

SPARROW VENTURES CORP.

Condensed Interim Financial Statements (Unaudited)

Three and Nine Months Ended October 31, 2013 and 2012

(Expressed in Canadian Dollars)

SPARROW VENTURES CORP.

(the “Company”)

CONDENSED INTERIM FINANCIAL STATEMENTS

Three and nine months ended October 31, 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.

December 23, 2013

SPARROW VENTURES CORP.

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

	Notes	October 31, 2013 \$	January 31, 2013 \$
ASSETS			
CURRENT			
Cash		22,262	124,184
HST recoverable		3,017	1,567
Prepaid expenses and deposits	4(c)	1,807	1,732
		<hr/>	<hr/>
		27,086	127,483
Equipment		1,146	1,479
		<hr/>	<hr/>
		28,232	128,962
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LIABILITY			
CURRENT			
Accounts payable and accrued liabilities		1,744	13,960
SHAREHOLDERS' EQUITY			
Share capital	3	1,007,228	1,007,228
Share-based payment reserve		135,367	148,182
Deficit		(1,116,107)	(1,040,408)
		<hr/>	<hr/>
		26,488	115,002
		<hr/>	<hr/>
		28,232	128,962
		<hr/>	<hr/>

Nature of operations and going concern (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
Net loss for the period		-	-	-	(82,420)	(82,420)
Expired stock options		-	-	(988)	988	-
Share-based payments	3(d)	-	-	9,691	-	9,691
Balance, October 31, 2012		13,590,500	1,007,228	147,655	(1,007,686)	147,197
Net loss for the period		-	-	-	(32,722)	(32,722)
Share-based payments	3(d)	-	-	527	-	527
Balance, January 31, 2013		13,590,500	1,007,228	148,182	(1,040,408)	115,002
Net loss for the period		-	-	-	(88,514)	(88,514)
Forfeited options		-	-	(12,815)	12,815	-
Balance, October 31, 2013		13,590,500	1,007,228	135,367	(1,116,107)	26,488

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)

		Three months ended		Nine months ended	
	Notes	October 31,		October 31,	
		2013	2012	2013	2012
		\$	\$	\$	\$
EXPENSES					
Accounting, audit and legal		-	-	516	1,606
Bank charges		4	74	252	434
Consulting fees		5,000	-	5,000	10,000
Depreciation		70	208	333	549
Management fees	4(b)	2,000	3,000	8,000	9,000
Office, rent and administration	4(a)	24,864	20,507	60,694	53,405
Regulatory fees		-	500	8,495	9,155
Share-based payments	3(d)	-	762	-	9,691
Transfer agent and shareholder information		3,003	3,209	5,224	5,957
Travel and promotion		-	-	-	777
LOSS BEFORE OTHER ITEMS		(34,941)	(28,260)	(88,514)	(100,574)
OTHER ITEMS					
Interest income		-	-	-	833
Other income		-	-	-	17,321
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		(34,941)	(28,260)	(88,514)	(82,420)
BASIC AND DILUTED LOSS PER SHARE					
		(0.003)	(0.002)	(0.007)	(0.006)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUSTANDING - BASIC AND DILUTED					
		13,590,500	13,590,500	13,590,500	13,590,500

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)

	Nine Months Ended October 31,	
	2013	2012
	\$	\$
CASH WAS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net loss for the period	(88,514)	(82,420)
Adjustments for non-cash items		
Depreciation	333	549
Share-based payments	-	9,691
Changes in non-cash working capital accounts		
Interest receivable	-	1,235
HST recoverable	(1,450)	440
Prepaid expenses and deposits	(75)	-
Accounts payable and accrued liabilities	(12,216)	(11,947)
	<u>(101,922)</u>	<u>(82,452)</u>
INVESTING ACTIVITY		
Purchase of equipment	<u>-</u>	<u>(1,060)</u>
DECREASE IN CASH	(101,922)	(83,512)
Cash, beginning of period	<u>124,184</u>	<u>226,240</u>
CASH, END OF PERIOD	<u>22,262</u>	<u>142,728</u>

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 and Nine Months Ended October 31, 2013 and 2012
(Unaudited)

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

Sparrow Ventures Corp. (the “Company”) was incorporated on July 04, 2006 under the laws of the Business Corporations Act (British Columbia). 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. 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 October 31, 2013, the Company has accumulated losses of \$1,116,107. 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 Accounting Standards 34, “*Interim Financial Reporting*” (“IAS 34”), using accounting policies consistent 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 December 23, 2013.

SPARROW VENTURES CORP.

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

Three and Nine Months Ended October 31, 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 – 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 October 31, 2013, there were 13,590,500 issued and fully paid common shares (January 31, 2013 – 13,590,500).

(c) Escrow Shares

As of October 31, 2013, the Company had nil (January 31, 2013 – 1,260,001) common shares held in escrow.

(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.

SPARROW VENTURES CORP.

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

Three and Nine Months Ended October 31, 2013 and 2012
(Unaudited)

NOTE 3 – SHARE CAPITAL (Continued)

(d) Share-Based Payments (Continued)

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	1,359,000	0.10
Cancelled	(10,000)	0.12
Balance, January 31, 2013	1,349,000	0.10
Cancelled	(125,000) ⁽ⁱ⁾	0.12
Balance, October 31, 2013	1,224,000	0.10

⁽ⁱ⁾ During the nine months ended October 31, 2013, the fair value of 125,000 cancelled options of \$12,815 was reclassified from reserves to deficit.

The following table summarizes the stock options outstanding as at October 31, 2013:

Exercise Price \$	Options Outstanding #	Expiry Date	Options Exercisable #
0.10	760,000	May 26, 2018	760,000
0.11	100,000	August 31, 2020	100,000
0.12	44,000	October 7, 2020	44,000
0.11	320,000	May 27, 2021	320,000
	1,224,000		1,224,000

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Three and Nine Months Ended October 31, 2013 and 2012
(Unaudited)

NOTE 3 – SHARE CAPITAL (Continued)

(d) Share-Based Payments (Continued)

During the nine months ended October 31, 2013, the Company recorded share-based payments of \$nil (2012 – \$9,691) for stock options vested during the period.

(e) Charitable options

As at October 31, 2013, the Company has 105,000 outstanding charitable stock options exercisable at \$0.10 and expire on May 26, 2018.

NOTE 4 – RELATED PARTY TRANSACTIONS

(a) Related Party Transactions

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

	Three months ended October 31,		Nine months ended October 31,	
	2013	2012	2013	2012
	\$	\$	\$	\$
Office, rent and administration expense ⁽ⁱ⁾	23,200	14,700	56,000	42,200
Legal fees	-	-	339	354
	<u>23,200</u>	<u>14,700</u>	<u>56,339</u>	<u>42,554</u>

⁽ⁱ⁾ Of these fees, \$17,500 (2012 - \$10,800) was allocated to the services of the CFO of the Company (Note 4(b)(i)).

(b) Compensation of Key Management Personnel

The remuneration of directors and other members of key management personnel during the three and nine months ended October 31, 2013 and 2012 were as follows:

	Three months ended October 31,		Nine months ended October 31,	
	2013	2012	2013	2012
	\$	\$	\$	\$
Short-term benefits ⁽ⁱ⁾	8,000	3,000	25,500	19,000
Share-based payments ⁽ⁱⁱ⁾	-	804	-	6,852
	<u>8,000</u>	<u>3,804</u>	<u>25,500</u>	<u>25,852</u>

⁽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 3(d)).

SPARROW VENTURES CORP.

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

Three and Nine Months Ended October 31, 2013 and 2012
(Unaudited)

NOTE 4 – 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:

	October 31, 2013	January 31, 2013
	\$	\$
Company having directors in common (i)	-	275
Company having directors in common (ii)	1,500	1,500
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	1,500	1,775