SPEARMINT RESOURCES INC.

FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

<u>January 31, 2014 and 2013</u>

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Spearmint Resources Inc.

We have audited the accompanying financial statements of Spearmint Resources Inc., which comprise the statements of financial position as at January 31, 2014 and 2013, and the statements of comprehensive loss, cash flows and changes in shareholders' equity 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.

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

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

1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, B.C., Canada V7Y 1G6
Telephone (604) 687-0947 Fax (604) 687-6172

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Spearmint Resources Inc. as at January 31, 2014 and 2013, 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 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Spearmint Resources Inc.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada Chartered Accountants

May 14, 2014

SPEARMINT RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

ASSETS	January 31, 2014	January 31, 2013
Current assets		
Cash and cash equivalents - Note 4	$ 41,634	$ 97,904
Receivables - Notes 5 and 13	577	6,295
Prepaid expenses	140	2,897
Total current assets	42,351	107,096
Non-current assets		
Equipment – Note 6	-	231
Exploration and evaluation assets – Note 7	206,751	182,165
Total assets	$ 249,102	$ 289,492
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities - Notes 8 and 13	$ 43,394	$ 23,511
Total current liabilities	43,394	23,511
SHAREHOLDERS' EQUITY		
Share capital - Note 9	634,260	595,260
Reserves – Note 9	59,447	40,821
Accumulated deficit	(487,999)	(370,100)
Total shareholders' equity	205,708	265,981
Total liabilities and shareholders' equity	$ 249,102	$ 289,492

Nature and Continuance of Operations – Note 1
Subsequent Events – Notes 1, 7, 9 and 17

APPROVED BY THE DIRECTORS:

"Negar Adam" Director — Negar Adam

"Conrad Clemiss" Director — Conrad Clemiss

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

SPEARMINT RESOURCES INC.
STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Years ended January 31, 2014	2013
Operating expenses		
Consulting	$ -	$ 54,381
Depreciation expense – Note 6	231	33
Directors' fees – Note 13	2,500	-
Management fees – Note 13	-	5,000
Office and miscellaneous	39,117	34,813
Professional fees – Note 13	41,322	73,223
Property investigations	-	7,755
Shareholder relations	2,411	2,725
Share-based payments – Notes 9 and 13	18,626	-
Transfer agent and filing fees	14,280	16,379
Travel and promotion	-	3,988
Operating expenses	(118,487)	(198,297)
Interest income	588	2,605
Net comprehensive loss for the year	$ (117,899)	$ (195,692)
Loss per share – basic and diluted – Note 10	$ (0.00)	$ (0.00)
Weighted average number of shares outstanding – basic and diluted – Note 10	41,997,260	40,745,900

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

SPEARMINT RESOURCES INC.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Years ended January 31, 2014	2013
Operating Activities		
Loss for the year	$ (117,899)	$ (195,692)
Adjustments for non-cash item:		
Depreciation expense	231	33
Share-based payments	18,626	-
Changes in non-cash working capital items:		
Receivables	5,718	4,988
Prepaid expenses	2,757	(2,897)
Accounts payable and accrued liabilities	19,883	(25,806)
Cash used in operating activities	(70,684)	(219,374)
Investing Activities		
Exploration and evaluation assets	-	(122,165)
Recovery of exploration and evaluation assets	14,414	-
Equipment	-	(264)
Cash provided by (used in) investing activities	14,414	(122,429)
Financing Activities		
Proceeds from issuance of share capital	-	261,500
Share issue costs	-	(23,757)
Cash provided by financing activities	-	237,743
Decrease in cash and cash equivalents during the year	(56,270)	(104,060)
Cash and cash equivalents, beginning of the year	97,904	201,964
Cash and cash equivalents, end of the year – Note 4	$ 41,634	$ 97,904

Supplemental Disclosure with Respect to Cash Flows (Note 16)

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

SPEARMINT RESOURCES INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Share Capital		Share subscriptions received in advance	Reserves	Accumulated deficit	Total
	No. of shares	Amount				
Balance, January 31, 2012	20,000,000	$ 206,752	$ 138,515	$ 40,821	$ (174,408)	$ 211,680
Shares issued for private placement	20,000,000	400,000	(138,515)	-	-	261,485
Share issue costs	-	(31,492)	-	-	-	(31,492)
For exploration and evaluation assets	1,000,000	20,000	-	-	-	20,000
Loss for the year	-	-	-	-	(195,692)	(195,692)
Balance, January 31, 2013	41,000,000	595,260	-	40,821	(370,100)	265,981
For exploration and evaluation assets	1,000,000	39,000	-	-	-	39,000
Stock options issued	-	-	-	18,626	-	18,626
Loss for the year	-	-	-	-	(117,899)	(117,899)
Balance, January 31, 2014	42,000,000	$ 634,260	$ -	$ 59,447	$ (487,999)	$ 205,708

1. NATURE AND CONTINUANCE OF OPERATIONS

Spearmint Resources Inc. (the "Company") was incorporated under the Business Corporations Act of British Columbia, Canada on September 23, 2009. The Company is an exploration stage public company and is listed on the TSX Venture Exchange under the symbol "SRJ.V". The Company's principal business activities include acquiring and exploring exploration and evaluation assets. At January 31, 2014, the Company had exploration and evaluation assets located in Canada. Subsequent to January 31, 2014, the Company split its share capital, stock options and share purchase warrants on a one pre-split for five post-split basis. These financial statements reflect the share split.

The Company's head office and principal business address is located at 1470 – 701 West Georgia Street, Vancouver, British Columbia, V7Y 1C6. The Company's registered and records office is located at 900-885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

These financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. At January 31, 2014, the Company had not yet achieved profitable operations, had a working capital deficiency of $1,043, and has an accumulated deficit of $487,999 since its inception. The Company expects to incur further losses in the development of its business, all of which cast substantial doubt on the Company's ability to continue as a going concern. The Company will require additional financing in order to conduct its future work programs on exploration and evaluation assets, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these financial statements.

2. BASIS OF PREPARATION

a) Statement of Compliance

These 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").

These financial statements were authorized for issue by the Board of Directors on May 14, 2014.

2. BASIS OF PREPARATION (continued)

b) Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been initially measured at fair value.

These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of these financial statements in accordance with IFRS requires management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

These financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout these 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 future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting 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:

- Whether or not an impairment has occurred in its exploration and evaluation assets;
- The inputs used in the accounting for share-based payments expense; and
- The inputs used in the accounting for finders' warrants and compensation options in share capital and equity reserves.

Critical accounting judgments

Examples of significant judgments, apart from those involving estimation, include:
- The accounting policies for exploration and evaluation assets; and
- Classification of financial instruments.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Financial instruments

Financial Assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

Held-to-maturity ("HTM")

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Financial instruments (continued)

Available-for-sale ("AFS")

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

The Company classified its financial assets as follows:

-Cash and cash equivalents are classified as FVTPL; and
-Receivables are classified as loans and receivables.

Financial liabilities

Financial liabilities are classified into one of two categories:

-Fair value through profit or loss; and

-Other financial liabilities

Fair value though profit or loss

This category comprises derivatives, or liabilities, acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities

This category includes amounts due to related parties and accounts payable and accrued liabilities and long-term debt, all of which are recognized at amortized cost.

The Company classified its accounts payable and accrued liabilities as other financial liabilities.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Financial instruments (continued)

Impairment of financial assets (continued)

For all financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date of the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

b) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and highly liquid Canadian dollar investments in term deposits with major financial institutions that have maturities or redemption provisions of three months or less from the date of acquisition that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

c) Exploration and evaluation assets

Pre-exploration costs

Costs incurred prior to acquiring the right to explore an area of interest are expensed as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Exploration and evaluation assets (continued)

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, and payments made to contractors during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed as incurred.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statements of comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

d) Equipment

Computer and office equipment is carried at cost less accumulated depreciation. The cost of an item of computer and office equipment consists of the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and, where appropriate, an estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recorded on a declining balance basis at the rate of 30% per annum. Depreciation is recorded at one-half rate in the year of acquisition.

Items of computer and office equipment are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Equipment

The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting period, and adjusted prospectively if appropriate.

e) Impairment of tangible and intangible assets

Tangible and intangible assets with finite useful lives are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the assets' cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss except to the extent it reverses gains previously recognized in other comprehensive loss/income. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized in profit or loss.

f) Rehabilitation provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

The Company does not have any significant rehabilitation obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

h) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share purchase options and share purchase warrants are classified as equity. Share issue costs and deferred costs of future financings, which include commissions, professional and regulatory fees are deferred and charged to share capital on completion of the financing or expensed if the financing is not completed.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Share-based payment transactions

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment, using the Black-Scholes option pricing model.

j) Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as a warrant reserve.

k) Investment tax credit

Investment tax credits are recorded as either a reduction of the cost of applicable assets or credited in the statement of comprehensive loss depending on the nature of the expenditures which gave rise to the credits. Claims for tax credits are accrued upon the Company attaining reasonable assurance of collections from the Canada Revenue Agency.

l) Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net income or loss attributable to the common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted earnings (loss) per share is calculated by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Accounting standards, interpretations and amendments adopted

As of February 1, 2013, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The Company has adopted the following new and amended standard without any significant effect on its financial statements. The nature and impact of this new standard is described below:

IFRS 13 Fair Value Measurement

IFRS 13 is a comprehensive standard for all fair value measurement and disclosure requirements for use across all IFRS standards. The new standard 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. It also establishes additional disclosures regarding fair value measurements. IFRS 13 had no impact on the Company's financial statements.

n) Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

IFRS 9 – Financial Instruments ("IFRS 9")

In November 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The amended standard is effective for annual periods beginning on or after January 1, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Accounting standards issued but not yet effective (continued)

IAS 32 – Financial Instruments: Presentation ("IAS 32")

The IASB amended IAS 32, "Financial Instruments: Presentation" to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of 'currently has a legally enforceable right of set-off';
- the application of simultaneous realization and settlement;
- the offsetting of collateral amounts; and
- the unit of account for applying the offsetting requirements.

The amended standard is effective for annual periods beginning on or after January 1, 2014.

IAS 36 – Impairment of Assets ("IAS 36")

The amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less cost of disposal. The amended standard is effective for annual periods beginning on or after January 1, 2014 and should be applied retrospectively.

IFRIC 21 – Levies ("IFRIC 21")

An interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. 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.

4. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents are denominated in Canadian dollars and include the following components:

	January 31, 2014	January 31, 2013
Cash at bank and in hand	$ 6,248	$ 7,036
Short-term deposits	35,386	90,868
Cash and cash equivalents	$ 41,634	$ 97,904

(Expressed in Canadian Dollars)

5. RECEIVABLES

The Company's receivables comprise of goods and services tax ("GST") / harmonized sales tax ("HST") receivables due from Canadian government taxation authorities.

	January 31, 2014	January 31, 2013
GST/HST recoverable	$ 577	$ 5,980
Accounts receivable	-	315
Total receivables	$ 577	$ 6,295

All amounts are short-term and the net carrying value of receivables is considered a reasonable approximation of fair value. The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against receivables. The Company's receivables are all considered current and are not past due or impaired. The Company does not possess any collateral related to these assets.

6. EQUIPMENT

	Computer and office equipment
Cost, January 31, 2012, January 31, 2013 and January 31, 2014	$ 264
Accumulated depreciation, January 31, 2012	$ -
Depreciation for the year	33
Accumulated depreciation, January 31, 2013	33
Depreciation for the year	231
Accumulated depreciation, January 31, 2014	$ 264
Net book value, January 31, 2013	$ 231
Net book value, January 31, 2014	$ -

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS

	January 31, 2014	January 31, 2013
Acquisition costs, beginning of the year	$ 66,000	$ -
Reclassified from deferred acquisition costs	-	40,000
Cash	-	6,000
Common shares	39,000	20,000
Acquisition costs, end of the year	105,000	66,000
Deferred exploration expenditures, beginning of the year	116,165	-
Claim maintenance fees	-	44,095
Geological expenses	-	14,200
Geological report	-	2,500
Geophysics expenses	-	50,956
Travel, accommodation and miscellaneous	-	4,414
Deferred exploration expenditures, end of the year	116,165	116,165
BC mining exploration tax credits	(14,414)	-
Total exploration and evaluation assets	$ 206,751	$ 182,165

Otter Property, British Columbia

On October 11, 2011, the Company entered into an option agreement (the "Agreement") with an arm's length party (the "Vendor") whereby the Company was granted an option to acquire a 100% interest in and to twelve mineral claims known as the Otter Property located in the Similkameen Mining Division in the Princeton Area of British Columbia.

On January 9, 2013, the Company amended the Agreement with the Vendor. The Vendor agreed to amend the Agreement regarding the work commitments due to be spent on the prospect.

Subsequent to January 31, 2014, the Company further amended the option agreement and the amendment dated January 9, 2013 with the Vendor. The Vendor has agreed to amend the Agreement regarding the work commitments due to be spent on the prospect and share issuances required to be made in order to exercise the Option. The Company is now required to incur exploration costs and issue common shares as follows:

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

	Cash	Exploration Costs	Common Shares
Upon execution of the Agreement (paid)	$ 25,000	$ -	-
Upon closing date (cash paid and shares issued at a value of $20,000)	15,000	-	1,000,000
On or before February 3, 2013 (issued at a value of $39,000)	-	-	1,000,000
On or before February 3, 2014 (incurred)	-	116,000	-
On or before February 3, 2014 (issued subsequent to January 31, 2014)	-	-	250,000
On or before February 3, 2015	-	84,000	750,000
On or before February 3, 2016	-	300,000	1,000,000
On or before February 3, 2017	-	500,000	-
On or before February 3, 2018	-	1,000,000	-
	$ 40,000	$ 2,000,000	4,000,000

Upon satisfaction of the payments, share issuances and work commitments above, the Option will be deemed to be exercised and a 100% undivided interest in the Otter Property will be transferred to the Company, free and clear of all encumbrances, subject to a 2% net smelter return royalty (the “**NSR**”) in favour of the Optionor with respect to production of all precious metals from the Property. The NSR will be payable following commencement of commercial production on the Otter Property. The Company may buy-back 1% of the NSR in consideration for payment of $1,000,000 to the Optionor.

During the year ended January 31, 2013, the Company paid a finders’ fee of $6,000 in connection with this transaction.

As at January 31, 2014, the Company had spent a total of $116,165 in exploration expenditures on the Otter Property.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities recognized in the statements of financial position can be analyzed as follows:

	January 31, 2014	January 31, 2013
Trade payables	$ 33,394	$ 6,511
Accrued liabilities	10,000	17,000
Total payables	$ 43,394	$ 23,511

All amounts are short-term. The carrying value of trade payables and accrued liabilities is considered a reasonable approximation of fair value.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES

Authorized: Unlimited common shares, without par value

Escrow Shares

As at January 31, 2014, 4,500,000 (January 31, 2013: 7,500,000) common shares were held in escrow. Subsequent to January 31, 2014, 1,500,000 shares were released from escrow. The remaining 3,000,000 shares will be released in amounts of 1,500,000 on August 7, 2014 and six months thereafter.

Private Placement

During the year ended January 31, 2014, the Company did not close any private placement.

During the year ended January 31, 2013, the Company closed a non-brokered private placement of 20,000,000 units at a price of $0.02 per unit for gross proceeds of $400,000. Each unit was comprised of one common share and one share purchase warrant which entitles the holder to purchase one additional common share of the Company at a price of $0.02 per share until February 3, 2017. The Company incurred share issuance costs of $31,492 in connection with the private placement.

Share purchase warrants

The following is a summary of changes in share purchase warrants from January 31, 2012 to January 31, 2014:

	Number of Warrants	Weighted Average Exercise Price
Balance, January 31, 2012	1,000,000	$0.02
Granted	20,000,000	$0.02
Expired	(1,000,000)	$0.02
Balance, January 31, 2013 and January 31, 2014	20,000,000	$0.02

As of January 31, 2014, the Company had 20,000,000 share purchase warrants outstanding. Each warrant entitles the holder the right to purchase one common share at a price of $0.02 per common share until February 3, 2017.

Share-based payments

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSX). Options may be granted for a maximum term of ten years from the date of grant.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES (continued)

Share-based payments (continued)

The following is a summary of changes in share purchase options from January 31, 2012 to January 31, 2014:

	Number of Options	Weighted Average Exercise Price
Balance, January 31, 2012 and 2013	2,000,000	$0.05
Granted	2,200,000	$0.05
Forfeited	(400,000)	$0.05
Balance, January 31, 2014	3,800,000	$0.05

As of January 31, 2014, 3,800,000 share purchase options were outstanding and exercisable entitling the holders thereof the right to purchase one common share of the Company for each option held as follows:

Number	Exercise Price	Expiry Date
1,600,000	$0.05	April 30, 2015
2,200,000	$0.05	October 8, 2018
3,800,000		

During the year ended January 31, 2014, the Company granted 2,200,000 stock options with an exercise price of $0.05 per share and an expiry date of October 8, 2018 (year ended January 31, 2013: No stock options were granted). The weighted average fair value of the options issued in the year ended January 31, 2014 was estimated at $0.01 per option at the grant date using the Black-Scholes option pricing model with the following assumptions:

	Year ended January 31, 2014	2013
Weighted average fair value per option	$0.01	-
Weighted average expected dividend yield	0.00%	-
Weighted average expected volatility*	125.43%	-
Weighted average risk-free interest rate	1.88%	-
Weighted average expected term	5 years	-

* Expected volatility has been based on historical volatility of the Company's publicly traded shares.

Total expenses arising from share-based payment transactions recognized during the year ended January 31, 2014 were $18,626 (2013: $Nil).

(Expressed in Canadian Dollars)

10. LOSS PER SHARE

The calculation of basic and diluted loss per share was based on the following data:

	Year ended January 31, 2014	2013
Net Loss	$ 117,899	$ 195,692
Weighted average number of common shares for the purpose of basic and diluted loss per share	41,997,260	40,745,900

The basic loss per share is computed by dividing net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. All of the stock options and share purchase warrants currently issued (see Note 9) were anti-dilutive for the years ended January 31, 2014 and 2013.

The loss per share for the year ended January 31, 2014 was $0.00 (2013: $0.00).

11. FINANCIAL INSTRUMENTS AND RISK

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, accounts payable and accrued liabilities approximates their carrying values. The Company's cash and cash equivalents are measured at fair value using Level 1 inputs.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at January 31, 2014, the Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

11. FINANCIAL INSTRUMENTS AND RISK (continued)

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. As at January 31, 2014 the Company is not exposed to any significant credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in the loss for the year in the financial statements is interest income on Canadian dollar cash. As at January 31, 2014, the Company is not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Company addresses its liquidity through equity financing obtained through the sale of common shares. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

Price Risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company.

Based on management's knowledge and experience of the financial markets, management does not believe that the Company's current financial instruments will be affected by foreign exchange risk, credit risk, interest rate risk, liquidity risk and price risk.

12. CAPITAL DISCLOSURE

Capital is comprised of the Company's shareholders' equity. As at January 31, 2014, the Company's shareholders' equity was $ 205,708 and it had current liabilities of $43,394. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk.

(Expressed in Canadian Dollars)

12. CAPITAL DISCLOSURE (continued)

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt and acquire or dispose of assets. As at January 31, 2014, the Company has not entered into any debt financing with any financial institution.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements. There has been no change in the Company's approach to capital management during the year ended January 31, 2014.

13. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management of the Company are directors and officers of the Company and their remuneration includes the following:

	Year ended January 31,	
	2014	2013
Directors' fees	$ 2,500	$ -
Management fees	-	5,000
Professional fees	2,500	-
Share-based payments*	7,831	-
	$ 12,831	$ 5,000

*Share-based payments are the fair value of options granted to key management personnel as at the grant date.

Related party balances

At January 31, 2014 there were no receivables balances due from related parties. At January 31, 2013, included in receivables was $315 due from a public company with a common director for recoverable office expenses.

At January 31, 2014, accounts payable and accrued liabilities includes $15,402 (January 31, 2013: $2,657) payable to a director and an officer of the Company, to a private company controlled by a director, and to public companies with common directors for unpaid fees. These amounts are unsecured, non-interest bearing and payable on demand.

14. SEGMENTAL REPORTING

The Company operates in one business segment, being the acquisition and exploration of mineral properties located in Canada.

(Expressed in Canadian Dollars)

15. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2014	2013
Loss for the year	$ (117,899)	$ (195,692)
Expected income tax (recovery)	(30,000)	(49,000)
Change in statutory tax rates and other	-	(11,000)
Permanent differences	5,000	-
Share issue costs	-	(6,000)
Change in unrecognized deductible temporary differences	25,000	66,000
Total income tax expense	$ -	$ -

The significant components of the Company's deferred tax assets are as follows:

	2014	2013
Deferred Tax Assets		
Exploration and evaluation assets	$ 4,000	$ 9,000
Share issue costs	7,000	12,000
Non-capital losses	135,000	100,000
Net Deferred Tax Assets	$ 146,000	$ 121,000

No net deferred tax asset has been recognized in respect of the above for the years ended January 31, 2014 and 2013 because the amount of future taxable profit that will be available to realize such assets is not probable.

The Company has non-capital losses for Canadian income tax purposes of approximately $521,000, which may be carried forward and applied against taxable income in future years. These losses, if not utilized, will expire through to 2034.

16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statement of cash flows. The following transactions were excluded from the statements of cash flows:

During the year ended January 31, 2014:

i. The Company issued 1,000,000 common shares valued at $39,000 pursuant to the Otter Property option agreement.

16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (continued)

During the year ended January 31, 2013:

i. The Company reclassified $30,095 of deferred financing costs to share issue costs.

ii. The Company reclassified $138,515 of share subscriptions received in advance to share capital.

iii. The Company issued 1,000,000 common shares valued at $20,000 pursuant to the Otter Property option agreement.

17. SUBSEQUENT EVENTS

Subsequent to January 31, 2014, the following occurred:

a) The Company acquired a 100% interest in certain mineral claims in British Columbia ("Sheslay Property") for staking costs of $1,132.

b) The Company issued 300,000 common shares for share purchase warrants exercised at $0.02 per share.

c) The Company entered into a non-binding letter of intent (the "LOI") with an arm's length party (the "Vendor") to acquire a 50% interest in a payment processing technology for use in the retail marijuana industry (the "Transaction"). The Company and the Vendor have the intention to enter into a formal binding agreement. The Transaction and the LOI are subject to Exchange approval.