

# LA IMPERIAL RESOURCES INC.

## Consolidated Condensed Interim Financial Statements

For the three months ended November 30, 2013 and November 30, 2012

(unaudited – Prepared by Management)

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The condensed interim financial statements of La Imperial Resources Inc. (an exploration stage company) are the responsibility of the Company's management. These condensed financial statements are prepared in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and reflect management's best estimates and judgment based on information currently available.

Management has developed and is maintaining a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfils its responsibilities. The Audit Committee reviews the results of the condensed interim financial statements prior to their submission to the Board of Directors for approval.

The condensed interim financial statements have not been audited.

**"Marilyn Miller"**

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Director & Chief Executive Officer  
Marilyn Miller

**"Tena McEachen"**

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Director & Chief Financial Officer  
Tena McEachen

Vancouver, BC  
February 3, 2014

# LA IMPERIAL RESOURCES INC.

Consolidated Condensed Interim Statements of Financial Position (Amended and Restated)

Expressed in Canadian Dollars

As at November 30, 2013 and August 31, 2013

(Unaudited – Prepared by Management)

	Notes	November 30, 2013 \$	August 31, 2013 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		526	537
Other receivables		1,521	1,154
Prepaid expenses		4,000	-
<b>Total current assets</b>		6,047	1,691
<b>Non-current assets</b>			
Restricted cash		5,750	5,750
Exploration and evaluation assets	3	1	1
<b>Total assets</b>		11,798	7,442
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Trades and other payable		356,087	351,549
Unsecured advances	4	1,926,677	1,854,555
<b>Total current liabilities</b>		2,282,764	2,206,104
<b>Shareholders' Equity</b>			
Share capital	6	1,441,788	1,441,788
Deficit		(3,712,754)	(3,640,450)
<b>Total shareholders' equity</b>		(2,270,966)	(2,198,662)
<b>Total liabilities and shareholders' equity</b>		11,798	7,442

Going concern (Note 1)

Contingencies (Note 7)

**Approved by the Board of Directors:**

"Marilyn Miller"

Director

"Tena McEachen"

Director

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

## LA IMPERIAL RESOURCES INC.

Consolidated Condensed Interim Statements of Comprehensive Loss (Amended and Restated)

For the three months ended November 30, 2013 and November 30, 2012,

Expressed in Canadian Dollars

	2013 \$	2012 \$
<b>General and administrative expenses</b>		
Interest and bank charges	78	80
Interest expenses	55,636	44,337
Professional fees	9,030	2,680
Office occupancy and miscellaneous	3,750	3,750
Travel	215	-
Transfer and filing fees	3,595	2,218
<b>Total loss and comprehensive loss for the year</b>	<b>(72,304)</b>	<b>(53,065)</b>
<b>Basic and diluted loss per share</b>	<b>(0.01)</b>	<b>(0.01)</b>
<b>Weighted average number of shares outstanding</b>	<b>12,085,970</b>	<b>12,085,970</b>

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

## LA IMPERIAL RESOURCES INC.

Consolidated Statements of Changes In Equity (Amended and Restated)

Expressed in Canadian Dollars

	Share Capital		Deficit	Total
	Number	Amount		
	#	\$	\$	\$
<b>Balance, August 31, 2011</b>	12,085,970	1,441,788	(1,801,769)	(359,981)
Comprehensive loss for the year	-	-	(1,564,630)	(1,564,630)
<b>Balance, August 31, 2012</b>	12,085,970	1,441,788	(3,366,399)	(1,924,611)
Comprehensive loss for the period	-	-	(53,065)	(53,065)
Balance, November 30, 2012	12,085,970	1,441,788	(3,419,464)	(1,977,676)
<b>Balance, August 31, 2013</b>	12,085,970	1,441,788	(3,640,450)	(2,198,662)
Comprehensive loss for the period	-	-	(72,304)	(72,304)
<b>Balance, November 30, 2013</b>	<b>12,085,970</b>	<b>1,441,788</b>	<b>(3,712,754)</b>	<b>(2,270,966)</b>

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

# LA IMPERIAL RESOURCES INC.

Condensed Consolidated Interim Statements of Cash Flows (Amended and Restated)

For the Three Months Ended November 30, 2013 and November 30, 2012

Expressed in Canadian Dollars

(Unaudited)

	2013 \$	2012 \$
<b>FUNDS DERIVED FROM (APPLIED TO)</b>		
<b>Operating activities:</b>		
Net loss for the year	(72,304)	(53,065)
Non-cash office occupancy and miscellaneous	3,750	-
Non-cash interest	55,636	44,337
Other receivables	(367)	(2,088)
Prepaid expenses	(4,000)	-
Trade and other payables	788	(7,541)
<b>Net cash (used in) operating activities</b>	<b>(16,497)</b>	<b>(18,357)</b>
<b>Financing activity</b>		
Unsecured advances	16,486	18,844
<b>Net cash provided by financing activities</b>	<b>25,562</b>	<b>145,164</b>
<b>Increase (Decrease) in cash</b>	<b>(11)</b>	<b>487</b>
<b>Cash, beginning of the year</b>	<b>537</b>	<b>6</b>
<b>Cash, end of the year</b>	<b>526</b>	<b>493</b>

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

# **LA IMPERIAL RESOURCES INC.**

Notes to the Consolidated Financial Statements

For the Three Months Ended November 30, 2013 and November 30, 2012 (Amended and Restated)

Expressed in Canadian Dollars – (Unaudited)

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## **1. GENERAL BUSINESS DESCRIPTION**

La Imperial Resources Inc. (the “Company”) was incorporated on October 4, 2004 under the Canada Business Corporations Act and its principal activity is the acquisition and exploration of mineral properties.

The Company is a reporting issuer in British Columbia, Alberta and Ontario and its shares are listed on the CNQ Stock Exchange under the symbol LAI.

The address of the Company’s corporate office and principal place of business is 600-666 Burrard Street, Vancouver, British Columbia, Canada V6C 2X8.

These consolidated financial statements include the accounts of the Company and its 99.9% owned subsidiary, La Kathrina S.A. de Mexico (“La Kathrina”). Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

All intra-company transactions, balances, income and expenses are eliminated in full on consolidation

The consolidated financial statements were prepared on a going concern basis in accordance with International Financial Accounting Standards (“IFRS”), with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations rather than through a process of forced liquidation. The Company has incurred losses since its inception and had an accumulated deficit of \$3,712,754 at November 30, 2013. The Company’s ability to continue as a going concern is dependent upon the ability of the Company to obtain financing and generate positive cash flows from its operations. Management of the Company does not expect that cash flows for the Company’s operations will be sufficient to cover all of its operating requirements, financial commitments and business development priorities during the next twelve months. Accordingly, the Company expects that it will need to obtain further financing in the form of debt, equity or a combination thereof for the next twelve months. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

The consolidated financial statements of the Company for the three months ended November 30, 2013 were authorized for issue by the Board of Directors on February 3, 2014.

## **2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

The condensed interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”), and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). Certain disclosures included in the notes to the annual financial statements have been condensed in the following note disclosures or have been disclosed on an annual basis only. Accordingly, these condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended August 31, 2013, which have been prepared in accordance with IFRS as issued by the IASB.

These condensed interim financial statements follow the same accounting policies and methods of application as the annual financial statements for the year ended August 31, 2013.

# LA IMPERIAL RESOURCES INC.

Notes to the Consolidated Financial Statements

For the Three Months Ended November 30, 2013 and November 30, 2012 (Amended and Restated)

Expressed in Canadian Dollars – (Unaudited)

## 3. EXPLORATION AND EVALUATION ASSETS

	Uruachi Mexico
Balance, August 31, 2011	\$ 1,197,549
Additions:	-
Consulting	30,410
Legal	3,618
Taxes	72,377
Impairment	(1,303,953)
Balance, August 31, 2012 and 2013	\$ 1

### Uruachi Concessions - Chichuahua, Mexico

State of Chichuahua, Mexico

On November 8, 2006, the Company acquired 99.9% of the outstanding common shares of La Kathrina in consideration for the issuance of 6,000,000 common shares at \$0.01 per share, for a total payment of \$60,000. La Kathrina has a 70% interest in six mining concessions covering 12,959 hectares in the State of Chichuahua, Mexico.

## 4. UNSECURED ADVANCES

As at November 30, 2013, the Company received \$25,567 (2012 - \$18,844) in cash advances from various non related parties. These amounts are unsecured and have no specified terms of repayment. Certain of the advances bear interest at 12% per annum. At November 30, 2013, a total of \$1,904,567 (2012 - \$1,664,384) is owing to the lenders.

## 5. RELATED PARTY TRANSACTIONS

As at November 30, 2013 (2012-\$Nil), the Company did not owe any amounts to related parties.

## 6. SHARE CAPITAL

Authorized, issued and outstanding common shares:

The authorized share capital of the Company consists of an unlimited number of common shares no par value.

The following is a summary of changes in common shares from August 31, 2012 and 2013:

	Number of Shares	Issue Price
Balance, August 31, 2012 and 2013	12,085,970	\$ 1,441,788

## 7. CONTINGENCIES, COMMITMENTS AND SIGNIFICANT CONTRACTS

In November, 2011 a claim was asserted against the Company for unpaid fees of approximately \$100,000. The Company filed a response disputing the claim in December 2011. The Company has accrued \$54,107 towards this claim. The claim remains unsettled and to date the outcome cannot be determined.



# LA IMPERIAL RESOURCES INC.

Notes to the Consolidated Financial Statements

For the Three Months Ended November 30, 2013 and November 30, 2012 (Amended and Restated)

Expressed in Canadian Dollars – (Unaudited)

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## 8. SEGMENT REPORTING

### *Operating segments*

The Company operates in a single reportable operating segment – the acquisition, exploration and development of exploration and evaluation assets.

### *Geographic segments*

At November 30, 2013 and 2012 all of the Company's exploration and evaluation assets are located in Mexico.

## 9. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

### *Credit risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company currently does not have sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in bank accounts which are available on demand. As a result, liquidity risk is assessed as high.

### *Interest rate risk*

The Company's bank account earns interest income at variable rates. The fair value of its cash is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to short-term rates.

The Company has some advances which bear interest at a fixed rate and, thus, do not expose the Company to interest rate risk.

### *Classification of financial instruments*

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.

# LA IMPERIAL RESOURCES INC.

Notes to the Consolidated Financial Statements

For the Three Months Ended November 30, 2013 and November 30, 2012 (Amended and Restated)

Expressed in Canadian Dollars – (Unaudited)

## 9. FINANCIAL RISK AND CAPITAL MANAGEMENT

	Financial assets at fair value			November 30, 2013
	Level 1	Level 2	Level 3	
Held-for-trading financial asset				
Cash	\$ 526	\$ -	\$ -	\$ 526
Other receivable	-	1,521	-	1,521
Restricted cash	5,750	-	-	5,750
Total financial assets at fair value	\$ 6,276	\$ 1,521	\$ -	\$ 7,797

	Financial assets at fair value			August 31, 2013
	Level 1	Level 2	Level 3	
Held-for-trading financial asset				
Cash	\$ 537	\$ -	\$ -	\$ 537
Other receivable	-	1,154	-	1,154
Restricted cash	5,750	-	-	5,750
Total financial assets at fair value	\$ 6,287	\$ 1,154	\$ -	\$ 7,441

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

	November 30, 2013	August 31, 2013
Non-derivative financial liabilities:		
Trade and other payables	\$ 356,087	\$ 351,549
Unsecured advances	1,926,677	1,854,555
	\$ 2,282,764	\$ 2,206,104

### *Capital Management*

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of mineral properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital of the Company comprises all the components of shareholders' equity. There were no changes in the Company's approach to capital management during the year.

The Company manages the 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 the capital structure, the Company may attempt to issue new shares.