CCT CAPITAL LTD.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2014

(Expressed in Canadian Dollars)

SmytheRatcliffe
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF CCT CAPITAL LTD.

We have audited the accompanying financial statements of CCT Capital Ltd., which comprise the statement of financial position as at April 30, 2014, and the statements of comprehensive loss, changes in equity and cash flows for the year 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 audit. We conducted our audit 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 consolidated 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 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 CCT Capital Ltd. as at April 30, 2014, and its financial performance and its cash flows for the year 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 the Company's ability to continue as a going concern.

Other Matter
The financial statements of CCT Capital Ltd. as at April 30, 2013 and for the year then ended were audited by another auditor who expressed an unmodified opinion on those financial statements on August 26, 2013.

Smythe Ratcliffe LLP

Chartered Accountants

Vancouver, British Columbia
August 28, 2014

7th Floor 355 Burrard St
Vancouver, BC V6C 2G8

Tel: 604 687 1231
Fax: 604 688 4675
smytheratcliffe.com

CCT Capital Ltd.
Statements of Financial Position
(Expressed in Canadian Dollars)

As at		April 30, 2014		April 30, 2013
ASSETS				
Current assets				
Cash	$	**538,621**	$	16,287
Receivables		**9,754**		5,473
Prepaid expenses		**29,350**		-
		577,725		**21,760**
Non-current assets				
Loan to Mezzi Canada Inc. (note 4)		**25,000**		-
TOTAL ASSETS	**$**	**602,725**	**$**	**21,760**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	$	**69,979**	$	10,357
Due to related parties (note 6)		**92,674**		60,803
TOTAL LIABILITIES		**162,653**		**71,160**
EQUITY				
Share capital (note 5)	$	**1,967,338**	$	1,303,088
Share based payment reserve (note 5)		**330,084**		330,084
Deficit		**(1,857,350)**		(1,682,572)
TOTAL EQUITY		**440,072**		**(49,400)**
TOTAL EQUITY AND LIABILITIES	**$**	**602,725**	**$**	**21,760**

On behalf of the Board of Directors:
/s/ Keir Reynolds Director *//s/ Warwick Smith Director*

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

CCT Capital Ltd.
Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	For the years ended			
		April 30, 2014		April 30, 2013
EXPENSES				
Consulting fees (note 6)	$	49,466	$	41,200
Management fees (note 6)		46,250		-
Marketing		3,545		-
Office and miscellaneous		5,782		419
Professional fees (note 6)		33,453		9,668
Shareholder communications		7,799		5,685
Transfer agent and regulatory fees		20,860		11,199
Travel		7,623		-
		174,778		68,171
OTHER INCOME				
Interest income		-		(122)
TOTAL LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	$	174,778	$	68,049
Basic and diluted loss per share for the year attributable to common shareholders	$	0.06	$	0.03
Weighted average number of common shares outstanding (see note 5(b))		3,157,283		2,017,055

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

CCT Capital Ltd.
Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share capital		Reserves		
	Number of shares	Amount	Share-based payment reserve	Deficit	Total
Balance at April 30, 2013	**2,021,667**	**$ 1,303,088**	**$ 330,084**	**$ (1,682,572)**	**$ (49,400)**
Shares issued for cash - private placement	14,000,000	700,000	-	-	**700,000**
Share issue costs	-	(35,750)	-	-	**(35,750)**
Net loss for the year	-	-	-	(174,778)	**(174,778)**
Balance at April 30, 2014	**16,021,667**	**$ 1,967,338**	**$ 330,084**	**$ (1,857,350)**	**$ 440,072**
Balance at April 30, 2012 (see note 5(b))	**2,005,000**	**$ 1,289,661**	**$ 333,511**	**$ (1,614,523)**	**$ 8,649**
Shares issued for cash - warrant exercise (see note 5(b))	16,667	10,000	-	-	**10,000**
Reclassification of grant-date fair value on exercise of warrants	-	3,427	(3,427)	-	**-**
Net loss for the year	-	-	-	(68,049)	**(68,049)**
Balance at April 30, 2013 (see note 5(b))	**2,021,667**	**$ 1,303,088**	**$ 330,084**	**$ (1,682,572)**	**$ (49,400)**

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

CCT Capital Ltd.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the years ended April 30, 2014	April 30, 2013
Cash flows provided from (used by):		
OPERATING ACTIVITIES		
Net loss for the year	**$ (174,778)**	**$ (68,049)**
Net changes in non-cash working capital items:		
Receivables	(4,281)	(711)
Prepaid expenses	(29,350)	-
Accounts payable and accrued liabilities	59,622	(19,574)
Due to related parties	31,871	55,624
Net cash flows used in operating activities	**(116,916)**	**(32,710)**
FINANCING ACTIVITIES		
Proceeds from share issuance, net of share issue costs	664,250	10,000
Net cash flows from financing activities	**664,250**	**10,000**
INVESTING ACTIVITIES		
Loan to Mezzi Canada Inc	(25,000)	-
Proceeds from short-term investments	-	35,000
Net cash flows from (used in) investing activities	**(25,000)**	**35,000**
Net increase in cash	**522,334**	**12,290**
Cash, beginning of year	**16,287**	**3,997**
Cash, end of year	**$ 538,621**	**$ 16,287**
Supplementary cash flow information		
Transfer of share based payment reserve to capital for exercise of warrants	**-**	**3,427**

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

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

CCT Capital Ltd. ("CCT" or the "Company") is a publicly listed company incorporated on April 16, 2006 under the Business Corporations Act (British Columbia). The Company's principle business activity was the acquisition and exploration of mineral properties. The Company is currently in the process of identifying, evaluating and negotiating business opportunities.

The Company is a publicly listed company with its shares listed on TSX Venture Exchange ("TSX-V"). The Company's registered office and head office is located at 1500-409 Granville Street, Vancouver, British Columbia, V6C 1T2.

On June 20, 2014, the Company signed a definitive amalgamation agreement (the "Agreement") with Mezzi Canada Inc. ("Mezzi"). Pursuant to the Agreement, Mezzi will merge with a wholly owned subsidiary of CCT, 8918627 Canada Ltd. (incorporated on June 9, 2014), with Mezzi being the surviving entity. Under the terms of the Agreement, all of the outstanding securities of Mezzi will then be exchanged for securities of CCT on the basis of one share of CCT for each share of Mezzi held by the shareholders of Mezzi (the "Acquisition").

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 business interests, and to commence profitable operations in the future. At April 30, 2014, the Company has not generated any revenues, had working capital of $415,072 (April 30, 2013 – working capital deficiency of $49,400) and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern.

Management is also aware that material uncertainties exist, which could adversely affect the Company's ability to continue to finance its activities. 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; however, there is no assurance that it will be able to do so.

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.

These financial statements were authorized for issue by the Board of Directors on August 28, 2014.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards

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

Basis of preparation

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective or available for adoption on April 30, 2014. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Use of estimates

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions, which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. Actual results could differ from these estimates.

Comparative Information

Certain comparative figures have been reclassified to conform to the current year's presentation.

Critical accounting estimates

Fair value of stock options and warrants

Determining the fair value of warrants and stock options requires judgments related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of equity.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

Critical accounting judgments

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

In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, management determined that the functional currency of the Company is the Canadian dollar, as this is the currency of the primary economic environment in which the Company operates.

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company as discussed in note 1.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. 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.

Income taxes

The Company provides for income taxes using the liability method of tax allocation. Under this method deferred income tax assets and liabilities are determined based on temporary differences between the accounting and tax bases of existing assets and liabilities, and are measured using enacted or substantially enacted tax rates expected to apply when these differences reverse. 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, it does not provide for the excess.

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, stock options and share warrants are classified as equity instruments.

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

Share-based payments

The Company records all share-based payments at their fair value. The share-based payments are charged to operations over the stock option vesting period and agents' options and warrants issued in connection with common share placements are recorded at their fair value on the date of issue as share issuance costs. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options expected to vest. On the exercise of stock options and agents' options and warrants, share capital is credited for consideration received and for fair value amounts previously credited to stock options reserve. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based payments.

Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted loss per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Financial instruments

All financial assets are initially recorded at fair value and classified into one of four categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss ("FVTPL"). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities. Financial instruments comprise cash, receivables, due from Mezzi Canada Inc., accounts payable and accrued liabilities, and due to related parties. At initial recognition management has classified financial assets and liabilities as follows:

a) Financial assets

The Company has recognized its cash as FVTPL. A financial instrument is classified at FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial instruments at FVTPL are measured at fair value and changes therein are recognized in income.

The Company has classified its receivables and due from Mezzi Canada Inc. as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at the transaction value, including transaction costs and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. Held-to-maturity investments are recognized on a trade-date basis and initially measured at fair value, including transaction costs. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those that are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Available-for-sale financial assets are measured initially at their fair value including transaction costs directly attributable to the acquisition. They are subsequently measured at fair value. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses.

b) Financial liabilities

The Company has recognized its accounts payable and accrued liabilities and due to related parties as other financial liabilities. Accounts payable are recognized at the amount required to be paid less, when material, a discount to reduce the payable to fair value. The Company derecognizes a financial liability when it its contractual obligations are discharged, cancelled or expire.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Impairment of financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

De-recognition of financial assets and liabilities

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired.
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company has not completed its evaluation of the effects of adopting these standards on its financial statements.

IAS 32 (Amendment) Financial Instruments: Presentation

IAS 32 was amended to clarify that an entity currently has a legally enforceable right to set-off financial assets and liabilities if that right is (1) not contingent on a future event; and (2) enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. These amendments are effective for annual periods beginning on or after January 1, 2014 with early application permitted.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 9 Financial Instruments

The IASB intends to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 Financial Instruments in three main phases. IFRS 9 will be the new standard for financial reporting of financial instruments that is principles-based and less complex than IAS 39. In November 2009 and October 2010, phase one of IFRS 9 was issued and amended, respectively, which addressed the classification and measurement of financial assets and financial liabilities. IFRS 9 requires that all financial assets be classified and subsequently measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities classified as FVTPL, financial guarantees and certain other exceptions. In response to delays to the completion of the remaining phases of the project, principally on impairment and hedging, on December 16, 2011, the IASB issued amendments to IFRS 9 which deferred the mandatory effective date of IFRS 9 to annual periods beginning on or after April 1, 2016. The amendments also provided relief from the requirement to restate comparative financial statements for the effects of applying IFRS 9. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

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

4. LOAN TO MEZZI CANADA INC.

In connection with the Agreement signed with Mezzi described in note 1, the Company agreed to provide bridge financing to Mezzi in the amount of $125,000 of which $25,000 was provided during the year ended April 30, 2014.

The loan is non-interest-bearing and due on or before May 28, 2015.

5. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

At April 30, 2014, the Company had 16,021,667 common shares issued and outstanding (2013 - 2,021,667 (pre-consolidation: 12,130,000)).

On January 29, 2014, the Company implemented a stock consolidation of one post-consolidation common share for six pre-consolidation common shares. All figures as to the number of common shares, stock options, warrants, the prices of issued shares, exercise price of options and warrants, as well as the loss per common share in these financial statements are converted to post-consolidated amounts including comparative figures.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

b) Issued share capital (continued)

<u>During the year ended April 30, 2014:</u>

- On April 3, 2014, the Company completed a private placement of issuing 14,000,000 shares at $0.05 per share for gross proceeds of $700,000. In connection with the private placement, the Company incurred $35,750 of share issue costs.

<u>During the year ended April 30, 2013:</u>

- 16,667 warrants were exercised during the year ended April 30, 2013 resulting in the issuance of 16,667 common shares for proceeds of $10,000. In addition, the Company has reclassified the grant date fair value of the exercised warrants of $3,427 from share-based payment reserve to share capital.

c) Share purchase warrants

The changes in warrants during the years ended April 30, 2014 and 2013 are as follows:

	April 30, 2014		April 30, 2013	
	Number outstanding	**Weighted average exercise price**	Number outstanding	Weighted average exercise price
Outstanding, beginning of year	-	$ -	883,334	$ 0.78
Exercised	-	-	(16,667)	$ 0.78
Expired	-	-	(866,667)	$ 0.78
Outstanding, end of year	-	$ -	-	$ -

d) 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.

The changes in options during the years ended April 30, 2014 and 2013 are as follows:

	April 30, 2014		April 30, 2013	
	Number outstanding	**Weighted average exercise price**	Number outstanding	Weighted average exercise price
Outstanding, beginning of year	-	$ -	55,000	$ 1.68
Expired	-	-	(55,000)	$ 1.68
Outstanding, end of year	-	$ -	-	$ -

(Expressed in Canadian Dollars)

6. RELATED PARTY TRANSACTIONS AND BALANCES

During the years ended April 30, 2014 and 2013, the Company incurred and paid the following items to the related parties:

	For the years ended	
	April 30, 2014	**April 30, 2013**
Consulting	$ 24,600	$ 41,200
Legal fees	7,477	2,103
Management fees	46,250	-
Professional fees	200	-
	$ 78,527	**$ 43,303**

- The Company paid $24,600 (2013 - $41,200) for consulting services provided by a former director and a company controlled by a director of the Company.
- The Company paid $7,477 (2013 - $2,103) for legal fees to a firm of which a former director of the Company is a partner.
- The Company paid $5,000 (2013 - $nil) for management fees and $200 (2013 - $nil) for professional fees to a firm of which the Chief Financial Officer of the Company is a partner.
- The Company paid $10,000 (2013 - $nil) for management fees to the Interim Chairman and a company controlled by the Interim Chairman of the Company.
- The Company paid $18,750 (2013 - $nil) for management fees to the Chief Executive Officer and a company controlled by the Chief Executive Officer of the Company.
- The Company paid $12,500 (2013 - $nil) for management fees to a director and a company controlled by a director of the Company.

The balances due to the Company's directors and officer were $92,674 as at April 30, 2014 (2013 - $60,803). These amounts are unsecured, non-interest-bearing and payable on demand.

7. SEGMENTED INFORMATION

The Company operates in one reportable segment. All of the Company's assets are located in Canada.

8. CAPITAL MANAGEMENT

The Company defines 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 business opportunities and to maintain a flexible capital structure that 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.

8. CAPITAL MANAGEMENT (continued)

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.

The Company's investment policy is to keep its cash on deposit in an interest-bearing Canadian chartered bank account. There have been no changes to the Company's approach to capital management during the year ended April 30, 2014. The Company is not subject to externally imposed capital requirements.

9. FINANCIAL INSTRUMENTS

a) Fair value

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 Company's carrying value and fair value of cash under the fair value hierarchy are measured using a Level 1 input. As at April 30, 2014 and 2013, the Company has no other financial instruments that require disclosure under the fair value hierarchy.

b) Financial risk management

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash and receivables.

The Company's cash is all held at a large Canadian financial institution in interest-bearing accounts. The Company has no investments in asset-backed commercial paper.

The Company's maximum exposure to credit risk is the carrying value of its financial assets.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

The Company maintained sufficient cash at April 30, 2014 in the amount of $538,621, in order to meet short-term business requirements. At April 30, 2014, the Company had accounts payable and accrued liabilities of $69,979. All accounts payable and accrued liabilities are current.

(Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS (continued)

b) Financial risk management

<u>Market risk</u>

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. As at April 30, 2014, the Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

10. INCOME TAXES

The actual income tax provisions differ from the expected amounts calculated by applying the Canadian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

	2014	2013
Loss and comprehensive loss	$ (174,778)	$ (68,049)
Corporate tax rate	26.00%	25.00%
Expected income tax recovery at the corporate tax rate	(45,442)	(17,012)
Change in valuation allowance	61,118	19,115
Tax rate changes	-	-
Other items	(15,676)	(2,103)
Income tax recovery	$ -	$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	2014	2013
Exploration and evaluation assets	$ 683,761	$ 683,761
Non-capital losses carried forward	1,076,595	902,538
	$ 1,760,356	$ 1,586,299

As at April 30, 2014, the Company has non-capital losses of approximately $1,077,000 that may be available to offset future income for income tax purposes, which commence expiring in 2026. The Company has resource expenditure pools totaling $683,761 available for deduction against certain resource-based income that may be carried forward indefinitely.

Due to the uncertainty of realization of these deductible temporary differences, the benefit is not reflected in the financial statements, as the Company has provided a full valuation allowance for potential deferred tax assets.

11. SUBSEQUENT EVENTS

Subsequent to April 30, 2014:

- On June 20, 2014, the Company completed a private placement for 13,208,186 common shares at a price per share of $0.20 for total gross proceeds of $2,641,637. The Company issued 335,000 non-transferable broker warrants and paid cash of $174,301 in finders' fees. Warrant holders are entitled to acquire one share at a price of $0.50 for a period of 18 months.

- On July 8, 2014, the Company completed a private placement for 1,575,000 common shares at a price per share of $0.20 for total gross proceeds of $315,000. The Company issued 19,000 non-transferable broker warrants and paid cash of $6,650 in finders' fees. Warrant holders are entitled to acquire one share at a price of $0.50 for a period of 18 months.

- The Company granted 1,600,000 five-year options with an exercise price of $0.25 to the Company's officers, directors and employees.

- 1,005,000 options with an exercise price of $0.25 were exercised for proceeds of $251,250.