SOUTHEAST ASIA MINING CORP.

Consolidated Financial Statements

For the years ended
December 31, 2013 and 2012

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Southeast Asia Mining Corp., are the responsibility of the management and Board of Directors of the Company.

The consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Brian Jennings"
Brian Jennings
CEO, CFO

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Southeast Asia Mining Corp.

We have audited the accompanying consolidated financial statements of Southeast Asia Mining Corp, which comprise the consolidated statements of financial position as at December 31, 2013 and December 31, 2012 and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity (deficiency), and consolidated statements of cash flows for each of the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Southeast Asia Mining Corp. as at December 31, 2013 and December 31, 2012 its financial performance and its cash flows for each of the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements which describes that the Company will require additional financing in order to fund its planned activities. This condition, along with other matters set out in note 1, indicates the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

"McCarney Greenwood LLP"
McCarney Greenwood LLP
Chartered Accountants
Licensed Public Accountants

Toronto, Canada
April 30, 2014

An independent member of
Morison International

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Southeast Asia Mining Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	December 31, 2013 $	December 31, 2012 $ (Restated Note 21)
Assets		
Current Assets		
Cash and cash equivalents *(Note 6)*	**92,309**	408,316
Trade and other receivables *(Note 7)*	**6,055**	156,741
Prepaid expenses *(Note 8)*	**5,790**	39,158
Total current assets	**104,154**	604,215
Non-current Assets		
Deposit *(Note 6)*	**28,674**	90,814
Property, plant and equipment *(Note 9)*	**15,584**	17,924
Total non-current assets	**44,258**	108,738
Total Assets	**148,412**	712,953
Liabilities		
Current Liabilities		
Trade and other payables *(Notes 11 and 12)*	**1,090,002**	733,908
Convertible debentures *(Note 17)*	**128,736**	-
Total Liabilities	**1,218,738**	733,908
Shareholders' Equity (Deficiency)		
Share capital *(Note 13)*	**18,606,771**	18,403,197
Reserve for warrants *(Note 14)*	**822,000**	818,000
Reserve for share based payments *(Note 16)*	**1,243,407**	995,407
Reserve for convertible debentures	**916,613**	823,013
Other comprehensive income	**(23,583)**	(23,858)
Accumulated deficit	**(22,635,534)**	(21,036,714)
Total Shareholders' Equity (Deficiency)	**(1,070,326)**	(20,955)
Total Liabilities and Shareholders' Equity (Deficiency)	**148,412**	712,953

Nature of Operations and Going Concern (Note 1)
Commitments and Contingencies (Note 18)
Segmented Information (Note 19)
Event after the reporting period (Note 22)

Approved on behalf of the Board of Directors on April 30, 2014:

"James Patterson" (signed) — *Director*

"James Fairbairn" (signed) — *Director*

Southeast Asia Mining Corp.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

Year ended December 31,		**2013**		2012 (Restated Note 21)
Expenses				
Exploration and evaluation expenditures *(Note 10)*	**$**	**562,459**	$	2,037,036
Management and consulting fees *(Note 11)*		**265,944**		364,381
Share based payments *(Notes 11 and 16)*		**248,000**		347,000
Professional fees		**137,145**		268,725
Office and general		**145,737**		197,991
Shareholders information and regulatory costs		**35,961**		22,375
Travel		**-**		8,592
Net loss	**$**	**(1,395,246)**	$	(3,246,100)
Other Comprehensive loss				
Items that will be reclassified subsequently to loss				
Exchange difference on translation of foreign subsidiary		**275**		(9,138)
Net loss	**$**	**(1,394,971)**	$	(3,255,238)
Basic and diluted loss per share	**$**	**(0.04)**	$	(0.12)
Weighted average number of shares outstanding:				
Basic and diluted (000's)		**31,823**		26,950

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

Southeast Asia Mining Corp.
Consolidated Statements of Changes in Equity (Deficiency)
(Expressed in Canadian Dollars)

	Capital Stock		Reserves					
	Number of shares	Amount	Warrants	Share-based payments	Convertible debenture	Other comprehensive Income	Accumulated deficit	Total
Balance at December 31, 2011	**26,528,615**	**$ 17,379,802**	**$ 804,000**	**$ 648,407**	**$ -**	**$ (14,720)**	**$(17,777,657)**	**$ 1,039,832**
Shares issued for settlement of trade and other payables	1,052,192	210,438	-	-	-	-	-	210,438
Shares issued for non-cash consideration (note 13)	4,000,000	800,000	-	-	-	-	-	800,000
Warrants issued on convertible debentures	-	-	14,000	-	(14,000)	-	-	-
Agent commissions on issue of convertible debentures	-	-	-	-	(90,283)	-	-	(90,283)
Share based payments	-	-	-	347,000	-	-	-	347,000
Foreign exchange on translation of foreign subsidiary	-	-	-	-	-	(9,138)	-	(9,138)
Convertible debentures	-	-	-	-	927,296	-	-	927,296
Dividends on convertible debentures	37,022	12,957	-	-	-	-	(12,957)	-
Net loss for the year	-	-	-	-	-	-	(3,246,100)	(3,246,100)
Balance at December 31, 2012 (Restated Note 21)	**31,617,829**	**$ 18,403,197**	**$ 818,000**	**$ 995,407**	**$ 823,013**	**$ (23,858)**	**$ (21,036,714)**	**$ (20,955)**
Warrants issued on convertible debentures	-	-	4,000	-	(907)	-	-	3,093
Agent commissions on issue of convertible debentures	-	-	-	-	(2,183)	-	-	(2,183)
Share based payments	-	-	-	248,000	-	-	-	248,000
Foreign exchange on translation of foreign subsidiary	-	-	-	-	-	275	-	275
Convertible debentures	-	-	-	-	96,690	-	-	96,690
Dividends on convertible debentures	631,351	203,574	-	-	-	-	(203,574)	-
Net loss for the year	-	-	-	-	-	-	(1,395,246)	(1,395,246)
Balance at December 31, 2013	**32,249,180**	**$ 18,606,771**	**$ 822,000**	**$ 1,243,407**	**$ 916,613**	**$ (23,583)**	**$ (22,635,534)**	**$ (1,070,326)**

Southeast Asia Mining Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

Year ended December 31,	**2013** **$**	2012 $ (Restated Note 21)
Operating activities		
Net loss for the year	**(1,395,246)**	(3,246,100)
Non-cash items:		
Share based payments	**248,000**	347,000
Shares issued for exploration and evaluation expenditures	**-**	600,000
Depreciation	**5,071**	3,922
Unrealized foreign exchange (gain) loss	**(3,186)**	(6,464)
Net change in non-cash working capital:		
Prepaid expenses	**33,368**	(12,157)
Trade and other receivables	**150,686**	(41,037)
Trade and other payables	**356,094**	539,852
Cash used in operating activities	**(605,213)**	(1,814,984)
Financing activities		
Proceeds from issuance of convertible debentures	**235,965**	927,296
Cost of issuance	**(9,629)**	(90,283)
Cash provided from financing activities	**226,336**	837,013
Investing activities		
Purchase of property, plant and equipment	**(2,731)**	(13,975)
Restricted cash	**62,140**	64,298
Cash provided from investing activities	**59,409**	50,323
Net decrease in cash and cash equivalents	**(319,468)**	(927,648)
Foreign exchange gain (loss) on cash held in foreign currency	**3,461**	(2,674)
Cash and cash equivalents, beginning of year	**408,316**	1,338,638
Cash and cash equivalents, end of year	**$ 92,309**	$ 408,316

1. NATURE OF OPERATIONS AND GOING CONCERN

Southeast Asia Mining Corp. ("Southeast Asia", "SEA" or "the Company") was incorporated on August 18, 2006 under the Canada Business Corporations Act. Its principal business activity is that of mineral exploration and evaluation in Thailand.

The primary office of the Company is located at 365 Bay Street, Suite 400, Toronto, Ontario, M5H 2V1.

The recovery of expenditures on mineral properties will be dependent upon the existence of economically recoverable mineralization, the ability of Southeast Asia to obtain financing necessary to complete the exploration, evaluation and eventual development of the mineral properties if they are proven successful, and upon future profitable production or alternatively, on the sufficiency of proceeds from disposition.

The Company is in the process of exploring and evaluating its mineral properties. On the basis of information to date, it has not yet determined whether these properties contain economically recoverable mineral deposits. The underlying value of the mineral properties is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest, the ability of the Company to obtain the necessary financing to complete development if those properties are proven successful, and future profitable production.

At December 31, 2013 the Company had a working capital deficiency of $1,114,584 (December 31, 2012 – $129,693 working capital deficiency). The Company had not yet achieved profitable operations, has accumulated losses of $22,635,535 (December 31, 2012 – $21,036,715) and expects to incur further losses in the development of its business, all of which casts substantial doubt upon the Company's ability to continue as a going concern. Southeast Asia will require additional financing in order to conduct its planned work programs on mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due.

These financial statements have been prepared on a going-concern basis which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern.

In the opinion of management, all adjustments considered necessary for fair presentation, on a going concern basis, have been included in these financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Company's Consolidated Financial Statements, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with the International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective on April 30, 2014.

These audited consolidated financial statements were authorized by the Board of Directors of the Company on April 30, 2014.

2. BASIS OF PREPARATION (continued)

2.2 Basis of presentation (continued)

The audited consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

New standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Company's consolidated financial statements for the year ended December 31, 2012, except for the adoption of new standards and interpretations effective as of January 1, 2013.

2.3 Use of management estimates, judgments and measurement uncertainty

The preparation of these consolidated financial statements using accounting policies in accordance with IFRS requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the financial statements. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to valuation of deferred income tax amounts, determination of the appropriate amount of decommissioning liabilities, the estimated life for its property plant and equipment, and the calculation of share-based payments, warrants and the value of the conversion rights on convertible debentures. Significant estimates and judgments made by management in the preparation of these financial statements are outlined below:

Calculation of share based payments and warrants

The Black-Scholes option pricing model is used to determine the fair value for the share based payments and warrants and utilizes subjective assumptions such as expected price volatility and expected life of the option or warrant. Discrepancies in these input assumptions can significantly affect the fair value estimate.

Fair value of financial instruments

Where fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk, and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Income taxes

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company and its subsidiaries operate are subject to change and interpretation. As such, income taxes are subject to measurement uncertainty. The Company follows the liability method for calculating deferred taxes. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to the expectations of future cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the deferred tax assets and liabilities recorded at the statement of financial position date could be impacted.
Additionally, changes in tax laws could limit the ability of the Company to obtain tax deductions in the future.

2. BASIS OF PREPARATION (continued)

2.3 Use of management estimates, judgments and measurement uncertainty (continued)

Useful life of assets subject to depreciation
The Company reviews at the end of each reporting period the useful life of assets subject to depreciation.

Non-controlling interests
The amount of non-controlling interest as of December 31, 2013 and 2012 is not significant to the consolidated financial statements as a whole, hence, not recognized.

Decommissioning liability
These are made based on pre-tax discounting of the estimated future settlement amounts. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the provision required for decommissioning as a result of contamination and damages, if any, caused by exploration and evaluation activities. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed quarterly and are based on current regulatory requirements. Significant changes in estimates will result in changes to provisions on a quarterly basis. Actual rehabilitation costs will ultimately depend on actual future settlement amount for the rehabilitation costs which will reflect the market condition at the time of the rehabilitation costs are actually incurred.

The Company estimates no decommission liabilities as of December 31, 2013 and 2012.

Functional currency
The Company's management is required to make judgments as to the currency of the primary economic environment in which an entity operates to determine the functional currency of the entity. The Company has determined that the functional currency of the parent company to be the Canadian dollar and the BAHT is the functional currency for its Thai subsidiaries.

Going concern assumption
Going concern presentation of the consolidated financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

Convertible debentures
The classification of the Company's convertible debentures required management to analyze the terms and conditions of debentures and use judgment to assess whether these debentures are liability, equity or a combination of the two. IAS 32 provides the criteria for management to assess these complicated financial instruments to determine their appropriate classification(s). Factors considered are, but not limited to, whether the Company has a future obligation to settle the instrument in cash or exchange other assets or liabilities, and if the settlement is already known to be equity, the amount will not vary based the Company's future share price.

2. BASIS OF PREPARATION (continued)

2.4 Adoption of new and revised standards and interpretations

Standards and interpretations adopted

The IASB issued a number of new and revised International Accounting Standards, International Financial Reporting Standards, amendments and related interpretations which are effective for the Company's financial year beginning on or after January 1, 2013. For the purpose of preparing and presenting the Financial Information for the relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods.

Several other new standards and amendments apply for the first time in 2013. However, they do not impact the annual consolidated financial statements of the Company or the interim consolidated financial statements of the Company.

The nature and impact of each new standard/amendment is described below:

- IAS 1 - Presentation of Financial Statements ("IAS 1") was amended by the IASB in June 2011. Items in other comprehensive loss will be required to be presented in two categories: items that might be reclassified into profit or loss and those that will not be reclassified. The flexibility to present statement of comprehensive loss as one statement or two separate statements of profit and loss and other comprehensive loss remains unchanged. At January 1, 2013, the Company adopted this pronouncement on its financial statements.

- IFRS 10 *Consolidated Financial Statements and* IAS 27 *Separate Financial Statements* IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replace the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over the investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investors returns. At January 1, 2013, the Company adopted this pronouncement and there is no impact on the Company's consolidated financial statements.

- IFRS 11 - Joint Arrangement ("IFRS 11") was issued by the IASB in May 2011. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and exposure to variable returns from an investee; and the ability to use power (under joint control) to affect the reporting entity's returns. For entities with the rights to the net assets of an arrangement, equity accounting is used. At January 1, 2013, the Company adopted this pronouncement and there was no impact on the Company's financial statements.

- IFRS 12 - Disclosure of Interests in Other Entities ("IFRS 12") was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. At January 1, 2013, the Company adopted this pronouncement and provided required disclosures.

2. BASIS OF PREPARATION (continued)

2.4 Adoption of new and revised standards and interpretations (continued)

- IFRS 13 *Fair Value Measurement.* IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value and related disclosure through a fair value hierarchy under IFRS when fair value is required or permitted. At January 1, 2013, the Company adopted this pronouncement and provided required disclosures.

- IAS 27 - Separate Financial Statements ("IAS 27") was effective for annual periods beginning on or after January 1, 2013, as a result of the issue of IFRS 10, IAS 27 has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. At January 1, 2013, the Company adopted this pronouncement and there was no impact on the Company's financial statements.

Future accounting policies

At the date of authorization of these Financial Statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted these standards, amendments and interpretations. However, the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

- IFRS 9, 'Financial instruments', effective for annual periods beginning on or after January 1, 2018, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

- IAS 32 '*Financial instruments, Presentation'* –is effective for annual periods beginning on or after January 1, 2014, with earlier adoption permitted. IAS 32 was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its wholly controlled subsidiaries, Southeast Asia Exploration and Mining Company Limited (formerly Geotai Exploration and Mining Ltd.), Southeast Asia Resource Company and White Trillium Ltd., and 80% of Southeast Asia Mining Company, companies based in Thailand (parent and subsidiaries together referred to as “group”). Control is achieved when the Company has the power over the investees; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity’s returns.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive loss from the effective date of control or up to the effective date of loss of control, as appropriate.

All inter-company transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company’s equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests’ share of changes in equity since the date of the combination. Losses applicable to the non-controlling interests in excess of their interest in the subsidiary’s equity are allocated against the interests of the Company except to the extent that the non-controlling interests have a binding obligation and are able to make an additional investment to cover the losses.

3.2 Exploration and evaluation expenditures

Except from business acquisition (which are capitalized), all acquisition and exploration and evaluation costs are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized to mineral properties or property, plant and equipment (“PPE”). On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated reserves as the depletion base. Consideration received under option agreements is recorded as other income.

3.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Depreciation is provided at rates calculated to write off the cost of PPE, less their estimated residual value, using the straight line method over the following expected useful lives:

• Office equipment	5 years
• Furniture and fixtures	5 years
• Leasehold improvements	5 years or life of lease, whichever is less.
• Computer equipment	3-5 years

An item of PPE is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statement of loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Property, plant and equipment (continued)

The Company conducts an annual assessment of the residual value, useful lives and depreciation methods being used for PPE and any changes arising from the assessment are adjusted by the Company prospectively.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately. Major inspection and overhaul expenditures are capitalized.

3.4 Decommissioning liability (“Asset retirement obligation” or “ARO”)

A legal or constructive obligation incurred to pay for restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the Company’s exploration and evaluation activities in the past, the resulted amount is probable to be settled by a future outflow of resources and a reliable estimate can be made of the obligation. Discount rates using a pre-tax rate that reflects the risk and the time value of money are used to calculate the net present value. These costs are charged against profit or loss as exploration and evaluation expenditures and the related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing for the underlying cash flows needed to settle the obligation.

The Company has no decommission liability as at December 31, 2013 and 2012.

3.5 Share-based payments

Share-based payment transactions
Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (“equity-settled transactions”).

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment.

Share-based payments to employees of the subsidiaries are recognized as cash settled share-based payment transaction.

Equity-settled transactions
The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“the vesting date”). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company’s best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Share-based payments (continued)

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings or loss per share.

3.6 Taxation

Income tax expense represents the sum of tax currently payable and deferred income tax.

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax
Deferred income tax is provided using the liability method on temporary differences at the date of the consolidated statement of financial position between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each consolidated statement of financial position date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Taxation (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the consolidated statement of financial position date.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive loss.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

3.7 Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The “treasury stock method” is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the year. During the years ended December 31, 2013 and 2012, all the outstanding stock options and warrants were anti-dilutive.

3.8 Financial assets

All financial assets are initially recorded 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”).

Financial assets classified as FVTPL are measured at fair value with realized and unrealized gains and losses recognized through net loss. The Company’s cash and cash equivalents is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity are initially measured at fair value. Subsequently they are measured at amortized cost. The Company’s deposit, trade and other receivables are classified as loans and receivables. As at December 31, 2013, the Company had no assets classified as held-to-maturity.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income except for losses in value that are considered other than temporary, in which case the losses are recognized in the statement of loss. As at December 31, 2013, the Company had no assets classified as available-for-sale.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the settlement date.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period. The Company's trade and other payables and convertible debentures are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. At December 31, 2013, the Company has no financial instruments classified as FVTPL.

3.10 Impairment of financial assets

The Company assesses at each consolidated statement of financial position date whether a financial asset is impaired.

Assets carried at amortized cost
If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in net income or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in net income or loss.

In relation to trade receivables, a provision for impairment is made and an impairment loss is recognized in net income or loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

Available-for-sale
If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in net income or loss, is transferred from equity to net income or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Impairment of non-financial assets

At each consolidated statement of financial position date, the Company's non-financial assets are assessed for indications of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less disposal costs and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

3.12 Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of financial position comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

3.13 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. As at December 31, 2013, the Company has no obligations that require provisions.

3.14 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, which includes key management and family of key management. Parties are also considered to be related if they are subject to common control or common significant influence, and related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the fair value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Foreign currency transactions

Functional and presentation currency
Items included in the financial statements of each of the entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the parent company is the Canadian dollar and the functional currency of the Company's subsidiaries is the Thailand Baht. The consolidated financial statements are presented in Canadian dollars which is the group's presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of loss.

Group companies
The results and financial position of entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position,
- income and expenses for each consolidated statement of loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the date of the transaction), and
- all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are recorded in equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the consolidated statement of loss as part of the gain or loss on sale.

3.16 Convertible debentures

When convertible debentures are issued, the Company analyzes their terms and conditions and first assesses whether the debenture is an equity or liability using the criteria provided in IAS 32. The Company may also conclude that the convertible debentures have both debt and equity components. Where there is a debt component that meets the definition of a financial liability and also an equity component where the debenture holder has a conversion option, the following paragraphs describe that accounting treatment.

The component parts of convertible debentures issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Convertible debentures (continued)

The conversion right classified as equity is determined by deducting the amount of the liability component from the fair value of the convertible debenture as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently re-measured. In addition, the conversion right classified as equity will remain in equity until the conversion right is exercised, in which case, the balance recognized in equity will be transferred to share premium. When the conversion rights remains unexercised at the maturity date of the convertible note, the balance recognized in equity will be transferred to accumulated deficit. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion right.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument’s maturity date.

4. CAPITAL MANAGEMENT

The Company considers its capital to be equity, which is comprised of capital stock, reserve accounts, other comprehensive income, and accumulated deficit, which as at December 31, 2013 totaled a deficiency of $1,070,326 (December 31, 2012 - $20,955 deficiency). The Company’s capital structure is adjusted based on the funds available to the Company such that it may continue with its exploration and evaluation activities on its mineral properties. The Board of Directors does not establish quantitative return on capital criteria, but rather relies on the expertise of management and other professionals to sustain future development of the business.

The Company’s properties are in the exploration stage and, as a result, the Company currently has no source of operating cash flow. The Company intends to raise such funds as and when required to complete work on its projects. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The only sources of future funds presently available to the Company are through the exercise of outstanding stock options or warrants, the issuance of equity capital of the Company or the sale by the Company of an interest in any of its properties in whole or in part. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, or on terms satisfactory to the Company.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company’s approach to capital management during the year ended December 31, 2013. The Company is not subject to externally imposed capital restrictions.

5. FINANCIAL INSTRUMENTS

Fair value hierarchy and fair value

Financial instruments recorded at fair value on the statement of financial position are classified 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 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices 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);

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data.

The Company has designated its cash and cash equivalents as FVTPL, which are measured at fair value and are based on Level 1 measurements.

As at December 31, 2013, the carrying and fair value amounts of the Company's other financial instruments are approximately equivalent due to the relatively short periods to maturity of these investments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

i) **Credit risk**

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is attributable to various financial instruments, as noted below. The credit risk is limited to the carrying value amount carried on the statement of financial position.

a. **Cash and cash equivalents and deposit** – Cash and cash equivalents and deposit are held with a major Canadian (chartered bank) and Thai banks and therefore the risk of loss is minimal.

b. **Trade and other receivables** – The Company is not exposed to significant credit risk as this amount is due from the Canadian government.

The Company's maximum exposure to credit risk as at December 31, 2013 is the carrying value of cash and cash equivalents, deposit, and trade and other receivables.

5. FINANCIAL INSTRUMENTS (continued)

ii) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at December 31, 2013 the Company had a working capital deficiency of $1,114,584 (December 31, 2012 – $129,693 working capital deficiency). There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of Southeast Asia may change and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Company to forfeit some or all of its interests and reduce or terminate its operations therein.

iii) Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term nature of its monetary assets and liabilities. Cash not required in the short term, is invested in short-term guaranteed investment certificates, as appropriate.

iv) Currency risk

The Company's functional currencies are Canadian dollar and the Thai Baht ("BAHT") and major purchases are transacted in Canadian dollars and BAHT. The Corporation funds major operations and exploration expenses in Thailand, therefore the Company maintains BAHT bank accounts in Thailand. Management believes that foreign currency risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

The table below summarizes the effects on foreign exchange gains and losses impacting other comprehensive income as a result of a 10% change in the value of the BAHT against the Canadian dollar where the Company has significant exposure. The analysis assumes all other variables remain constant. The change in value of BAHT has no impact on the statement of loss.

	Effect of a 10% increase in foreign exchange rates of BAHT to Canadian dollar on translation of investments in foreign monetary assets	Effect of a 10% decrease in foreign exchange rates of BAHT to Canadian dollar on translation of investments in foreign monetary assets
Thai Baht	$ 3,700	$ (3,700)

6. CASH AND CASH EQUIVALENTS AND DEPOSIT

The balance at December 31, 2013, consists of $92,309 (December 31, 2012 - $408,316) on deposit with a chartered Canadian bank and Thai banks and $28,674 (December 31, 2012 - $90,814) in a restricted term deposit which has been pledged as collateral for certain property licenses that are restricted until the Company completes certain exploration commitments.

(Expressed in Canadian dollars)

7. TRADE AND OTHER RECEIVABLES

	As at, December 31, 2013	December 31, 2012
Taxes recoverable (i)	$ 6,055	$ 140,591
Other	-	16,150
Total Trade and Other Receivables	$ 6,055	$ 156,741

(i) The taxes recoverable amount as at December 31, 2013 was not past due.

At December 31, 2013, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the receivables has been further discussed in Note 5. The Company holds no collateral for any receivable amounts outstanding as at December 31, 2013.

8. PREPAID EXPENSES

	As at, December 31, 2013	December 31, 2012
Insurance	$ -	$ 26,730
Various deposits	5,790	12,428
Total Prepaid expenses	$ 5,790	$ 39,158

9. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment $	Furniture and Fixtures $	Computer Equipment $	Leasehold Improvement $	Total $
Cost					
As at December 31, 2011	**1,665**	**4,226**	**3,210**	**-**	**9,101**
Additions	5,192	3,443	3,697	1,643	13,975
As at December 31, 2012	**6,857**	**7,669**	**6,907**	**1,643**	**23,076**
Additions	**1,147**	**1,532**	**42**	**10**	**2,731**
As at December 31, 2013	**8,004**	**9,201**	**6,949**	**1,653**	**25,807**
Accumulated depreciation					
As at December 31, 2011	**189**	**623**	**418**	**-**	**1,230**
Depreciation expense	1,064	1,455	1,126	277	3,922
As at December 31, 2012	**1,253**	**2,078**	**1,544**	**277**	**5,152**
Depreciation expense	**1,531**	**1,809**	**1,399**	**332**	**5,071**
As at December 31, 2013	**2,784**	**3,887**	**2,943**	**609**	**10,223**
Net book value					
As at December 31, 2012	**5,604**	**5,591**	**5,363**	**1,366**	**17,924**
As at December 31, 2013	**5,220**	**5,314**	**4,006**	**1,044**	**15,584**

(Expressed in Canadian dollars)

10. EXPLORATION AND EVALUATION EXPENDITURES

For the years ended December 31, 2013 and 2012, all of the Company's exploration and evaluation expenditures related to the Song Toh and Boh Yai mining lease applications and exploration expenditures on its special prospecting licences which were as follows:

Year ended December 31,		**2013**		2012
Acquisition costs – cash	**$**	**-**	$	495,250
Acquisition costs - shares		**-**		600,000
Exploration and evaluation expenditures		**562,459**		941,786
Total exploration and evaluation expenditures	**$**	**562,459**	$	2,037,036

Amended Agreement

On October 15, 2012, SEA and its wholly controlled subsidiaries SEAM and Southeast Asia Mining Company Limited ("SEAMC") entered into an amended agreement ("Amended Agreement") with Mr. Pornnaret Klipbua ("Pornnaret"), Kanchanaburi Exploration and Mining Company Limited ("KEMCO"), Boh Yai Mining Company Limited ("BYMC") (collectively "Partner") for the Property which replaced all prior agreements. Under the terms of the Amended Agreement, SEA can earn its 80% interest in the mining lease applications by exercising the first and second option. In connection with executing the Amended Agreement, SEA made a USD$48,528 payment on signing the Amended Agreement and made payment of USD$16,176 on closing of the first option to its Partner as compensation for the current mine staff.

First Option
SEA exercised the first option by making a payment of USD$500,000 and issuing 3,000,000 Common Shares to its Partner on December 13, 2012 for the exclusive right to exercise the second option detailed below.

Second Option
SEA may exercise the second option by making a USD$2,500,000 payment to its Partner on July 11, 2013 which was subsequently extended to September 30, to January 31, 2014, and to July 15, 2014. See note 21 for status of these option payments. Upon making the payment, SEA will have earned an 80% interest in the mining lease applications and will assume operatorship of the project. The mining lease applications will be effectively transferred to Southeast Asia Mining Co, Ltd. ("SEAMC") which is controlled 80% by SEA and 20% by its Partner, Pornnaret.

Production Payments
In order to maintain its 80% ownership interest in the Property, SEA is required to make the following production payments:

- Upon completion of the first complete calendar year following the commencement of commercial production at the Boh Yai mine, SEA must pay USD$600,000 and 20% of any net profits in excess of USD$2,000,000;
- Upon completion of the second and third complete calendar years following the commencement of commercial production at the Boh Yai mine, SEA must pay the greater of USD$2,000,000 or 20% of the net profits;
- Upon completion of the fourth complete calendar year following the commencement of commercial production at the Boh Yai mine, SEA must pay USD$400,000 and 20% of any net profits in excess of USD$2,000,000; and
- Upon completion of the fifth complete year following the commencement of commercial production at the Boh Yai mine, SEA must pay 20% of any net profits in excess of USD$2,000,000 and thereafter 20% of net profits.

As at December 31, 2013, the Company is not in production yet and has not commenced the above production payments.

(Expressed in Canadian dollars)

10. EXPLORATION AND EVALUATION PROPERTIES (continued)

Equipment Option
In addition to the option to earn an 80% interest in the Property, SEA has been granted the option to earn an 80% interest in a flotation plant, buildings and equipment by making installment payments to its Partner totaling USD$1,400,000. The installment payments are as follows:

Date	Amount
October 15, 2013 to June 15, 2015	USD$5,823 per month
July 15, 2015	USD$377,709
August 15, 2015 to December 15, 2015	USD$6,470 per month
January 15, 2016	USD$467,648
February 15, 2016 to June 15, 2016	USD$6,470 per month
July 15, 2016	USD$367,650

On September 24, 2013, the payment of the above noted installments were deferred until the earlier of the exercise of the second option or January 31, 2014.

On February 3, 2014, the payment of the above noted installments were deferred until the earlier of the exercise of the second option or July 15, 2014.

On the date that is six months following the receipt of a mining permit at the Boh Yai mine, the remaining installment payments are due. Upon making the total payment of USD$1,400,000 the equipment will be transferred to SEAMC. In the event that SEA fails to make an equipment option payment, the option to acquire the equipment shall terminate.

Included in Mining and Exploration Costs are exploration rights, referred to as Special Prospecting Licenses (“SPL”), which are held by SEAM in the area of the Song Toh and Boy Yai historical mines. As of December 31, 2013, SEAM held three such SPLs.

11. RELATED PARTY DISCLOSURES AND KEY MANAGEMENT COMPENSATION

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly. Compensation awarded to key management includes the following:

		December 31, 2013		December 31, 2012
Short-term employee benefits – paid	**$**	**55,250**	$	102,000
Short-term employee benefits – payable		**236,250**		77,000
Short-term employee benefits – shares issued for services (Note 13)		**-**		200,000
Share based payments		**193,000**		321,000
Total compensation to key management	**$**	**484,500**	$	699,000

At December 31, 2013, included in trade and other payables is $300,000 (December 31, 2012 - $163,000) due to these key management personnel.

(Expressed in Canadian dollars)

12. TRADE AND OTHER PAYABLES

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and amounts payable for operating and financing activities.

The following is an aged analysis of the trade and other payables:

	As at,	
	December 31, 2013	December 31, 2012
Less than one month	**$ 80,328**	$ 88,800
Over one month	**1,009,674**	645,108
Total Trade and Other Payables	**$ 1,090,002**	$ 733,908

13. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares without par value. The issued and outstanding common shares consist of the following:

	No. of Shares	Amount
Balance at December 31, 2011	**26,528,615**	**$ 17,379,802**
Shares issued for debt	1,052,192	210,438
Shares issued for non-cash consideration	4,000,000	800,000
Shares issued for dividends on convertible debenture	37,022	12,958
Balance at December 31, 2012	**31,617,829**	**$ 18,403,198**
Shares issued for dividends on convertible debenture	631,351	203,574
Balance at December 31, 2013	**32,249,180**	**$ 18,606,772**

Year ended December 31, 2012:

On November 5, 2012, the Company issued 1,052,192 shares to settle $210,438 in outstanding accounts payable to various arms length creditors. The shares were issued at a price of $0.20 which represents the fair value of the shares on the date of settlement.

On December 4, 2012 the Company issued 3,000,000 shares as part of the exercise of its first option pursuant to the Amended Agreement. The shares were issued at a price of $0.20 which represents the fair value of the shares on the date of issuance and such price is based on the shares issued for debt settlement by the Company on November 5, 2012.

On December 17, 2012 the Company issued 1,000,000 shares to the CEO of the Company for services provided. The shares were issued at a price of $0.20 which represents the fair value of the shares on the date of settlement and such price is based on the most recent share issuance transaction by the Company before this transaction

On December 31, 2012 the Company issued 37,022 shares to various arms length debenture holders as settlement of $12,958 in dividends on the convertible debentures to December 31, 2012. The shares were issued at a price of $0.35 which represents the fair value of the shares on the date of settlement.

(Expressed in Canadian dollars)

13. SHARE CAPITAL (continued)

Year ended December 31, 2013:

On April 16, 2013 the Company issued 139,892 shares to various arms length debenture holders as settlement of $48,966 of dividends on the convertible debentures to March 31, 2013. The shares were issued at a price of $0.35 which represents the fair value of the shares on the date of settlement.

On July 22, 2013 the Company issued 143,306 shares to various debenture arms length holders as settlement of $50,157 of dividends on the convertible debentures to June 30, 2013. The shares were issued at a price of $0.35 which represents the fair value of the shares on the date of settlement.

On October 3, 2013 the Company issued 167,198 shares to various arms length debenture holders as settlement of all dividends payable on the convertible debenture to September 30, 2013 of $50,161. The shares were issued at a price of $0.30 which represents the fair value of the shares on the date of settlement.

On December 31, 2013 the Company issued 180,955 shares to various arms length debenture holders as settlement of all dividends payable on the convertible debenture to December 31, 2013 of $54,289. The shares were issued at a price of $0.30 which represents the fair value of the shares on the date of settlement.

14. RESERVE FOR WARRANTS

The following table reflects the continuity of warrants for the years ended December 31, 2013 and 2012.

	Number of Warrants	Amount
Balance – December 31, 2011	**9,805,764**	**$ 804,000**
Agent warrants issued (i)	179,040	14,000
Balance – December 31, 2012	**9,984,804**	**$ 818,000**
Agent warrants issued (ii)	27,511	4,000
Balance – December 31, 2013	**10,012,315**	**$ 822,000**

(i) The agent's warrants were issued pursuant to the private placement of debentures described in Note 17 and have a fair value of $14,000, which was estimated using the Black-Scholes option pricing model and the following assumptions:

Risk-free interest rate	1.06%	Expected volatility	100%
Dividend yield	nil	Expected life-units	2 years
Market price	$0.20	Exercise price	$0.35

(ii) The agent's warrants were issued pursuant to the private placement of debentures described in Note 17 and have a fair value of $4,000, which was estimated using the Black-Scholes option pricing model and the following assumptions:

Risk-free interest rate	1.08%	Expected volatility	100%
Dividend yield	nil	Expected life-units	2 years
Market price	$0.30	Exercise price	$0.35

(Expressed in Canadian dollars)

14. RESERVE FOR WARRANTS (continued)

Warrants to purchase common shares carry exercise prices and terms to maturity at December 31, 2013 are as follows:

Exercise price $	**Number of outstanding warrants**	**Expiry date**
0.35	27,511	November 2015
0.35	179,040	December 2014
0.28	8,521,542	3 years post liquidity event***
0.20*	856,148	3 years post liquidity event***
0.28**	428,074	3 years post liquidity event***

* These are broker warrants which are issuable for one common share and ½ purchase share warrant

** To be issued upon exercise of broker warrants

*** These warrants are exercisable for three years from the date the shares are listed on a recognized Canadian stock exchange.

15. SHARE BASED PAYMENTS

Share based payments

The Company has an incentive stock option plan ("the Plan") whereby the Company can grant to directors, officers, employees and consultants options to purchase shares of the Company. The Plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The Plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding capital stock increases.

The Plan provides that it is solely within the discretion of the Board to determine who will receive stock options and in what amounts. In no case, calculated at the time of grant, shall the Plan result in:

- The aggregate number of options granted in a 12-month period to any one individual exceeding 5% of the outstanding shares of the Company;
- The maximum number of options which may be reserved for issuance to insiders of the Company shall not exceed 10% of the outstanding shares of the Company;
- The maximum number of options which may be issued to any insider of the Company, together with any previously established or proposed share based payment arrangements, within a 12-month period shall not exceed 5% of the outstanding shares of the Company.
- The maximum number of options, which may be issued to insiders of the Company, together with any previously established or proposed share based payment arrangements within a 12-month period shall not exceed 10% of the outstanding shares of the Company.

As at December 31, 2013, the Company had 249,918 (December 31, 2012 – 836,783) options remaining for issuance under the plan.

(Expressed in Canadian dollars)

15. SHARE BASED PAYMENTS (continued)

Summary of stock option activity is as follows:

	Number of stock options (outstanding and exercisable)	Weighted average exercise price
Beginning, December 31, 2011	-	$ -
Granted	2,325,000	$ 0.20
Ending, December 31, 2012	2,325,000	$ 0.20
Expired/forfeited(i)	(250,000)	$ 0.20
Granted	900,000	$ 0.25
Ending, December 31, 2013	**2,975,000**	**$ 0.22**

(i) These options were forfeited because the services from these option holders were no longer employed by the Company.

The weighted average remaining contractual life for outstanding options is as follows:

Price Range	Expiry dates	Number of Options (outstanding and exercisable)	Weighted Average Remaining Life (years)	Weighted Average Exercise Price
$0.20	October 26, 2017	2,075,000	3.82	$ 0.20
$0.25	February 11, 2018	900,000	4.12	$ 0.25
$0.20 - $0.25		2,975,000	3.91	$ 0.22

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the stock-based payments for the stock options granted during the year ended December 31, 2013:

	February 12, 2013
Number of options granted	900,000
Weighted average information	
Exercise Price	$0.25
Market Price	$0.35
Risk-free interest rate	1.46%
Expected life	5 years
Expected volatility	100%
Vesting	100% immediately
Expected dividends	0
Fair value of options granted	$ 248,000
Total share based payments	$ 248,000

(Expressed in Canadian dollars)

15. SHARE BASED PAYMENTS (continued)

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the stock-based payments for the stock options granted during the year ended December 31, 2012:

	October 26, 2012
Number of options granted	2,325,000
Weighted average information	
Exercise Price	$0.20
Market Price	$0.35
Risk-free interest rate	1.39%
Expected life	5 years
Expected volatility	100%
Vesting	100% immediately
Expected dividends	0
Fair value of options granted	$ 347,000
Total share based payments	$ 347,000

The weighted average grant-date fair value of options granted during the year ended December 31, 2013 is $0.28 (December 31, 2012 - $0.20) per option issued.

16. RESERVE FOR SHARE BASED PAYMENTS

A summary of the changes in the Company's reserve for share based payments for the years ended December 31, 2013 and 2012 is set out below:

	December 31, 2013	December 31, 2012
	Amount ($)	Amount ($)
Balance at beginning of year	**995,407**	648,407
Share based payments	**248,000**	347,000
Balance at the end of year	**1,243,407**	995,407

17. CONVERTIBLE DEBENTURES

A) CLASSIFIED AS EQUITY

On December 7, 2012, and February 13, 2013 the Company closed the first and second tranches respectively of its brokered private placement of unsecured convertible debentures for a total gross proceeds of $983,156, broken down into gross proceeds of $927,296 from the December 7, 2012 tranche and gross proceeds of $55,860 from the February 13, 2013 tranche. These Debentures were issued at a 2% discount to face value. Therefore, face value of these debentures issued was $1,003,220. On the maturity date, each Debenture will be convertible into units of the Company at a price of $0.35 per Unit prior to June 30, 2013 and at a price of $0.30 per Unit thereafter. Each Unit consists of one common share in the capital of the Company and one-half of a Common Share purchase warrant. Each Warrant will entitle the holder thereof to purchase one Common Share at a price of $0.50 per Common Share in the event that the maturity date is prior to June 30, 2013, and at a price of $0.40 in the event the maturity date is after June 30, 2013 for a period of two years from the maturity date. The maturity date is the earlier of: the date the Company receives approval for the listing of its Common Shares on a recognized stock exchange; the date upon which a change of control occurs; and December 31, 2014.

The rate of interest on the Debentures is 20% per annum (adjusted rate based on the high risk of the Company), payable quarterly in equal installments on March 31, June 30, September 30 and December 31 of each year in cash or Common Shares, at the option of the Company.

Since these debentures are classified as equity, the interest is treated as dividends in these financial statements.

In consideration of the services rendered by the Agent, the Agent received a cash commission of $90,283. The Agent also received 179,040 broker warrants. Each Broker Warrant entitles the Agent to purchase one Common Share at a price of $0.35 per Common Share for a period of 24 months from the closing of the private placement and had a value of $14,000. The total cost of $104,283 has been recognized in equity for the year ended December 31, 2012.

B) CLASSIFIED AS DEBT AND EQUITY

On November 21, 2013 the Company closed a non brokered private placement of unsecured convertible debentures for gross proceeds of $180,105. The Debentures were issued at a 2% discount to the face value of $183,780. On the maturity date, each Debenture will be convertible into units of the Company at a price deemed to be a 20% discount to the price of securities issued in connection with a qualifying transaction. Each Unit consists of one common share in the capital of the Company and one-half of a Common Share purchase warrant. Each Warrant will entitle the holder thereof to purchase one Common Share for a period of two years from the maturity date at a price deemed to be a 20% premium to the price of securities issued in connection with a qualifying transaction. The maturity date is the earlier of: the date the Company receives approval for the listing of its Common Shares on a recognized stock exchange; the date upon which a change of control occurs; December 31, 2014; or in cash at any time at the discretion of the Company. A qualifying transaction is: a private placement of equity securities of the Company or convertible debt instruments of the Company, where the conversion price of such debt securities is determined; a merger, reverse takeover, amalgamation, arrangement or other reorganization by the Company with another unrelated entity; the sale, lease or transfer of all or substantially all of the Company's assets to any other person or persons; or such other transaction that the directors can reasonably determine a value for the securities of the Company.

The rate of interest on the Debentures is 20% per annum (adjusted rate based on the high risk of the Company), payable quarterly in equal installments on December 31, March 31, June 30, and September 30 of each year in cash or Common Shares, at the option of the Company.

17. CONVERTIBLE DEBENTURES (continued)

In consideration of the services rendered by qualifying brokers, the qualifying brokers received a cash commission of $9,629. The qualifying brokers also received 27,511 broker warrants. Each Broker Warrant entitles the qualifying broker to purchase one Common Share at a price of $0.35 per Common Share for a period of 24 months from the closing of the private placement and had a value of $4,000. The total cost of $13,629 has been allocated proportionately to liability and equity component for the year ended December 31, 2013.

Classification

The debentures that closed on December 7, 2012 and February 13, 2013 are classified as equity.

The debentures that closed on November 21, 2013 are classified as a liability and equity. The debenture is classified as a short term liability as at December 31, 2013 as the maturity date will be December 31, 2014.

18. COMMITMENTS AND CONTINGENCIES

Environmental contingencies

The Company's exploration activities are subject to certain international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive.

Other claims against the Company

In 2013 a statement of claim was filed against the company by a supplier of services in the amount of $73,665. The Company has filed a statement of defense, provided for the full amount in the financial statements, and is of the opinion the amount claimed is excessive for the services provided by the supplier.

19. SEGMENTED INFORMATION

Operating Segments

At December 31, 2013 the Company's operations comprise a single operating segment engaged in mineral exploration in Thailand.

An operating segment is defined as a component of the Company:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief operating decision maker; and
- for which discrete financial information is available.

(Expressed in Canadian dollars)

19. SEGMENTED INFORMATION (continued)

Geographic Information

Southeast Asia is in the business of mineral exploration and evaluation in the country of Thailand. Southeast Asia's geographic information is as follows:

	December 31, 2013	December 31, 2012
Consolidated expenses		
Canada (Corporate)	**$ 765,259**	$ 2,473.581
Thailand	**629,987**	772,519
	1,395,246	3,246,100
Identifiable assets		
Canada	**97,290**	441,212
Thailand	**51,122**	271,741
	$ 148,412	$ 712,953

20. INCOME TAXES

Income Tax Provincial

The Company's income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate. A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rates for the years ended December 31, 2013 and 2012 is as follows:

	2013	2012
Combined statutory income tax rate	**26.50%**	26.50%
Recovery of income taxes computed at statutory rates	**(370,000)**	(860,000)
Difference in foreign jurisdiction tax rates	**22,000**	(27,000)
Non-deductible expenses	**59,000**	22,000
Share issue costs	**-**	(23,000)
Tax benefits of losses and temporary differences not recognized	**289,000**	888,000
Income tax provision	**-**	-

(Expressed in Canadian dollars)

20. INCOME TAXES (continued)

The Canadian statutory income tax rate of 26.5% (2012 – 26.5%) is comprised of the federal income tax rate at approximately 15% (2012 – 15%) and the provincial income tax rate of approximately 11.5% (2012 – 11.25%). The Thailand statutory income tax rate is approximately 30% (2012 – 30%).

Deferred Income Tax

The primary differences which give rise to the deferred income tax assets and liabilities using the deferred tax rate of 26.50% (2012 – 26.50%) at December 31, 2013 and 2012 are as follows:

	2013	2012
Deferred tax assets	**$**	$
Share issuance costs and other	**36,000**	53,000
Exploration and evaluation expenditures	**633,000**	605,000
Non-capital losses carried forward	**2,871,000**	2,531,000
	3,540,000	3,189,000
Less: deferred tax asset not recognized	**(3,540,000)**	(3,189,000)
Net deferred tax assets	**-**	-
Deferred tax liabilities	**-**	-
Net deferred tax liability	**-**	-

The unamortized balance, for income tax purposes, of the share issuance costs amounted to approximately $135,000 (2012 - $200,000) and will be deductible in Canada over the next three (2012 – four) years.

The Company has available for carry forward non-capital losses in Canada of $8,261,000 (2012 - $7,467,000) and in Thailand of $2,263,000 (2012 - $1,840,000) to offset future taxable income. As at December 31, 2013, the non-capital loss carry forwards expire as follows:

	Thailand	Canada
	$	$
2014	52,000	-
2015	567,000	-
2016	628,000	-
2017	593,000	
2018	423,000	
2026	-	261,000
2027	-	630,000
2028	-	2,108,000
2029	-	1,127,000
2030	-	1,647,000
2031	-	1,053,000
2032	-	641,000
2033	-	794,000
	2,263,000	8,261,000

21. RESTATEMENT OF PRIOR YEAR BALANCES

In the year ended December 31, 2012, the Company closed the first tranche of the brokered private placement of unsecured convertible debentures. The debentures were classified as a liability, with the exception of the portion relating to the conversion feature that was classified as equity.

Based on the debenture agreement the Company has no obligation to settle in cash or exchange other assets or liabilities. Also, the settlement in equity will not vary based on the share price of the Company. Under IAS 32.16 such instruments are classified as equity instruments.

Accordingly the comparative numbers for the year ended December 31, 2012 have been restated. A summary of the effects for the year ended December 31, 2012 are as follows:

i) Statement of Financial Position: A decrease in convertible debentures in current liabilities by $924,611 from $924,611 to $Nil and an increase in "reserves for convertible debenture" within shareholders' equity (deficiency) by $924,611 from $(945,566) to $(20,955).

ii) Statement of loss and comprehensive loss: A decrease in net loss by $120,063 from $3,366,163 to $3,246,100. This did not result in any change in the loss per share presented.

iii) Statement of cash flows: An increase in the cash used in operating activities by $90,283 from $1,905,267 to $1,814,984 and a decrease in the cash provided from financing activities by $90,283 from $927,296 to $837,013.

22. EVENTS AFTER THE REPORTING PERIOD

On February 3, 2014 the Company was granted an extension of the second option payment and the equipment option installments from January 31, 2014 to July 15, 2014 and as required pursuant to its Joint Agreement.