. No finder's fees was payable.

On January 4, 2012, the Company completed a private placement of 4,500,000 units at a price of $0.10 per for gross proceeds of $450,000. Each unit consists of one common share and one share purchase warrant exercisable to purchase one additional share at $0.13 for a two year period. A fair value of $185,365 was allocated to these warrants.

On December 21, 2011, the Company completed a private placement of 1,000,000 units at a price of $0.12 per unit for gross proceeds of $120,000. Each unit is consists of one common share and one share purchase warrant exercisable to purchase one additional share at $0.16 for a two year period. A fair value of $50,119 was allocated to these warrants. Share issuance costs of $1,350 were paid.

On March 25, 2011, the Company completed a private placement of 1,050,000 units at a price of $0.40 per unit for gross proceeds of $420,000. Each unit consists of one common share and one purchase warrant exercisable to purchase one additional common share at a price of $0.47 for a period of three years. A fair value of $198,229 was allocated to these warrants. Share issuance costs of $2,100 were paid.

On January 21, 2011, the Company completed a private placement of 4,000,000 units at a price of $0.23 per unit for gross proceeds of $920,000. Each unit consists of one common share one purchase warrant exercisable to purchase one additional common share at a price of $0.31 for a period of two years. A fair value of $371,563 was allocated to these warrants. Share issuance costs of $90,387 were paid and 361,000 finders' warrants were issued. The fair value of the finders' warrants is $104,917.

The fair value of the warrants issued was estimated using the Black-Scholes option pricing model with the following assumptions:

	June 30, 2013	January 30, 2012	December 21, 2011	March 25, 2011
Expected life	2 years	2 years	2 years	3 years
Risk free interest	1.84%	1.04%	1.18%	2.08%
Volatility	112%	133%	134%	173%
Dividend yield	0%	0%	0%	0%

8. Share capital (continued)

Stock options

The Company has a stock option plan whereby a maximum of 10% of the issued and outstanding common shares of the Company may be reserved for issuance pursuant to the exercise of options. The term of the stock options granted is fixed by the board of directors and is not to exceed five years. The exercise prices of the stock options granted may not be less than the minimum then specified by the rules of the TSX-V. Vesting periods are determined by the board of directors.

On April 20, 2011, the Company issued 900,000 options to directors of the Company. The options are exercisable at $0.50 for a period of five years, and were fully vested upon grant. The fair values of the options were $393,147. The fair value of the options was estimated using the Black-Scholes option pricing model with the following assumptions: estimated volatility of 160%, expected life of 5 years and risk free interest rate of 2.72%.

Option transactions are summarized as follows:

	June 30, 2013		December 31, 2012	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Options outstanding, beginning	1,087,000	$ 0.72	1,122,000	$ 0.88
Granted	-	-	-	-
Expired	(72,000)	-	(35,000)	-
Options outstanding, ending	1,015,000	$ 0.56	1,087,000	$ 0.72

At December 31, 2012, the outstanding and exercisable options as follows:

Number of options	Exercise price	Expiry date
45,000	$ 1.00	August 8, 2013
45,000	$ 1.00	December 8, 2013
25,000	$ 1.00	April 20, 2014
900,000	$ 0.50	April 20, 2016
1,015,000		

The weighted average life remaining of options outstanding as at June 30, 2013 is 2.58 years.

Warrants

Warrants transactions are summarized as follows:

	June 30, 2013		December 31, 2012	
	Number of warrants	**Weighted average exercise price**	**Number of warrants**	**Weighted average exercise price**
Balance at beginning	10,911,000	$ 0.24	6,411,000	$ 0.31
Warrants issued	6,000,000	-	4,500,000	0.13
Warrants expired	(4,361,000)	-	-	-
Balance outstanding, ending	12,550,000	$ 0.14	10,911,000	$ 0.24

As at June 30, 2013 the Company had outstanding warrants as follows:

8. Share capital (continued)

Warrants (continued)

Number of warrants	Exercise price		Expiry date
6,000,000	$	0.10	June 26, 2015
1,050,000	$	0.47	March 25, 2014
1,000,000	$	0.16	December 21, 2013
4,500,000	$	0.13	February 3, 2014
12,550,000			

At June 30, 2013, the weighted average life remaining of warrants outstanding is 0.1.84 years

Reserves

Stock option reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Option reserve		
December 31, 2012	$	2,872,403
Additions		-
June 30, 2013	$	2,872,403

Warrant reserve

The warrant reserve records the fair value of warrants issued until such time that they are exercised, at which time the corresponding amount will be transferred to share capital.

Warrant reserve		
December 31, 2012	$	1,121,190
Additions		108,000
June 30, 2012	$	1,229,190

9. Related party transactions

During the six month period ended June 30, 2013, the Company incurred rent expense of $7,500 to a company controlled by a relative of the president of the Company (June 2012 – $7,500) and accounting fees of $2,670 to the Company's Chief Financial Officer (June 2012 - $2,502).

During the six month period ended June 30, 2013 the company settled the balance due at the December 31, 2012 year end to related parties for $10,000. As at December 31, 2012 there was $30,000 owing to related parties. These amounts were unsecured, non-interest bearing and have no fixed terms of repayment.

During the year ended December 31, 2012, the Company acquired all issued and outstanding shares of UCM, a wholly owned subsidiary of Lucky Minerals, a Company with a director and an officer in common, for $131,000 (Note 5).

10. Income taxes

The tax pools relating to these deductible temporary differences expire as follows:

	Canadian non-capital losses	Peruvian loss pools
2014	$ 76,771	$ -
2026	991,940	-
2027	1,456,801	-
2028	751,260	-
2029	207,204	-
2030	3,463	-
2031	113,417	-
2032	150,741	
No expiry	-	346,174
	$ 3,969,322	$ 346,174

11. Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors reviews and monitors the risk management processes. The nature of the risk exposure and management thereof is as follows:

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. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada and Peru. As most of the Company's cash is held by two banks there is a concentration of credit risk. However, this risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

The Company's secondary exposure to risk is on its GST receivable. This risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient holdings of cash and cash equivalents to meet its short-term exploration and evaluation requirements and anticipated operating cash flows.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of share and working capital.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

11. Financial risk management (continued)

	June 30, 2013	December 31, 2012
Cash	$ 121,907	$ 87,276

Financial liabilities included in the statement of financial position are as follows:

	June 30, 2013	December 31, 2012
Non-derivative financial liabilities:		
Trade payables	$89,164	$ 32,166
Due to related parties	-	30,000
	$ 89,164	$ 62,166

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at June 30, 2013 and December 31, 2012:

	As at June 30, 2013		
	Level 1	Level 2	Level 3
Cash	$ 121,907	$ -	$ -

	As at December 31, 2012		
	Level 1	Level 2	Level 3
Cash	$ 82,276	$ -	$ -

12. Segmented information

The Company determines its segments by geography. The Company has operations and incurs costs associated with assets in two different geographic locations: Canada and Peru.

The Company's non-current assets are located as follows:

	As at June 30, 2013		
	Canada	Peru	Total
Equipment	$ -	$	$ 2,628
Exploration and evaluation assets	-		3,822,793
	$ -	$	$ 3,825,421

	As at December 31, 2012		
	Canada	Peru	Total
Equipment	-	$ 3,521	$ 3,521
Exploration and evaluation assets	-	3,817,693	3,817,693
	$ -	$ 3,821,214	$ 3,821,214

13. Restatement

During the year ended December 31, 2011, the Peruvian courts nullified the Bella Rubia agreement and an impairment charge of $21,934 was recorded. During the year ended December 31, 2012, management became aware of acquisition costs of an additional $US700, 000 (CAD $699,650) and $39,980 in exploration costs were associated with the Bella Rubia claims which were not written off in 2011.

As a result, the consolidated statement of financial position as at December 31, 2011 and the consolidated statement of comprehensive loss and cash flows for the year ended December 31, 2011 have been restated to reflect the additional write-off of the acquisition costs and exploration costs.

14. Subsequent Event

On July 07, 2013 the Company received and deposited the Subscription Receivable of $100,000.

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