

# CCT CAPITAL LTD.

## INTERIM FINANCIAL STATEMENTS

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*For the three months ended July 31, 2012*

(Expressed in Canadian Dollars)

CCT CAPITAL LTD.  
STATEMENTS OF FINANCIAL POSITION  
Unaudited  
(EXPRESSED IN CANADIAN DOLLARS)

	July 31, 2012	April 30, 2012
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 7,159	\$ 3,997
Short-term investments (Note 5)	35,000	35,000
Receivables	1,840	4,762
<b>TOTAL ASSETS</b>	<b>\$ 43,999</b>	<b>\$ 43,759</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current</b>		
Trade payables and accrued liabilities	\$ 24,586	\$ 29,931
Due to related parties (Note 8)	24,997	5,179
<b>Total liabilities</b>	<b>49,583</b>	<b>35,110</b>
<b>Equity</b>		
Share capital (Note 7)	1,289,661	1,289,661
Share based payment reserve	333,511	333,511
Deficit	(1,628,756)	(1,614,523)
<b>Total equity</b>	<b>(5,584)</b>	<b>8,649</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 43,999</b>	<b>\$ 43,759</b>

Corporate information and going concern (Note 1)

Subsequent event (Note 11)

Approved and authorized by the Board on September 24, 2012

On behalf of the Board:

"Laurie Sadler" Director "Kim Evans" Director

The accompanying notes are an integral part of these financial statements

CCT CAPITAL LTD.  
STATEMENTS OF COMPREHENSIVE LOSS  
Unaudited  
(EXPRESSED IN CANADIAN DOLLARS)

	For the three months ended	
	July 31, 2012	July 31, 2011
<b>EXPENSES</b>		
Consulting fees (Note 8)	\$ 10,200	\$ 12,000
Office and miscellaneous	49	58
Professional fees (Note 8)	3,248	4,025
Transfer agent and regulatory fees	850	3,016
	(14,347)	(19,099)
<b>OTHER INCOME</b>		
Interest income	114	310
<b>Net and comprehensive loss for the period</b>	<b>\$ (14,233)</b>	<b>\$ (18,789)</b>
<b>Loss per share – Basic and diluted</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding – Basic and diluted</b>	<b>12,030,000</b>	<b>12,030,000</b>

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CCT CAPITAL LTD.  
STATEMENT OF CHANGES IN EQUITY  
Unaudited  
(EXPRESSED IN CANADIAN DOLLARS)

	Share Capital		Share based payment reserve	Deficit	Total Equity
	Number of shares	Amount			
<b>Balance – May 1, 2011</b>	<b>12,030,000</b>	<b>\$ 1,289,661</b>	<b>\$ 333,511</b>	<b>\$ (1,513,792)</b>	<b>\$ 109,380</b>
Net and comprehensive loss	-	-	-	(18,789)	(18,789)
<b>Balance – July 31, 2012</b>	<b>12,030,000</b>	<b>\$ 1,289,661</b>	<b>\$ 333,511</b>	<b>\$ (1,532,581)</b>	<b>\$ 90,591</b>
 <b>Balance – May 1, 2012</b>	 <b>12,030,000</b>	 <b>\$ 1,289,661</b>	 <b>\$ 333,511</b>	 <b>\$ (1,614,523)</b>	 <b>\$ 8,649</b>
Net and comprehensive loss	-	-	-	(14,233)	(14,233)
<b>Balance – July 31, 2012</b>	<b>12,030,000</b>	<b>\$ 1,289,661</b>	<b>\$ 333,511</b>	<b>\$ (1,628,756)</b>	<b>\$ (5,584)</b>

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CCT CAPITAL LTD.  
STATEMENTS OF CASH FLOWS  
Unaudited  
(EXPRESSED IN CANADIAN DOLLARS)

	For the three months ended	
	July 31, 2012	July 31, 2011
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (14,233)	\$ (18,789)
Changes in non-cash working balances related to operations		
Receivables	2,922	3,116)
Prepaid expenses	-	(5,000)
Due to related parties	19,818	3,000
Trade payables and accrued liabilities	(5,345)	3,977
<b>Cash used in operating activities</b>	<b>3,162</b>	<b>(13,696)</b>
<b>INVESTING ACTIVITIES</b>		
Short-term investments	-	10,000
<b>Cash provided by investing activities</b>	<b>-</b>	<b>10,000</b>
<b>Change in cash</b>	<b>3,162</b>	<b>(3,696)</b>
<b>Cash, beginning of period</b>	<b>3,997</b>	<b>4,591</b>
<b>Cash, end of period</b>	<b>\$ 7,159</b>	<b>\$ 895</b>

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CCT CAPITAL LTD.  
NOTES TO THE FINANCIAL STATEMENTS  
For the three months ended July 31, 2012  
(EXPRESSED IN CANADIAN DOLLARS)

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## **1 Corporate information and going concern**

CCT Capital Ltd. (the "Company") was incorporated under the laws of British Columbia, Canada. Its principal business activities are the acquisition and exploration of mineral properties. The Company is currently in the process of identifying, evaluating and negotiating business opportunities in the resource industry.

The Company is a publicly listed company with its shares listed on the TSX Venture Exchange ("TSX-V"). The Company's registered office and head office is located at 501 – 595 Howe Street, Vancouver, BC, V6C 2T5.

Effective August 10, 2010, the Company entered into a letter of intent ("LOI") with Frontier Development (USA) Inc. ("Frontier"), an arm's length mining company, to acquire a 100% interest in certain mining claims located in California, subject to a 3% net smelter royalty. On February 23, 2012, the LOI was terminated (Note 6). The Company is currently seeking other investment opportunities.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to raise adequate financing to acquire and develop its mineral properties, and to commence profitable operations in the future. To date, the Company has not generated any revenues and is considered to be in the exploration stage.

Management is also aware that material uncertainties exist, which could adversely affect the Company's ability to continue to finance its activities. These conditions indicate the existence of a material uncertainty that may cast a significant doubt about the Company's ability to continue as a going concern. Management's plan includes continuing to pursue additional sources of financing through equity offerings, reducing overhead costs and ultimately to generate profitable operations in the future.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

## **2 Basis of presentation**

The financial statements of the Company comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). They have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. These financial statements are presented in Canadian dollars unless otherwise noted.

## **3 Summary of significant accounting policies**

### **3.1 Short-term investments**

Short-term investments are comprised of highly liquid Canadian dollar denominated guaranteed investment certificates with terms to maturity greater than ninety days, but not more than one year, that are readily convertible to a contracted cash amount. Short-term investments are recorded at fair value with realized and unrealized losses reported in the statement of comprehensive loss.

### **3.2 Financial instruments**

The Company initially measures financial instruments 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").

#### **3.2.1 Financial assets at fair value through profit or loss ("FVTPL")**

A financial asset is classified at fair value through profit and loss if it is classified as held for trading or is designated as such upon initial recognition. FVTPL assets are initially recorded at fair value with unrealized gains and losses recognized through profit or loss.

#### **3.2.2 Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Receivables are classified as loans and receivables.

#### **3.2.3 Other financial liabilities**

Other financial liabilities are financial liabilities that are not quoted on an active market. They are included in current liabilities, except for the long term debt as it has a maturity greater than 12 months after the statement of financial position date and is classified as a non-current liability. Financial liabilities include trade payables and accrued liabilities, and due to related parties. Trade payables are initially recognized at the amount required to be paid less any discount or rebates to reduce the payables to estimated fair value. Trade payables are subsequently measured at amortized cost using the effective interest method.

### **3.3 Exploration and evaluation assets**

The Company records its interests in exploration and evaluation assets at cost less recoveries. All direct and indirect costs relating to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold, abandoned or management has determined there to be an impairment. These costs will be amortized over the proven reserves available on the related property following commencement of production. The amounts shown for exploration and evaluation assets represent costs incurred to date and are not intended to reflect present or future values.

Exploration and evaluation assets which are sold before that property reaches the production stage will have all revenues from the sale of the property credited against the cost of the property. Properties which have reached the production stage will have a gain or loss calculated based on the portion of that property sold.

The Company defers all exploration expenses relating to exploration and evaluation assets and areas of geological interest until the properties to which they relate are placed into production, sold, abandoned or management has determined there to be an impairment. These costs will be amortized over the reserves available on the related property following commencement of production.

### **3.4 Impairment of financial assets**

Financial assets 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 investments have been impacted.

For all financial assets objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principle payments; or
- It has become probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

In a subsequent period if, 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 reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

### **3.5 Share Capital**

The Company has one class of shares, common shares, which are classified as equity. These are recorded at the proceeds received less any direct issue costs and related taxes. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Where the Company purchases any of the Company's equity share capital, the consideration paid is deducted from equity attributable to the Company's equity holders until shares are cancelled, reissued or disposed of.

### **3.6 Share-based compensation**

The Company grants stock options to certain employees, directors and consultants. Stock options vest over various periods and expire after five years. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by increasing the share based payment reserve based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.



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### **3.7 Deferred taxes**

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current income tax expense represents the expected income tax payable (or recoverable) on taxable income for the period using income tax rates enacted or substantively enacted at the end of the reporting period and taking into account any adjustments arising from prior years.

Deferred tax is recorded using the asset and liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of statement of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is not recorded.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### **3.8 Loss per share**

The Company presents basic and diluted loss per share data for common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

### **3.9 Significant accounting judgments and estimation uncertainties**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual area of estimates includes: exploration and evaluation assets impairment assessment; assumptions used in the accounting for stock based compensation; valuation of deferred income tax assets; and contingent liabilities. Actual results may differ from these 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.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the notes to the financial statements where applicable.

### **3.10 Future accounting pronouncements**

The following standards and interpretations have been issued but are not yet effective:

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### **3.10.1 Fair- value measurement**

IFRS 13, "Fair Value Measurement" is a comprehensive standard for fair value measurement and disclosure requirement for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing about fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. IFRS 13 is effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of IFRS 13 is expected to have on its financial statements.

### **3.10.2 Financial instruments**

In November 2009, the IASB published IFRS 9, "Financial Instruments", which covers the classification and measurement of financial assets as part of its project to replace IAS 39, "Financial Instruments: Recognition and Measurement." In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of fair value change due to their own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. Early adoption is permitted and the standard is required to be applied retrospectively. The Company is currently evaluating the impact IFRS 9 is expected to have on its financial statements.

### **3.10.1 Presentation of financial statements**

In June 2011, the IASB issued amendments to IAS 1, "Presentation of Financial Statements" to: (a) require companies to group together items within other comprehensive income ("OCI") that may be reclassified to profit or loss; and (b) require tax associated with items presented before tax to be shown separately for each of the two groups of OCI items (without changing the option to present items of OCI either before tax or net of tax). The amendments also reaffirm existing requirements that items in OCI and income or loss should be presented as either a single statement or two separate statements. The amendments are effective for annual periods beginning on or after July 1, 2012. The Company is currently evaluating the impact of IAS 1 is expected to have on its financial statements.

There are no other standards or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

## **4 Short term investments**

At July 31, 2012, the Company's short term investment consisted of a one year guaranteed investment certificate in the amount of \$35,000 invested at the bank prime rate less 2.05% (April 30, 2012 – \$35,000 at prime less 2.05%), which is redeemable at anytime.

## **5 Commitment**

Pursuant to the LOI (Note 1), the transaction was to be completed through the following consideration by the Company:

- Payment of US\$4,000,000; and
- Issuance of the number of common shares of the Company such that is equivalent to US\$8,000,000, which will be calculated using the issue price of a private placement financing to be completed on or before the closing of the transaction. All of the common shares issued for payment will be subject to escrow requirements imposed by the TSX-V.

The transaction was to constitute a reverse take-over; however, on February 23, 2012 the transaction was terminated.

No additional costs were incurred during fiscal 2012. During the year ended April 30, 2011, the Company incurred \$94,449 on due diligence relating to the acquisition, which was expensed as property investigation costs.

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## 6 Share capital

**Authorized:** Unlimited number of common shares, without par value

**Issued:** 12,030,000 issued and fully paid common shares (April 30, 2012)

### 6.1 Warrants

At July 31, 2012 and April 30, 2012 the following share purchase warrants were outstanding:

Expiry Date	Exercise Price	July 31, 2012	April 30, 2012
August 10, 2012	\$ 0.10	4,530,000	4,530,000
August 10, 2012	\$ 0.33	770,000	770,000
		5,300,000	5,300,000

The 4,530,000 share purchase warrants are subject to reduced exercise provisions, pursuant to the policies of the TSX-V, whereby if the closing price for the Company's shares is \$0.133 or greater for a period of ten consecutive trading days, the warrant holders will have 30 days to exercise their warrants, otherwise the warrants will expire. At July 31, 2012, the reduced exercise provisions had not been put into effect. Subsequent to July 31, 2012, a total of 5,200,000 share purchase warrants expired unexercised (Note 11(a)).

The weighted average exercise price of warrants outstanding as of July 31, 2012 is \$0.13 (April 30, 2012 - \$0.13) and the weighted average remaining life is 0.03 years (April 30, 2012 - 0.28 years).

### 6.2 Stock options

The Company has adopted a stock option plan (the "Plan"), whereby it may grant options to directors, officers, employees, and consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Company at any time.

A continuity of the Company's stock option transactions is as follows:

	July 31, 2012		April 30, 2012	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Opening balance	333,000	\$ 0.28	606,500	\$ 0.20
Expired	-	-	(276,500)	0.10
Ending balance	330,000	\$ 0.28	330,000	\$ 0.28
<b>Options exercisable</b>	<b>330,000</b>	<b>\$ 0.28</b>	<b>330,000</b>	<b>\$ 0.28</b>

Details of stock options outstanding at July 31, 2012 are as follows:

Exercise Price	Expiry Date	Number Outstanding	Number Exercisable	Remaining Contractual Life
\$ 0.28	September 17, 2012	330,000	330,000	0.13 years

Subsequent to July 31, 2012, the outstanding stock options expired unexercised (Note 11(b)).

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### **6.3 Share based payment reserve**

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

## **7 Related party transactions**

During the period ended July 31, 2012, the Company paid or accrued:

- (a) \$248 (2011 - \$Nil) for legal fees to a firm of which a director of the Company is a partner; and,
- (b) \$10,200 (2011 - \$12,000) for consulting services provided by directors and a company controlled by a director of the Company.

At July 31 2012, amounts due to related parties totaled \$24,998 (April 30, 2012 - \$5,179) for consulting services. Amounts due to related parties are non-interest bearing, unsecured and have no fixed terms of repayment.

## **8 Financial instruments and risk management**

Financial Instruments measured at fair value are classified into one of three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments measured at fair value include cash and short-term investments.

### **9.1 Fair value**

As at July 31, 2012, the Company's financial instruments consisted of cash, short term investments, receivables, trade payables and due to related parties. The fair values of receivables, trade payables and due to related parties approximate their carrying values because of their current nature. Cash and short-term investments are measured at fair value.

### **9.2 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 has no significant concentration of credit risk arising from operations. The Company has significant short-term investments but no interest-bearing debt. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash, short-term investments and receivables. The Company's current policy is to invest excess cash in variable interest investment-grade demand deposit certificates issued by reputable financial institutions with which it keeps its bank accounts and management believes the risk to be remote. Receivables are due from a government agency. The Company's credit risk has been considered by management to be low.

### **9.3 Liquidity risk**

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company manages liquidity risk by ensuring that it has sufficient cash and other financial resources available to meet its short term obligations. The Company forecasts cash flows for a period of twelve months to identify financial requirements. These requirements are met through a combination of cash flows from operations, dispositions of assets and accessing financing through private placements. The exposure of the Company to liquidity risk is considered to be high.

## **9 Financial instruments and risk management (continued)**

### **9.4 Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rate. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash and short-term investments at variable rates. The risk is minimal.

## **10 Capital management**

The Company manages its share capital as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust capital structure, the Company may consider issuing new shares, and/or issue debt, acquire or dispose of assets, or adjust the amount of cash on hand.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash on deposit in an interest bearing Canadian chartered bank account. Cash consists of cash on hand and demand deposits. There have been no changes to the Company's approach to capital management during the period ended July 31, 2012. The Company is not subject to externally imposed capital requirements.

## **11 Subsequent Event**

Subsequent to July 31, 2012, the Company:

- a) received proceeds of \$10,000 upon the exercise of 100,000 share purchase warrants. The remaining 5,200,000 share purchase warrants expired unexercised on August 10, 2012; and
- b) recorded the expiry of 330,000 unexercised stock options priced at \$0.28 per common share on September 17, 2012.