



VIPER GOLD LTD.

FINANCIAL STATEMENTS

For the Years Ended December 31, 2013 and 2012

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The accompanying audited financial statements have been prepared by management in accordance with International Financial Reporting Standards and, where appropriate, reflect management's best estimates and judgement.

The Company maintains adequate systems of internal accounting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Audit Committee meets periodically with management and the external auditors to review the financial statements and the results of audit examinations.

McGovern, Hurley, Cunningham, LLP, Chartered Accountants, have audited the financial statements and their report outlines the scope of their examination and gives their opinion on the financial statements.

Paul C. Davis
President and Chief Executive Officer

Joseph Del Campo
Interim Chief Financial Officer

March 27, 2014

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Viper Gold Ltd.

We have audited the accompanying financial statements of Viper Gold Ltd., which comprise the statements of financial position as at December 31, 2013 and 2012, and the statements of loss and comprehensive loss, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which indicates that the Company had continuing losses during the year ended December 31, 2013 and a working capital deficiency as at December 31, 2013. These conditions along with other matters set forth in Note 2 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

McGOVERN, HURLEY, CUNNINGHAM, LLP



Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
March 27, 2014

Viper Gold Ltd.**Statements of Financial Position***(Expressed in Canadian Dollars)*

		As at December 31, 2013	As at December 31, 2012
	Notes		
Assets			
Current assets			
Cash		\$ 5,664	\$ 12,274
Amounts receivable		6,860	15,281
Prepaid expenses and deposits		-	1,753
Total current assets		12,524	29,308
Equipment	5	-	1,112
Exploration and evaluation assets	6	212,000	1,156,883
Total assets		\$ 224,524	\$ 1,187,303
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	14	\$ 98,400	\$ 73,200
Shareholders' Equity			
Share capital	7	1,566,920	1,529,071
Warrants	7	4,598	-
Share-based payments reserve	8	134,862	155,117
Deficit		(1,580,256)	(570,085)
Total shareholders' equity		126,124	1,114,103
Total liabilities and shareholders' equity		\$ 224,524	\$ 1,187,303

*Going concern (note 2)**Commitments and contingencies (notes 6 and 13)**Subsequent event (note 16)*

Approved on Behalf of the Board:

Joseph Del Campo
DirectorPaul C. Davis
Director*The accompanying notes are an integral part of these financial statements.*

Viper Gold Ltd.**Statements of Loss and Comprehensive Loss***(Expressed in Canadian Dollars)*

		For the years ended December 31,	
	Notes	2013	2012
Expenses			
Management and consulting	14	\$ 19,475	\$ 58,800
Filing fees and communications		17,480	13,633
Audit		16,440	24,030
Insurance		11,416	11,812
Legal	14	11,108	21,004
Office rent		5,319	15,571
General and administrative expenses		3,476	8,340
Loss on disposal of equipment		574	-
Depreciation		255	1,020
Write-off of exploration and evaluation assets		944,883	57,229
Total expenses		1,030,426	211,439
Net loss before income taxes		(1,030,426)	(211,439)
Deferred income tax recovery	10	-	55,543
Net loss and comprehensive loss for the year		\$ (1,030,426)	\$ (155,896)
Basic and diluted loss per share	9	\$ (0.07)	\$ (0.01)
Weighted average number of common shares		15,393,918	12,626,410

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

Viper Gold Ltd.
Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Notes	Capital stock		Warrants	Share-based payments reserve	Deficit	Total Equity
		Number of shares	Amount				
Balance at December 31, 2012		12,772,000	\$ 1,529,071	\$ -	\$ 155,117	\$ (570,085)	\$ 1,114,103
Issued on private placement	7 (a)(ii)	5,500,000	55,000	-	-	-	55,000
Value attributed to warrants on private placement issuance	7 (b)		(4,224)	4,224	-	-	-
Value of issued finder's warrants	7 (b)		-	374	-	-	374
Share issuance costs			(12,927)	-	-	-	(12,927)
Expiry of options		-	-	-	(20,255)	20,255	-
Net loss		-	-	-	-	(1,030,426)	(1,030,426)
Balance at December 31, 2013		18,272,000	\$ 1,566,920	\$ 4,598	\$ 134,862	\$ (1,580,256)	\$ 126,124
Balance at December 31, 2011		12,205,000	\$ 1,487,051	\$ 396,738	\$ 174,717	\$ (774,984)	\$ 1,283,522
Issued for exploration properties	7 (a)(i)	567,000	42,020	-	-	-	42,020
Expiry of warrants		-	-	(396,738)	-	396,738	-
Expiry of options		-	-	-	(19,600)	19,600	-
Tax on expired warrants		-	-	-	-	(55,543)	(55,543)
Net loss		-	-	-	-	(155,896)	(155,896)
Balance at December 31, 2012		12,772,000	\$ 1,529,071	\$ -	\$ 155,117	\$ (570,085)	\$ 1,114,103

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

Viper Gold Ltd.**Statements of Cash Flows***(Expressed in Canadian Dollars)*

	Notes	For the years ended December 31,	
		2013	2012
Cash flows from operating activities			
Net loss for the year		\$ (1,030,426)	\$ (155,896)
Adjustments to reconcile net loss to net cash flows:			
Non-cash adjustments:			
Depreciation		255	1,020
Deferred income tax recovery		-	(55,543)
Write-off of exploration and evaluation assets	6	944,883	57,229
Loss on disposal of equipment		574	-
		<u>(84,714)</u>	<u>(153,190)</u>
Working capital adjustments:			
Decrease in amounts receivable		8,421	27,723
Decrease in prepaid expenses		1,753	8,819
Increase in accounts payable and accrued liabilities		25,200	30,609
		<u>(49,340)</u>	<u>(86,039)</u>
Net cash flows (used in) operating activities			
Cash flows from (used in) investing activities			
Sale of equipment		283	-
Exploration and evaluation assets		-	(500)
		<u>283</u>	<u>(500)</u>
Net cash flows from (used in) investing activities			
Cash flows from financing activities			
Proceeds from private placement - gross	7 (a)(ii)	55,000	-
Share issue costs		(12,553)	-
		<u>42,447</u>	<u>-</u>
Net cash flows from financing activities			
Net decrease in cash		<u>(6,610)</u>	<u>(86,539)</u>
Cash - Beginning of year		12,274	98,813
Cash - End of year		<u>\$ 5,664</u>	<u>\$ 12,274</u>
Supplemental information:			
Common shares issued for interest in exploration properties	7 (a)(i)	\$ -	\$ 42,020
Finders' warrants issued	7 (b)	\$ 374	
Interest paid		\$ -	\$ -

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

Viper Gold Ltd.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012 (Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Viper Gold Ltd. (the "Company") was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on January 29, 2008. The Company is a public corporation whose shares are listed and posted for trading on the TSXV under the symbol "VPR". The Company is in the business of acquiring and exploring mineral properties with a view to finding and developing mineable deposits of precious and base metals.

The address of the Company's executive office is: 25 Wakem Court, Whitby, Ontario, L1P 1T8, Canada.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write downs of the carrying values. The Company's interest in the Corongo Property is located outside of Canada and is subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations, and political uncertainties.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current state of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory and environmental requirements.

2. GOING CONCERN

The Company is in the exploration and evaluation stage and has an interest in certain mineral claims in Peru from which no revenue has yet been generated. The exploration and development of mineral properties involves significant financial risk, with recoverability of costs incurred being subject to future profitable production from economically recoverable reserves and/or financing through issuance of shares or sale of property interests.

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business at amounts different from those in these financial statements. Such adjustments could be material. The continuing operations of the Company are dependent upon its ability to obtain the necessary financing to meet ongoing administration expenses and related liabilities as they fall due.

Viper Gold Ltd.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012 (Expressed in Canadian dollars)

2. GOING CONCERN (continued)

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern. The Company has incurred a loss in the current and prior periods, with a loss of \$1,030,426 for the year ended December 31, 2013, (2012 - \$155,896), and as at December 31, 2013 has an accumulated deficit of \$1,580,256 (2012 - \$570,085) and a working capital deficiency of \$85,876 (2012 - \$43,892).

3. BASIS OF PRESENTATION

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The policies set out in Note 4 have been consistently applied to all periods presented.

These financial statements were approved and authorized for issue by the Board of Directors on March 27, 2014.

(b) Basis of preparation

These financial statements are presented in Canadian dollars. The financial statements are prepared on the historical cost basis. In addition, these financial statements are prepared using the accrual basis of accounting except for cash flow information.

(c) Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2014 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

- IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

Viper Gold Ltd.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012 (Expressed in Canadian dollars)

3. BASIS OF PRESENTATION (continued)

(c) Recent accounting pronouncements (continued)

- IAS 19 - Employee Benefits ("IAS 19") was amended by the IASB in November 2013 to simplify the accounting for contributions from employees or third parties to defined benefit plans that are independent of the number of years of service. The amendments to IAS 19 are effective for annual periods beginning on or after July 1, 2014. Earlier adoption is permitted.
- IAS 32 – Financial Instruments: Presentation ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014.
- IAS 36 – Impairments of Assets ("IAS 36") was amended by the IASB in May 2013 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014.
- IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39") was amended by the IASB in June 2013 to clarify that novation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations does not terminate hedge accounting. The amendments to IAS 39 are effective for annual periods beginning on or after January 1, 2014.
- IFRIC 21 – Levies ("IFRIC 21") was issued in May 2013. IFRIC 21 provides guidance on the accounting for levies within the scope of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"). IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014.

(d) Changes in Accounting Policies

- The Company has adopted the following new standards, along with any consequential amendments, effective January 1, 2013. These changes were made in accordance with the applicable transitional provisions.
- IFRS 7 — Financial Instruments: Disclosures ("IFRS 7") was amended by the IASB in December 2011 to amend the disclosure requirements in IFRS 7 to require information about all recognised financial instruments that are offset in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation. The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. The adoption of this standard did not result in any changes to the Company's disclosure of its financial instruments.

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NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012 (Expressed in Canadian dollars)

3. BASIS OF PRESENTATION (continued)

(d) Changes in Accounting Policies (continued)

- IFRS 10 – Consolidated Financial Statements (“IFRS 10”) was issued by the IASB in May 2011 and will replace IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. IFRS 10 is a new standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect returns. The adoption of this standard did not result in any changes in the consolidation status of the Company’s subsidiaries.
- IFRS 11 – Joint Arrangements (“IFRS 11”) was issued by the IASB in May 2011 and will replace IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. 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: joint operations and joint ventures. A joint operation exists when the parties have rights to the assets and obligations for the liabilities of a joint arrangement. A joint venture exists when the parties have rights to the net assets of a joint arrangement. Assets, liabilities, revenues and expenses in a joint operation are accounted for in accordance with the arrangement. Joint ventures are accounted for using the equity method. The adoption of this standard did not result in any changes to the Company’s investments in joint ventures.
- 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 joint arrangements, special purpose vehicles and off balance sheet vehicles. The adoption of this standard did not result in any changes to the Company’s disclosure requirements for interests in other entities.
- IFRS 13 – Fair Value Measurement (“IFRS 13”) was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRS. IFRS 13 clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. It also establishes disclosures about fair value measurement. The adoption of this standard did not result in any significant changes to the Company’s disclosures of its financial instruments.
- IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended by the IASB in June 2011. As a result of the amendment, items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The adoption of this standard has not resulted in any disclosure requirements as the Company’s net loss is equal to the Company’s comprehensive loss.
- IAS 28 - Investments in Associates and Joint Ventures (“IAS 28”) was issued by the IASB in May 2011 and supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 defines significant influence as the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. IAS 28 also provides guidance on how the equity method of accounting is to be applied and also prescribes how investments in associates and joint ventures should be tested for impairment. The adoption of this standard did not result in any changes to the Company’s investments in joint ventures.

Viper Gold Ltd.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012 (Expressed in Canadian dollars)

3. BASIS OF PRESENTATION (continued)

(e) Significant accounting judgments and use of estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i. Capitalization of exploration and evaluation costs

Management has determined that exploration and evaluation costs incurred during the year have future economic benefits and are economically recoverable. In making this judgment, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits. See note 6 for details of capitalized exploration and evaluation costs.

ii. Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

iii. Estimation of decommissioning and restoration costs and the timing of expenditure

The cost estimates are updated annually and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

iv. Impairment of exploration and evaluation assets

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in

Viper Gold Ltd.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012 (Expressed in Canadian dollars)

3. BASIS OF PRESENTATION (continued)

(e) Significant accounting judgments and use of estimates (continued)

estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

v. *Income taxes and recoverability of potential deferred tax assets*

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws. Future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Share-based payments

The share option plan allows Company directors, officers, employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. The fair value of equity-settled share-based payment transactions with employees is measured at grant date and each tranche is recognized on a graded basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

At each statement of financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

(b) Deferred taxes

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Viper Gold Ltd.

NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Expressed in Canadian dollars)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Deferred taxes (continued)

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

(c) Equipment and depreciation

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment 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. An item of equipment is derecognized upon disposal 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 profit or loss in the statement of comprehensive income or loss.

The Company provides for depreciation of its equipment using the straight line method with an annual rate of 33% which is designed to depreciate the cost of the equipment over its estimated useful life.

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NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Expressed in Canadian dollars)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Exploration and evaluation assets

Exploration and evaluation

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration and evaluation assets. Exploration expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Management reviews the carrying value of capitalized exploration costs at least annually. In the case of undeveloped projects, there may be only inferred resources to form a basis for the impairment review. The review is based on a status report regarding the Company's intentions for development of the undeveloped property. In some cases, the undeveloped properties are regarded as successors to ore bodies currently in production. Where this is the case, it is intended that these will be developed and go into production when the current source of ore is exhausted or to replace the reduced output.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to construction in progress within property, plant and equipment.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any impairment provisions are written off.

Development

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures related to construction are capitalized as construction-in-progress and classified as a component of property plant and equipment. Costs associated with the commissioning of new assets, in the period before they are operating in the way intended by management, are capitalized.

Development expenditure is net of the proceeds of the sale of ore extracted during the development phase. Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

The costs of removing overburden to access ore are capitalized as pre-production stripping costs and classified as a component of property, plant and equipment.

(e) Impairment of non-financial assets

The carrying values of capitalized exploration and evaluation expenditures and equipment are assessed for impairment when indicators of such impairment exist. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs to sell the asset and the asset's value in use.

Impairment is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other Company's assets. If this is the case, the individual assets of the Company are grouped together into cash generating units ("CGUs") for impairment purposes. Such CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets. This generally results in the Company evaluating its non-financial assets on a geographical or licence basis.

Viper Gold Ltd.

NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Impairment of non-financial assets (continued)

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the statement of loss and comprehensive loss so as to reduce the carrying amount to its recoverable amount. Impairment losses related to continuing operations are recognised in the statement of loss and comprehensive loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill and indefinite life intangibles, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation/amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of loss and comprehensive loss. Impairment losses recognised in relation to goodwill or indefinite life intangibles are not reversed for subsequent increases in its recoverable amount.

(f) Provisions

General

Provisions are recognised when (a), the Company has a present obligation (legal or constructive) as a result of a past event, and (b), it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of loss and comprehensive loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Rehabilitation provision

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

Viper Gold Ltd.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012 (Expressed in Canadian dollars)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Provisions (continued)

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the production location. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of loss and comprehensive loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognised immediately in the statement of loss and comprehensive loss. The Company did not have any material rehabilitation provisions as at December 31, 2013 and 2012.

(g) Foreign currencies

Reporting Currency and Foreign Currency Transactions and Balances

The financial statements are presented in Canadian dollars (the reporting currency). Foreign currency monetary items are translated into Canadian dollars at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated at historical exchange rates, with corresponding depreciation translated at the same exchange rates as the assets to which they relate. Revenues and expenses are translated into Canadian dollars at the rates of exchange prevailing when the underlying transactions occurred. Foreign exchange gains or losses on translation are recognized in the statement of loss and comprehensive loss.

Functional Currency

The Canadian dollar is the functional currency of the Company.

(h) Financial assets and liabilities

The Company's financial assets and liabilities include cash, amounts receivable and accounts payable and accrued liabilities.

Financial assets

Financial assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or derivatives. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

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 recognised on the trade date, (i.e., the date that the Company commits to purchase or sell the asset).

The Company's financial assets include cash and amounts receivable, which are classified as loans and receivables.

Viper Gold Ltd.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012 (Expressed in Canadian dollars)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial assets and liabilities (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income and finance costs in the statement of loss and comprehensive loss.

The Company has not designated any financial assets upon initial recognition as at fair value through profit or loss. The Company evaluates its financial assets at fair value through profit and loss (held for trading) to determine whether the intent to sell them in the near term is still appropriate. When the Company is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Company may elect, in rare circumstances, to reclassify these financial assets. The reclassification to loans and receivables, available-for-sale or held-to-maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method ("EIR"), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of loss and comprehensive loss. The losses arising from impairment are recognised in the statement of loss and comprehensive loss.

Derecognition

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

- The rights to receive cash flows from the asset have expired; and
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the Company has transferred substantially all the risks and rewards of the asset; or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

Viper Gold Ltd.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012 (Expressed in Canadian dollars)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial assets and liabilities (continued)

Derecognition (continued)

In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss 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 (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of loss and comprehensive loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of loss and comprehensive loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of loss and comprehensive loss.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

Viper Gold Ltd.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012 (Expressed in Canadian dollars)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial assets and liabilities (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, other liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of other liabilities, plus directly attributable transaction costs.

The Company's financial liabilities include accounts payable and accrued liabilities which are classified as other liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss.

Other liabilities:

Other liabilities are 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 and any transaction costs 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) to the net carrying amount on initial recognition.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of loss and comprehensive loss. The Company has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of loss and comprehensive loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Viper Gold Ltd.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012 (Expressed in Canadian dollars)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial assets and liabilities (continued)

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

(i) Cash and cash equivalents

Cash includes cash on hand and balances with banks. Deposits are held in a Canadian financial institutions. Cash equivalents include short-term deposits with original maturities of three months or less. As at December 31, 2013 and 2012, the Company did not have any cash equivalents.

(j) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(k) Interest and other income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. The proceeds from options granted on properties are credited to the cost of the related property, but where the proceeds exceed the property's carrying value, any excess proceeds are credited to income.

(l) Operating leases

Operating lease payments are recognized as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(m) Loss per share

Basic loss per common share is calculated by dividing the loss attributed to shareholders for the period by the weighted average number of common shares outstanding in the period. Diluted loss per common share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares.

(n) Segment reporting

A segment is a component of the Company that is distinguishable by economic activity (business segment), or by its geographical location (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company operates in one business segment, mineral exploration. The Company's exploration property interests are located in Peru (see note 6). Substantially all of the Company's operating expenditures are incurred in Canada.

Viper Gold Ltd.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012 (Expressed in Canadian dollars)

5. EQUIPMENT

	Cost	Accumulated depreciation	Net book value
As at December 31, 2013	\$ -	\$ -	\$ -
As at December 31, 2012	\$ 3,056	\$ 1,944	\$ 1,112

6. EXPLORATION AND EVALUATION ASSETS

	Balance December 31, 2011	2012 Additions	2012 Write-Offs	Balance December 31, 2012	2013 Additions	2013 Write-Offs	Balance December 31, 2013
Corongo Property	\$ 1,124,883	\$ 32,000	\$ -	\$ 1,156,883	\$ -	\$ (944,883)	\$ 212,000
Grindstone Creek Property	-	10,020	(10,020)	-	-	-	-
Currie-Bowman Property	46,709	500	(47,209)	-	-	-	-
	\$ 1,171,592	\$ 42,520	\$ (57,229)	\$ 1,156,883	\$ -	\$ (944,883)	\$ 212,000

Corongo:

On March 17, 2010, the Company entered into an option agreement ("Option Agreement") with Duran Ventures Inc. ("Duran"), an arm's length resources company, and its subsidiary Minera Aguila de Oro S.A.C. ("Minera"), providing for the right to acquire a 50% interest in certain mineral claims comprising a prospective gold property known as the Corongo Property in Peru. The Option Agreement was subsequently amended June 22, 2010 and August 5, 2010. The Option Agreement, as amended, provides for the acquisition of a 50% interest in certain mineral claims comprising the Corongo Property in consideration for: (i) the payment of US\$25,000 (\$25,247 paid) in cash upon execution of the Agreement, (ii) the Company incurring not less than US\$1,000,000 in exploration expenditures on the Corongo Property (US\$1,000,000 has been incurred) prior to March 10, 2012; and (iii) the issuance of 1,000,000 common shares in the capital of the Company as to: (a) 300,000 common shares on or prior to the closing of the Qualifying Transaction (issued and valued at \$45,000); (b) 300,000 common shares on or prior to March 10, 2011 (issued and valued at \$72,000); and (c) 400,000 common shares on or prior to March 10, 2012 (issued and valued at \$32,000). The Company has earned its 50% interest in the property however a definitive joint venture agreement has not been signed yet.

2013 Write-off

Given the lack of exploration work on the Corongo property during the last two years and the fact that no exploration work is planned in the near future due to lack of financing, the Company has determined that the eventual recovery of the exploration and evaluation costs incurred to date is unlikely, and therefore, a write-off in the amount of \$944,883 was appropriate. This write-off brings the fair value attributed to the Corongo property to \$212,000, which is in line with what a third party would be willing to acquire the property for at this time. See also Note 16.

Viper Gold Ltd.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012 (Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

Grindstone Creek:

On July 31, 2012, the Company entered into an option agreement (the "Agreement") with Kinross Gold Corporation ("Kinross") and Selkirk Metals Corp. ("Selkirk"), a wholly owned subsidiary of Imperial Metals Corporation on the Currie-Bowman Property, located 54 kilometres east of Timmins Ontario (the "Grindstone Creek Property"). Pursuant to the Agreement the Company could have acquired 100% interest in the Grindstone Creek Property by earning 100% of the 60% participating interest held by Kinross and 100% of the 40% interest held by Selkirk. The option required expenditures totalling \$375,000 over 2 years, with the first \$125,000 committed to be expended during the first year of the Agreement in addition to staged share payments totalling 667,000 common shares of the Company, of which 167,000 were due within 10 days of completing a 30 day due diligence period (issued and valued at \$10,020). In November 2012, the Company decided not to proceed with this option, as it would have not been able to fund the first year commitment of \$125,000, and therefore wrote off all costs incurred on this property. A mutual decision to cancel the agreement was taken on February 26, 2013.

Currie-Bowman:

On August 8, 2011, the Company staked 369 unpatented mining claims in northern Ontario. The Company holds a 100% interest in the staked mining claims, which are valid for two years from the date of recording, and can be held for additional years by completing a minimum of \$400 of work per 16 hectare unit per year. During the year ended December 31, 2012, the Company decided to write off expenditures of \$47,209 incurred on the property as the Company did not intend to renew the claims on its expiry date. In July 2013, the Company allowed the Currie-Bowman mining claims to lapse and therefore no longer holds an interest in this property.

7. SHARE CAPITAL AND OTHER EQUITY

(a) Authorized, issued and outstanding shares

Authorized:

- unlimited number of common shares without par value
- unlimited number of preferred shares issuable in series

Issued:

18,272,000 and 12,772,000 common shares as at December 31, 2013 and December 31, 2012, respectively.

Transactions during the years ended December 31, 2013 and 2012 are as follows:

	<u>Number of Shares</u>	<u>Amount</u>
Balance, December 31, 2011	12,205,000	\$1,487,051
Corongo option agreement (i)	400,000	32,000
Grindstone option agreement (i)	167,000	10,020
	<hr/>	
Balance, December 31, 2012	12,772,000	\$1,529,071
Private placement (ii)	5,500,000	55,000
Value attributed to warrants		(4,224)
Share issue costs		(12,927)
	<hr/>	
Balance, December 31, 2013	18,272,000	\$1,566,920

Viper Gold Ltd.

**NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
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7. SHARE CAPITAL AND OTHER EQUITY (continued)

(i) Shares issued for mineral exploration properties

On January 24, 2012, the Company issued 400,000 common shares valued at \$0.08 per share (being the market value on the date of issue) to Duran pursuant to the Option Agreement (see Note 6).

On September 21, 2012, the Company issued 167,000 common shares valued at \$0.06 per share (being the market value on the date of issue) pursuant to the option agreement on the Grindstone Creek Property (see Note 6).

(ii) Private placement

On July 10, 2013, the Company closed a non-brokered private placement of 5,500,000 Units at \$0.01 per Unit for total gross proceeds of \$55,000 (the "Offering"). Each Unit consists of one common share and one common share purchase warrant, each exercisable at \$0.05 until July 10, 2014 and thereafter at \$0.10 until July 10, 2015. In conjunction with the Offering, the Company paid finder's fees in the aggregate amount of \$4,500 in cash and 450,000 finder's warrants, issued on the same terms as the warrants forming part of the Units. All securities issued pursuant to the Offering and to the finder were subject to a hold period until November 11, 2013. An officer of the Company subscribed for 400,000 units for gross proceeds of \$4,000.

(b) Warrants

Details of common share purchase warrants outstanding at December 31, 2013 are as follows:

	Number of Warrants	Exercise price	Expiry Date	Grant Date Fair Value
Share purchase warrants				
Issued on private placement (i)	5,500,000	\$0.05	July 10, 2015	\$ 4,224
Finders' warrants (i)	450,000	\$0.05	July 10, 2015	374
	5,950,000			\$ 4,598

(i) Exercisable at \$0.05 to July 10, 2014 and thereafter at \$0.10 until July 10, 2015.

Common share purchase warrant transactions during the years ended December 31, 2013 and 2012 are as follows:

	December 31, 2013			December 31, 2012		
	Number of Warrants	Weighted average exercise price	Grant Date Fair Value	Number of Warrants	Weighted average exercise price	Grant Date Fair Value
Outstanding – beginning of the year	-	\$ -	\$ -	6,905,000	\$ 0.33	\$ 396,738
Issued	5,950,000	0.05	4,598	-	-	-
Expired	-	-	-	(6,905,000)	0.33	(396,738)
Outstanding – end of the year	5,950,000	\$ 0.05	\$ 4,598	-	\$ -	\$ -

Viper Gold Ltd.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012 (Expressed in Canadian dollars)

7. SHARE CAPITAL AND OTHER EQUITY (continued)

(b) Warrants

The grant date fair value of the 5,500,000 warrants and 450,000 finders' warrants issued in connection with the private placement that closed on July 10, 2013 has been estimated at \$4,224 and \$374 respectively, using the Black-Scholes option pricing model. The following weighted average assumptions were used: Risk-free interest rate – 1.18%; Expected volatility – 100%; Expected dividend yield – nil; Expected life – 2 years.

The weighted average remaining contractual life of the issued and outstanding warrants as at December 31, 2013 was 1.54 years.

8. SHARE - BASED PAYMENTS – SHARE OPTION PLAN

The Company has adopted a stock option plan (the "Plan") for its directors, officers, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date immediately preceding the date on which the option is granted. The terms and conditions of the options are determined by the Board of Directors.

The aggregate number of common stock options shall not exceed 10% of the issued and outstanding common shares of the Company, with no one individual being granted more than 5% of the issued and outstanding common shares. In addition, the exercise price of options granted under the plan shall not be lower than the exercise price permitted by the TSX Venture Exchange, and all options granted under the plan will have a term not to exceed five years.

A summary of the status of the Plan as at December 31, 2013 and 2012, and changes during periods ended on those dates are presented below:

	<u>December 31, 2013</u>		<u>December 31, 2012</u>	
	<u>Number</u>	<u>Weighted</u>	<u>Number</u>	<u>Weighted</u>
	<u>of stock</u>	<u>average</u>	<u>of stock</u>	<u>average</u>
	<u>options</u>	<u>exercise</u>	<u>options</u>	<u>exercise</u>
		<u>price</u>		<u>price</u>
Outstanding – beginning of the year	906,000	\$ 0.30	1,006,000	\$ 0.30
Granted	-	-	-	-
Expired	(250,000)	\$ 0.20	(100,000)	\$ 0.26
Outstanding – end of the year	<u>656,000</u>	<u>\$ 0.34</u>	<u>906,000</u>	<u>\$ 0.30</u>

Viper Gold Ltd.

**NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Canadian dollars)**

8. SHARE - BASED PAYMENTS – SHARE OPTION PLAN (continued)

As at December 31, 2013, the Company had stock options issued to directors, officers, employees and consultants of the Company outstanding as follows:

<u>Date of grant</u>	<u>Number of options issued</u>	<u>Exercisable</u>	<u>Exercise price</u>	<u>Expiry date</u>	<u>Weighted average remaining contractual life</u>
August 17, 2010	200,000	200,000	\$0.20	August 17, 2015	1.63 years
January 26, 2011	456,000	456,000	\$0.40	January 26, 2016	2.08 years
	<u>656,000</u>	<u>656,000</u>			1.94 years

No options were granted during the years ended December 31, 2013 and 2012.

9. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the net loss attributable to common shareholders by the weighted average number of common shares issued and outstanding during the year.

	For the years ended December 31,	
	2013	2012
Net loss attributable to common shareholders	\$ (1,030,426)	\$ (155,896)
Weighted average number of ordinary shares in issue	15,393,918	12,626,410
Basic loss per share	<u>\$ (0.07)</u>	<u>\$ (0.01)</u>

(b) Diluted

Diluted loss per share is the same as basic loss per share as issued and outstanding warrants and options are considered to be anti-dilutive.

Viper Gold Ltd.

**NOTES TO THE FINANCIAL STATEMENTS
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10. DEFERRED INCOME TAXES

a) Provision for Income Taxes

Major items causing the Company's income tax rate to differ from the combined Canadian federal and provincial statutory rate of approximately 26.5% (2012 – 26.5%) were as follows:

Years ended December 31,	December 31, 2013	December 31, 2012
Loss before income taxes:	\$ (1,030,426)	\$ (211,439)
Expected income tax (recovery)	(273,063)	(56,031)
Increase (decrease) resulting from:		
Change in tax rates	-	18,191
Change in tax benefits not recognized	273,063	(17,703)
	\$ -	\$ (55,543)
Current tax expense	-	6,248
Deferred income tax recovery	-	(61,791)
Tax recovery	\$ -	\$ (55,543)

b) Deferred Income Tax Balances

Deferred tax assets have not been recognized in respect of the following temporary differences because it is not probable that future taxable profits will be available against which the Company can utilize the benefits.

	December 31, 2013	December 31, 2012
Non-capital loss carry-forwards	\$ 814,359	\$ 663,451
Exploration and evaluation assets	1,177,625	232,742
Equipment	3,056	1,944
Share issue costs	73,950	127,217
	\$ 2,068,990	\$ 1,025,354

As at December 31, 2013, the Company had available for deduction against future taxable income, non-capital losses in Canada of approximately \$814,000 (2012 – \$663,000) which expire as follows:

Year of Expiry	Amount
2028	\$ 11,000
2029	67,000
2030	214,000
2031	371,000
2033	151,000
	\$ 814,000

Viper Gold Ltd.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012 (Expressed in Canadian dollars)

11. FINANCIAL RISK MANAGEMENT

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous year.

(a) Credit risk management

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivables. Cash is held with a reputable Canadian financial institution, from which management believes the risk of loss is remote. Financial instruments included in amounts receivable consist of harmonized sales tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to financial instruments included in amounts receivable is minimal.

(b) Liquidity risk

As at December 31, 2013, the Company had a working capital deficiency of \$85,876 (2012 – \$43,892). The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2013, the Company does not have sufficient cash to settle current liabilities.

(c) Market risk

At the present time, the Company does not hold any interest in a mining property that is in production. The Company's viability and potential success depends on its ability to develop, exploit, and generate revenue from the development of mineral deposits. Revenue, cash flow, and profits from any future mining operations in which the Company is involved will be influenced by precious and/or base metal prices and by the relationship of such prices to production costs. Such prices can fluctuate widely and are affected by numerous factors beyond the Company's control.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. As at December 31, 2013, the Company had cash balances of \$ Nil (2012 - \$584) in U.S. dollars.

Sensitivity to a plus or minus 5% change in the foreign exchange rate would not have had a material effect to the net loss for the year ended December 31, 2013.

The Company does not undertake currency hedging activities to mitigate its foreign currency risk.

(e) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash balances and currently does not carry interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its financial institutions. It is management's opinion that the Company is not exposed to significant interest rate risk.

(f) Commodity price risk

The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals.

Viper Gold Ltd.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012 (Expressed in Canadian dollars)

11. FINANCIAL RISK MANAGEMENT (continued)

(g) Fair value of financial assets and liabilities

The book values of the cash, amounts receivable, and accounts payable and accrued liabilities approximate their respective fair values due to the short-term nature of these instruments.

The fair values together with the carrying amounts shown in the statements of financial position are as follows:

	As at December 31, 2013		As at December 31, 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash	\$ 5,664	\$ 5,664	\$ 12,274	\$ 12,274
Amounts receivable	6,860	6,860	15,281	15,281
Accounts payable and accrued liabilities	98,400	98,400	73,200	73,200

12. CAPITAL RISK MANAGEMENT

The Company defines capital as Shareholders' Equity which at December 31, 2013 was \$126,124 (2012 - \$1,114,103). The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support its exploration, development and operations activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties and maximize shareholder returns. The Company satisfies its capital requirements through careful management of its cash resources and by utilizing bank indebtedness or equity issues, as necessary, based on the prevalent economic conditions of both the industry and the capital markets and the underlying risk characteristics of the related assets. As at December 31, 2013 and 2012, the Company had no bank debt. As discussed in Note 2, the Company's ability to continue to carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the years ended December 31, 2013 and 2012. The Company is not subject to externally imposed capital requirements.

Viper Gold Ltd.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012 (Expressed in Canadian dollars)

13. COMMITMENTS AND CONTINGENCIES

(a) Consulting agreements

The Company has entered into a consulting agreement with Paul C. Davis, the Company's President and Chief Executive Officer, to provide management services to the Company. The Company will pay Mr. Davis a per diem rate of \$650 to a maximum of \$4,000 monthly, along with a vehicle allowance of \$55 per day to a maximum of \$330 per month. The agreement is for a one year term, expiring December 31, 2014.

The Company has entered into a consulting agreement with Joseph Del Campo, the Company's Interim Chief Financial Officer, to provide management services to the Company. The Company will pay Mr. Del Campo a monthly fee of \$1,000. The agreement is for a one year term, expiring December 31, 2014.

(b) Environmental matters

The Company currently has an interest in exploration properties in Peru. The enforcement of environmental regulation in Peru is evolving and the enforcement posture of government authorities is continually being reconsidered. The Company periodically evaluates its obligations under environmental regulations.

The Company's exploration activities are subject to various federal and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

14. COMPENSATION OF KEY MANAGEMENT AND RELATED PARTY TRANSACTIONS

The remuneration of directors and members of key management personnel during the years ended December 31, 2013 and 2012 was as follows:

	<u>2013</u>	<u>2012</u>
Compensation	\$ 19,475	\$ 58,800
Share-based payments	-	-
	<u>\$ 19,475</u>	<u>\$ 58,800</u>

No options were granted during the year ended December 31, 2013 and 2012.

During the year ended December 31, 2013, the Company incurred legal fees and share issue costs in the amount of \$11,108 and \$8,053 respectively (2012 - \$21,004 and \$nil) from a law firm of which a director of the Company is a partner, of which \$13,172 was included in accounts payable. As at December 31, 2013, the Company owes the law firm \$13,172 (2012 - \$1,931). These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

During the year ended December 31, 2013, the Chief Executive Officer of the Company charged the Company a total of \$7,475 (2012 - \$46,800) for services rendered as disclosed in the compensation table above, of which \$7,475 is included in accounts payable. As at December 31, 2013, the Company owes the Chief Executive Officer of the Company \$38,169 (2012 - \$27,300). These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

Viper Gold Ltd.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012 (Expressed in Canadian dollars)

14. COMPENSATION OF KEY MANAGEMENT AND RELATED PARTY TRANSACTIONS (continued)

During the year ended December 31, 2013, the Interim Chief Financial Officer of the Company charged the Company a total of \$12,000 (2012 - \$12,000) for services rendered as disclosed in the compensation table above, of which \$12,000 is included in accounts payable. As at December 31, 2013, the Company owes the Interim Chief Financial Officer of the Company \$19,150 (2012 - \$7,000). These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

See also Note 13 (a).

15. SEGMENTED INFORMATION

The Company's only activity is mineral exploration and development. The Company's exploration property interests are located in Peru (see note 6). Substantially all of the Company's operating expenditures are incurred in Canada.

16. SUBSEQUENT EVENT

On March 3, 2014, the Company entered into a Conditional Termination Agreement (the "Termination Agreement") with Duran which would effectively terminate the Option Agreement between the Company and Duran described in Note 6 resulting in the disposition of the Company's 50% interest in the Corongo Property in Peru (the "Proposed Disposition"). Proceeds from the Proposed Disposition are expected to be approximately US\$200,000 upon satisfaction of certain conditions. The Proposed Disposition is expected to close concurrently with the disposition of other mining assets held by Duran, on or about April 15, 2014, and, in any event, not later than May 31, 2014.

17. COMPARATIVE FIGURES

Certain of the prior period's comparative figures have been reclassified to conform with the current period presentation.