

SPARROW VENTURES CORP.

Condensed Interim Financial Statements (Unaudited)

Three Months Ended April 30, 2013 and 2012

(Expressed in Canadian Dollars)

SPARROW VENTURES CORP.

(the “Company”)

CONDENSED INTERIM FINANCIAL STATEMENTS

Three months ended April 30, 2013 and 2012

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The management of Sparrow Ventures Corp. is responsible for the preparation of the accompanying unaudited condensed interim financial statements. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of condensed interim financial statements and are in accordance with IAS 34 - Interim Financial Reporting.

The Company’s auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

June 25, 2013

SPARROW VENTURES CORP.

Condensed Interim Statements of Financial Position (Unaudited)
(Expressed in Canadian Dollars)

| | Notes | April 30, 2013 \$ | January 31, 2013 \$ |
|--|-------|-------------------------|---------------------------|
| ASSETS | | | |
| CURRENT | | | |
| Cash and cash equivalents | | 97,095 | 124,184 |
| HST recoverable | | 1,086 | 1,567 |
| Prepaid expenses and deposits | 5(c) | 1,662 | 1,732 |
| | | <hr/> | <hr/> |
| | | 99,843 | 127,483 |
| Equipment | | 1,368 | 1,479 |
| | | <hr/> | <hr/> |
| | | 101,211 | 128,962 |
| | | <hr/> | <hr/> |
| LIABILITY | | | |
| CURRENT | | | |
| Accounts payable and accrued liabilities | | 12,131 | 13,960 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 4 | 1,007,228 | 1,007,228 |
| Share-based payment reserve | | 136,356 | 148,182 |
| Deficit | | (1,054,504) | (1,040,408) |
| | | <hr/> | <hr/> |
| | | 89,080 | 115,002 |
| | | <hr/> | <hr/> |
| | | 101,211 | 128,962 |
| | | <hr/> | <hr/> |

Nature of operations (Note 1)

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

SPARROW VENTURES CORP.

Condensed Interim Statements of Changes in Equity (Unaudited)
(Expressed in Canadian Dollars)

| | Notes | Common Shares # | Share Capital \$ | Share-Based Payment Reserve \$ | Deficit \$ | Total \$ |
|-----------------------------------|-------|-----------------------|------------------------|---|---------------|-------------|
| Balance, January 31, 2012 | | 13,590,500 | 1,007,228 | 138,952 | (926,254) | 219,926 |
| Comprehensive loss for the period | | - | - | - | (26,018) | (26,018) |
| Share-based payments | 4(d) | - | - | 5,752 | - | 5,752 |
| Balance, April 30, 2012 | | 13,590,500 | 1,007,228 | 144,704 | (952,272) | 199,660 |
| Comprehensive loss for the period | | - | - | - | (89,124) | (89,124) |
| Expired stock options | | - | - | (988) | 988 | - |
| Share-based payments | 4(d) | - | - | 4,466 | - | 4,466 |
| Balance, January 31, 2013 | | 13,590,500 | 1,007,228 | 148,182 | (1,040,408) | 115,002 |
| Comprehensive loss for the period | | - | - | - | (25,922) | (25,922) |
| Forfeited options | | - | - | (11,826) | 11,826 | - |
| Balance, April 30, 2013 | | 13,590,500 | 1,007,228 | 136,356 | (1,054,504) | 89,080 |

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

SPARROW VENTURES CORP.

Condensed Interim Statements of Comprehensive Loss (Unaudited)
(Expressed in Canadian Dollars)

| | Notes | Three Months Ended April 30, | |
|--|-------|------------------------------|-------------------|
| | | 2013 | 2012 |
| | | \$ | \$ |
| EXPENSES | | | |
| Accounting, audit and legal | | - | 252 |
| Bank charges | | 46 | 310 |
| Consulting fees | | - | 10,000 |
| Depreciation | | 111 | 158 |
| Management fees | 5(b) | 3,000 | 3,000 |
| Office, rent and administration | 5(a) | 16,357 | 16,888 |
| Regulatory fees | | 5,200 | 5,200 |
| Share-based payments | 4(d) | - | 5,752 |
| Transfer agent and shareholder information | | 1,208 | 1,379 |
| Travel and promotion | | - | 757 |
| | | <u>(25,922)</u> | <u>(43,696)</u> |
| LOSS BEFORE OTHER ITEMS | | | |
| OTHER ITEMS | | | |
| Interest income | | - | 357 |
| Other income | | - | 17,321 |
| | | <u>-</u> | <u>17,678</u> |
| NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD | | | |
| | | <u>(25,922)</u> | <u>(26,018)</u> |
| BASIC AND DILUTED LOSS PER SHARE | | | |
| | | <u>(0.002)</u> | <u>(0.002)</u> |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUSTANDING - BASIC AND DILUTED | | | |
| | | <u>13,590,500</u> | <u>13,590,500</u> |

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

SPARROW VENTURES CORP.

Condensed Interim Statements of Cash Flows (Unaudited)
(Expressed in Canadian Dollars)

| | Three Months Ended April 30, | |
|---|------------------------------|-----------------|
| | 2013 | 2012 |
| | \$ | \$ |
| CASH WAS PROVIDED BY (USED IN) | | |
| OPERATING ACTIVITIES | | |
| Net loss for the period | (25,922) | (26,018) |
| Adjustments for non-cash items | | |
| Depreciation | 111 | 158 |
| Share-based payments | - | 5,752 |
| Changes in non-cash working capital accounts | | |
| Interest receivable | - | (91) |
| HST recoverable | 481 | (1,238) |
| Prepaid expenses and deposits | 70 | - |
| Accounts payable and accrued liabilities | (1,829) | 159 |
| DECREASE IN CASH AND CASH EQUIVALENTS | (27,089) | (21,278) |
| Cash and cash equivalents, beginning of period | 124,184 | 226,240 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | 97,095 | 204,962 |
| CASH AND CASH EQUIVALENTS CONSIST OF: | | |
| Cash | 97,095 | 18,462 |
| Guaranteed Investment Certificates | - | 186,500 |
| | 97,095 | 204,962 |

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

SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

Three Months Ended April 30, 2013 and 2012
(Unaudited)

NOTE 1 – NATURE OF OPERATIONS

Sparrow Ventures Corp. (the “Company”) was incorporated on July 04, 2006 under the laws of the Business Corporations Act (British Columbia) under the name 0762477 B.C. Ltd. On December 17, 2008, the Company changed its name to Sparrow Ventures Corp. The Company’s shares are traded on the TSX Venture Exchange (“Exchange”) under the symbol “SPW.”

The head office, principal address, and records office of the Company are located at Suite 507 – 700 West Pender Street, Vancouver, British Columbia, Canada, V6C 1G8. The Company’s registered office address is located at Suite 1780 – 400 Burrard Street, Vancouver, British Columbia, Canada, V6C 3A6.

The Company is engaged in the acquisition, exploration, and development of resource properties. On May 26, 2010, the Company entered into a mineral option agreement which constituted the Company’s Qualifying Transaction under the policies of the Exchange. During the year ended January 31, 2012, the Company terminated this option agreement (Note 3). The Company currently does not hold any mineral property interests and is actively evaluating mineral properties to acquire or option.

These financial statements have been prepared in accordance with International Financial Reporting Standards on the basis that the Company is a going concern and will be able to meet its obligations and continue its operations for its next fiscal year. Several conditions as set out below cast uncertainties on the Company’s ability to continue as a going concern.

The Company’s ability to continue as a going concern is dependent upon the identification and acquisition of resource properties, financial support from its creditors, shareholders, and related parties, its ability to obtain financing to fund working capital requirements and upon the attainment of future profitable operations.

The Company has not yet achieved profitable operations, has incurred significant operating losses and negative cash flows from operations, and has been reliant on external financing of equity. As at April 30, 2013, the Company has accumulated losses of \$1,054,504 since inception. There is no assurance that the Company will be successful with generating and maintaining profitable operations, or able to secure future debt or equity financing for its working capital and development activities.

These financial statements do not reflect any adjustments to the amounts and classifications of assets and liabilities, which would be necessary should the Company be unable to continue as a going concern.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting policies and methods of computation applied by the Company in these condensed interim financial statements are the same as those applied in the Company’s annual financial statements as at and for the year ended January 31, 2013.

The condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended January 31, 2013.

These condensed interim financial statements were approved and authorized for issue by the Board of Directors of the Company on June 25, 2013.

SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

Three Months Ended April 30, 2013 and 2012
(Unaudited)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Significant Accounting Judgments, Estimates and Assumptions

In the preparation of financial statements in conformity with IFRS, management is required to make judgments, estimates, and assumptions that affect the amounts reported and disclosed in the interim financial statements and related notes. There has been no significant change to the Company's estimation and judgment from those disclosed in note 2 to the audited financial statements for the year ended January 31, 2013.

NOTE 3 – EXPLORATION AND EVALUATION EXPENDITURES

On May 26, 2010, the Company entered into a letter agreement with Full Metal Minerals Ltd. ("Full Metal") pursuant to which Full Metal granted to the Company an option to acquire a 60% interest in its Nebocat and RIM properties ("the Properties"). The Properties are located south of the community of Ross River, Yukon.

Pursuant to the terms of the agreement, the Company could earn a 60% interest in the Properties by paying \$150,000, issuing 400,000 common shares of the Company and incurring minimum exploration expenditures of \$3,000,000 over a period of four years.

The Properties were subject to a Net Smelter Royalty of 2%.

During the year ended January 31, 2011, the Company incurred acquisition costs of \$87,531 which consisted of \$25,000, 100,000 common shares of the Company at \$0.11 per share and professional and regulatory fees of \$51,531.

During the year ended January 31, 2012, the Company terminated its option agreement with Full Metal.

NOTE 4 – SHARE CAPITAL

(a) Authorized

The Company is authorized to issue an unlimited number of voting common shares without par value.

(b) Issued and Outstanding Share Capital

At April 30, 2013, there were 13,590,500 issued and fully paid common shares (January 31, 2013 – 13,590,500).

(c) Escrow Shares

As of April 30, 2013, the Company had 630,000 (January 31, 2013 – 1,260,001) common shares held in escrow pursuant to the requirements of the Exchange and escrow agreement. Pursuant to the escrow agreement, 10% of the escrowed common shares were released from escrow following issuance of the final Exchange bulletin ("Final Exchange Bulletin") on completion of the Qualifying Transaction, and in increments of 15% every six months thereafter over a period of thirty six months. If the Company meets the Exchange's Tier 1 status after receipt of the Final Exchange Bulletin, the release of escrow shares will be accelerated.

SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

Three Months Ended April 30, 2013 and 2012
(Unaudited)

NOTE 4 – SHARE CAPITAL (Continued)

(d) Share-Based Payments

The Company adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees, and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Stock options and charitable options will be exercisable for a period of up to 10 years from the date of grant.

In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days, or, in the case of an optionee providing investor relations activities, the 30th day following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or consulting arrangement was by reason of death, the option may be exercised within a maximum period of six months after such death, subject to the expiry date of such option.

A summary of the status of the options outstanding is as follows:

| | Options # | Weighted Average Exercise Price \$ |
|----------------------------------|--------------|---|
| Balance, January 31, 2012 | 1,464,000 | 0.10 |
| Cancelled | (10,000) | 0.12 |
| Balance, January 31, 2013 | 1,454,000 | 0.10 |
| Cancelled | (115,000) | 0.12 |
| Balance, April 30, 2013 | 1,339,000 | 0.10 |

The following table summarizes the stock options outstanding as at April 30, 2013:

| Exercise Price \$ | Options Outstanding # | Expiry Date | Options Exercisable # |
|-------------------------|-----------------------------|-----------------|-----------------------------|
| 0.10 | 865,000 | May 26, 2018 | 865,000 |
| 0.11 | 100,000 | August 31, 2020 | 100,000 |
| 0.12 | 44,000 | October 7, 2020 | 44,000 |
| 0.11 | 330,000 | May 27, 2021 | 330,000 |
| | 1,339,000 | | 1,339,000 |

SPARROW VENTURES CORP.

Notes to the Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

Three Months Ended April 30, 2013 and 2012
(Unaudited)

NOTE 4 – SHARE CAPITAL (Continued)

(d) Share-Based Payments (Continued)

During the three months ended April 30, 2013, the Company recorded share-based payments of \$nil (2012 – \$5,752) for stock options vested during the period.

Option pricing models require the input of highly subjective assumptions. The volatility assumption is based on an analysis of historical volatility over a period equivalent to the expected life of the equity instruments. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models may not necessarily provide a single reliable measure of the fair value of stock options.

NOTE 5 – RELATED PARTY TRANSACTIONS

(a) Related Party Transactions

The Company incurred the following transactions with companies having directors and officers in common:

| | Three months ended April 30, | |
|--|------------------------------|--------|
| | 2013 | 2012 |
| | \$ | \$ |
| Office, rent and administration expense ⁽ⁱ⁾ | 14,500 | 13,500 |

⁽ⁱ⁾ Of these fees, \$5,500 (2012 - \$3,600) was allocated to the services of the CFO of the Company (Note 5(b)(i)).

(b) Compensation of Key Management Personnel

The remuneration of directors and other members of key management personnel during the three months ended April 30, 2013 and 2012 were as follows:

| | Three months ended April 30, | |
|--------------------------------------|------------------------------|--------|
| | 2013 | 2012 |
| | \$ | \$ |
| Short-term benefits ⁽ⁱ⁾ | 8,500 | 16,600 |
| Share-based payments ⁽ⁱⁱ⁾ | - | 3,052 |
| | 8,500 | 19,652 |

⁽ⁱ⁾ Short-term benefits include salaries and management fees paid directly to key management.

⁽ⁱⁱ⁾ Share-based payments represent the fair value of options granted and vested to key management personnel under the Company's stock option plan (Note 4(d)).

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(Expressed in Canadian Dollars)

Three Months Ended April 30, 2013 and 2012
(Unaudited)

NOTE 5 – RELATED PARTY TRANSACTIONS (Continued)

(c) Related Party Balances

The following related party amounts were included in (i) accounts payable and accrued liabilities and (ii) prepaid expenses and deposits:

| | April 30, 2013 \$ | January 31, 2013 \$ |
|---|-------------------------|---------------------------|
| Company having directors in common (i) | - | 275 |
| Company having directors in common (ii) | 1,500 | 1,500 |
| | <hr/> | <hr/> |
| | 1,500 | 1,775 |
| | <hr/> | <hr/> |