SURREY CAPITAL CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

MAY 31, 2013

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Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian Generally Accepted Accounting Principles ("**CGAAP**") that have been revised to incorporate International Financial Reporting Standards ("**IFRS**") and ensuring that all information in the management discussion and analysis is consistent with these financial statements. This responsibility includes selecting appropriate accounting principles and methods and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of directors who are neither management nor employees of Surrey Capital Corp. and the Audit Committee is comprised entirely of directors that are neither management nor employees. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, and with the external auditors. The Board is also responsible for recommending the appointment of the external auditor of Surrey Capital Corp.

/s/ "*Claude Ayache*"
Claude Ayache
Chief Executive Officer

Toronto, Ontario
July 25, 2013

SURREY CAPITAL CORP.
STATEMENT OF FINANCIAL POSITION
(All Amounts are in Canadian Dollars)

As at	**May 31, 2013**	**August 31, 2012**
A S S E T S		
CURRENT		
Cash and cash equivalents	$ 419,913	$ 445,252
Sundry receivable	8,697	1,783
Prepaid expenses	3,033	1,733
	431,643	448,768
Investment in exploration and evaluation assets (Note 5)	37,052	- - -
	$ 468,695	$ 448,768
L I A B I L I T I E S		
CURRENT		
Accounts payable and accrued liabilities	$ 6,419	$ 10,229
Other liabilities (Note 6)	60,779	- - -
	67,198	10,229
S H A R E H O L D E R S' E Q U I T Y		
CAPITAL STOCK (Note 7)		
Issued and Outstanding - 7,428,000	496,386	496,386
CONTRIBUTED SURPLUS (Note 8)	44,718	28,273
ACCUMULATED DEFICIT	(149,607)	(86,120)
	401,497	438,539
	$ 468,695	$ 4448,768

Nature of Organization (Note 1)
Contingency (Note 12)
Subsequent Events (Note 16)

SURREY CAPITAL CORP.
STATEMENT OF SHAREHOLDER'S EQUITY
(All Amounts are in Canadian Dollars)

	Number of Common Stock	Amount of Common Stock	Contributed Surplus (Note 7)	Accumulated Deficit	Shareholders' Equity
Balance, August 31, 2011	7,428,000	$ 496,386	$ 28,273	$ (55,331)	$ 469,328
Net loss for the period	- - -	- - -	- - -	(24,546)	(24,546)
Balance, May 31, 2012	7,428,000	$ 496,386	$ 28,273	$ (79,877)	$ 438,539
Balance, August 31, 2012	7,428,000	$ 496,386	$ 28,273	$ (86,120)	$ 438,539
Issuance of common shares for exploration and evaluation assets	200,000	10,000	- - -	- - -	10,000
Conversion feature of the convertible debentures and warrants	- - -	- - -	16,445	- - -	16,445
Net loss for the period	- - -	- - -	- - -	(63,487)	(63,487)
Balance, May 31, 2013	7,628,000	$ 506,386	$ 44,718	$ (149,607)	$ 401,497

SURREY CAPITAL CORP.
CONDENSED INTERIM STATEMENT OF OPERATIONS AND COMPHENSIVE LOSS
(All Amounts are in Canadian Dollars)

For the Period from To May 31,	**March 1, 2013**	**March 1, 2012**	**September 1, 2013**	**September 1, 2012**
EXPENSES				
General and administrative (Note 10)	$ 15,768	$ 10,900	$ 33,709	$ 28,676
LOSS BEFORE UNDERNOTED	(15,768)	(10,900)	(33,709)	(28,676)
INTEREST EXPENSE	(4,686)	- - -	(4,686)	- - -
INTEREST INCOME	1,212	1,350	3,078	4,130
PROJECT ANALYSIS COSTS	- - -	- - -	(28,170)	- - -
NET LOSS AND COMPREHENSIVE LOSS	(19,242)	(9,550)	(63,487)	(24,546)
ACCUMULATED DEFICIT, Beginning	(130,365)	(70,327)	(86,120)	(55,331)
ACCUMULATED DEFICIT, Ending	$ (149,607)	$ (79,877)	$ (149,607)	$ (79,877)
NET LOSS PER COMMON SHARE				
Loss per common share – basic and diluted	$ 0.00	$ 0.00	$ 0.01	$ 0.00
Weighted average common shares outstanding – basic and diluted	7,601,626	7,428,000	7,486,088	7,428,000

SURREY CAPITAL CORP.
CONDENSED INTERIM STATEMENT OF CASH FLOWS
(All Amounts are in Canadian Dollars)

For the Period from To May 31,	March 1, 2013	March 1, 2012	September 1, 2013	September 1, 2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	$ (19,242)	$ (9,550)	$ (63,487)	$ (24,546)
Non-cash items				
Interest accretion (Note 6)	2,424	- - -	2,424	- - -
	(16,818)		(61,063)	(24,546)
Net change in non-cash operating items				
Sundry receivable	(3,976)	1,324	(6,914)	39
Prepaid expenses	4,019	2,150	(1,300)	(3,883)
Accounts payable and accrued liabilities	(13,960)	3,558	(3,810)	9,162
CASH FLOWS USED IN OPERATING ACTIVITIES	(30,735)	(2,518)	(73,087)	(19,228)
CASH FLOWS FROM FINANCING ACTIVITIES				
Convertible debentures	- - -	- - -	74,800	- - -
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	74,800	- - -	74,800	- - -
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment in exploration and evaluation assets	(27,052)	- - -	(27,052)	- - -
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	(27,052)	- - -	(27,052)	- - -
NET (DECRESE) INCREASE IN CASH A ND CASH EQUIVALENTS	(57,787)	(2,518)	(25,339)	(19,228)
CASH AND CASH EQUIVALENTS - Beginning of period	477,700	458,326	445,252	475,069
CASH AND CASH EQUIVALENTS - End of period	$ 419,913	$ 455,252	$ 419,913	$ 455,808
SUPPLEMENTAL INFORMATION				
Interest received	$ 959	$ 1,438	$ 3,052	$ 2,979
Interest paid	—	—	2,262	—
Income taxes paid	—	—	—	—
NON-CASH TRANSACTIONS				
Deferred cost of conversion feature	$ 10,963	$ —	$ 10,963	$ —
Issuance of common shares	10,000	—	10,000	—
Issuance of Warrants	5,482	—	5,482	—

1. Nature of Organization

Description of the Business
Surrey Capital Corp. (the "**Corporation**") was incorporated under the Business Corporations Act (*Ontario*) on September 13, 2010 with the intent to being classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "**Exchange**") corporate finance manual. The Corporation completed its qualifying transaction on March 13, 2013 and is now an exploration company with a mineral evaluation and exploration property in Canada.

The Corporation's registered head office is 466A Ellerslie Ave, Toronto, Ontario, M2R 1C4.

These condensed interim financial statements of the Corporation were authorized for issue in accordance with a resolution of the board of directors on July 25, 2013.

Basis of Operations
These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards applied on a going concern basis, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. These statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Corporation be unable to continue its operations.

2. Basis of Presentation

Statement of Compliance
These condensed interim financial statements for the period from September 1, 2012 to May 31, 2013 have been prepared by management in accordance International Accounting Standards ("**IAS**") 34 - Interim Financial Reporting under International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB and interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**"). These condensed interim financial statements have not been reviewed by the Corporation's external auditors.

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

These condensed interim financial statements have been prepared on the basis of IFRS standards that are expected to be effective or available for early adoption by the Corporation on August 31, 2013. The Corporation has made certain assumptions about the accounting policies expected to be adopted when the annual financial statements are prepared for the year ended August 31, 2013.

These condensed interim financial statements have been prepared on a historical cost basis except for certain financial assets, which are recorded at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The financial statements should be read in conjunction with the annual financial statements for the year ended August 31, 2012.

3. Summary of Significant Accounting Policies

Basis of Measurement
These financial statements are stated in Canadian dollars and were prepared on a going concern basis, under the historical cost convention.

Use of Estimates and Judgments
The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the financial statements are disclosed in note 4.

Functional and presentation currency
These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

Cash and Cash Equivalents
Cash and cash equivalents include demand deposits with banks, money market accounts, and other short-term investments with original maturities of 90 days or less. Balances of cash and cash equivalents in financial institutions may at times exceed the government-insured limits.

Proposed Qualifying Transaction
These costs are expensed as incurred.

Exploration and evaluation assets
The Corporation capitalizes all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries, and are monitored for indications of impairment. Where there are indications of a potential impairment, an assessment is performed for recoverability. Capitalized costs are charged to the statement of comprehensive loss to the extent that they are not expected to be recovered. 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.

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.

From time to time the Corporation may acquire or dispose of an exploration property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration property costs and recoveries when the payments are made or received.

Deferred Financing Costs
Financing costs related to the Corporation's proposed financing are recorded as deferred financing costs. These costs will be deferred until the financing is completed, at which time the costs will be charged against the proceeds received. If the financing does not close, the costs will be charged to operations.

3. Summary of Significant Accounting Policies - continued

Incremental costs incurred in respect of raising capital are charged against equity or debt proceeds raised. Costs associated with the issuance of common share are charged to capital stock upon the raising of equity. Costs associated with the issuance of debt are amortized using the effective interest method over the life of the debt.

Income Taxes
Tax expense comprises current and deferred tax. Tax is recognized in the statement of comprehensive income except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current Income Tax
Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

Earnings (Loss) Per Share
Earnings (loss) per share is calculated by dividing the net loss applicable to common shares by the weighted average number of shares outstanding during the period. Diluted earnings (loss) per share is computed by dividing the net loss applicable to common shares by the diluted weighted average number of shares which assumes that all outstanding stock options granted with an exercise price below the average market value are exercised during the period. The difference between the number of shares assumed and the number of shares assumed purchased is then included in the denominator of the diluted earnings per share computation.

Non-derivative Financial Instruments
Non-derivative financial instruments are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has substantially transferred all risks and rewards of ownership. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

Financial assets are classified into the following categories: financial assets ‘at fair value through profit or loss’ (“**FVTPL**”), ‘held-to-maturity investments‘, ‘available-for-sale‘ financial assets and ‘loans and receivables‘. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3. Summary of Significant Accounting Policies - continued

Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

Fair Value Through Profit or Loss
A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of operations. Gains and losses arising from changes in fair value are presented in the statement of operations within other gains and losses in the period in which they arise.

Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which is classified as non-current.

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method.

Other Financial Liabilities
Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Impairment of financial assets
Financial assets are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events which have had a negative effect on the estimated future cash flows of the asset.

If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the asset discounted at its original effective interest rate. Impairment losses are recorded in earnings. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed up to the original carrying value of the asset. Any reversal is recognized in earnings.

The following is a summary of significant categories of financial instruments outstanding at November 30, 2012:

Cash	Fair value through profit and loss
Sundry receivables	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities

3. Summary of Significant Accounting Policies - continued

Carrying value and fair value of financial assets and liabilities are summarized as follows:

Classification	Carrying Value	Fair value
Fair value through profit and loss	$ 419,913	$ 419,913
Loans and receivables	8,697	8,697
Other financial liabilities	67,198	67,198

Fair Value Hierarchy
The Corporation classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation technique used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

As of May 31, 2013 cash and cash equivalents are measured at fair value and are classified within Level 1 of the fair value hierarchy.

Impairment of non-financial assets
The Corporation's assets are reviewed for indications of impairment at each statement of financial position's date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of the other assets the unit on a pro-rata basis.

Share-based Payments
Stock options issued by the Corporation are accounted for in accordance with the fair value based method. The fair value of options issued to directors, officers, employees of and consultants to the Corporation is charged to earnings on a straight line basis over the vesting period of each tranche (graded vesting) with the offsetting amount recorded to contributed surplus. The historical forfeiture rate is also factored in to the calculations. When options are exercised, the amount received together with the amount previously recorded in contributed surplus, are added to capital stock. The fair value of warrants issued to agents in conjunction with a public offering is charged to share issue costs with an offsetting amount recorded to contributed surplus. Fair value is measured using the Black-Scholes option pricing model.

3. Summary of Significant Accounting Policies - continued

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

Warrants
The Corporation measures the fair value of warrants issued using the Black-Scholes option pricing model. The fair value of each warrant is estimated based on their respective issuance dates taking into account volatility, expected life, the dividend rate, and the risk free interest rate. The fair value of warrants issued in conjunction with an offering is charged to share issue costs with an offsetting amount recorded to contributed surplus. The fair value of warrants exercised is recorded as share capital, and the fair value of any expired warrants is recorded as contributed surplus general account.

Recent Accounting Pronouncements
Certain new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standard Board ("**IASB**") or International Financial Reporting Interpretations Committee ("**IFRIC**") that are mandatory for accounting periods beginning on or after September 1, 2012. The standards are as follows:

Financial Instruments — Recognition and Measurement
In October 2010, the IASB published amendments to IFRS 9 Financial Instruments (IFRS 9 (2010) which provides added guidance on the classification and measurement of financial liabilities. FRS 9 (2010) supersedes IFRS 9 (2009) and is effective for annual periods beginning on or after January 1, 2015, with early adoption permitted. For annual periods beginning before January 1, 2015, either IFRS 9 (2009) or IFRS 9 (2010) may be applied. The Corporation intends to adopt IFRS 9 (2010) in its financial statements for the annual period beginning on January 1, 2015. The extent of the impact of adoption of IFRS 9 (2010) has not yet been determined.

Financial Assets and Liabilities
In December 2011, the IASB published amendments to IAS 32 Financial Instruments: Presentation and issued new disclosure requirements in IFRS 7 Financial Instruments: Disclosures. The effective date for the amendments to IAS 32 is annual periods beginning on or after January 1, 2014. Certain of the amendments to IFRS 7 were adopted by the Corporation in fiscal 2012, as described in Note 3 section (a) above, the remainder of the amendments are to be adopted for annual periods beginning on or after January 1, 2013. These amendments are to be applied retrospectively.

The amendments to IAS 32 clarify when an entity has a legally enforceable right to offset as well as clarify, when a settlement mechanism provides for net settlement or gross settlement that is equivalent to net settlement. The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting arrangements or similar arrangements. The Corporation intends to adopt the amendments to IFRS 7 in its financial statements for the annual period beginning on January 1, 2013, and the amendments to IAS 32 in its financial statements for the annual period beginning January 1, 2014. The extent of the impact of adoption of the amendments has not yet been determined.

3. Summary of Significant Accounting Policies - continued

Consolidated Financial Statements
In May 2011, the IASB issued IFRS 10 Consolidated Financial Statements. IFRS 10 replaces portions of IAS 27 Consolidated and Separate Financial Statements that addresses consolidation, and supersedes SIC 12 Consolidation – Special Purpose Entities ("SPEs"), in its entirety. IFRS 10 provides a single model to be applied in the analysis of control of all investees, including entities that currently are SPEs in the scope of SIC 12. In addition, the consolidation procedures specified in IFRS 10 are carried forward substantially unmodified from IAS 27.

Joint Arrangements
In May 2011, the IASB issued IFRS 11 Joint Arrangements. IFRS 11 supersedes IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. Through an assessment of the rights and obligations in an arrangement, IFRS 11 establishes principles to determine the type of joint arrangement, which are classified as either joint operations or joint ventures, and provides guidance for financial reporting activities required by the entities that have an interest in arrangements that are controlled jointly. Investments in joint ventures are required to be accounted for using the equity method.

As a result of the issuance of IFRS 10 and IFRS 11, IAS 28 Investments in Associates and Joint Ventures has been amended to correspond to the guidance provided in IFRS 10 and IFRS 11.

Disclosure of Interests in Other Entities
In May 2011, the IASB issued IFRS 12 Disclosure of Interests in Other Entities, which contains disclosure requirements for companies that have interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IFRS 10, IFRS 11 and IFRS 12, and the amendments to IAS 27 and IAS 28 are all effective for annual periods beginning on or after January 1, 2013. Early adoption is permitted, so long as IFRS 10, IFRS 11 and IFRS 12, and the amendments to IAS 27 and IAS 28 are adopted at the same time. However, entities are permitted to incorporate any of the disclosure requirements in IFRS 12 into their financial statements without early adopting IFRS 10, IFRS 11 and the amendments to IAS 27 and IAS 28. The Corporation intends to adopt IFRS 10, IFRS 11 and IFRS 12, and the amendments to IAS 27 and IAS 28 in its consolidated financial statements for the annual period beginning on January 1, 2013.

Fair Value Measurement
In May 2011, the IASB published IFRS 13 Fair Value Measurement, which is effective prospectively for annual periods beginning on or after January 1, 2013. IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements.

Presentation of Financial Statements
In June 2011, the IASB published amendments to IAS 1 Presentation of Financial Statements, which are effective for annual periods beginning on or after July 1, 2012 and are to be applied retrospectively. Early adoption is permitted. The amendments require that a Corporation present separately the items of other comprehensive income that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss.

3. Summary of Significant Accounting Policies - continued

Employee Benefits
In June 2011, the IASB published an amended version of IAS 19 Employee Benefits. Adoption of the amendment is required for annual periods beginning on or after January 1, 2013, with early adoption permitted. The amendment is generally applied retrospectively with certain exceptions. The amendment requires the calculation of expected return on plan assets to be based on the rate used to discount the defined benefit obligation. The amendment also requires other additional disclosures.

The Corporation is currently assessing the impact of adopting these new pronouncements.

4. Summary of Accounting Estimates and Assumptions

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Fair Value of Financial Instruments
The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Share-Based Payment Transactions
The Corporation measures the cost of share-based payment transactions with employees by reference to the fair value of the equity instruments. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the share option. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 9.

Taxes
Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determinations are made.

(All Amounts are in Canadian Dollars)

5. Evaluation and Exploration Assets

On March 13, 2013, the Corporation entered into an Earn-in Option Agreement with Richmond Minerals Inc. ("**Richmond**") and Mag Copper Inc. ("**Mag**" and, together with Richmond, the "**Vendors**") for the Halle Property (the "**Property**"). The Agreement will permit the Corporation to earn a 50% interest in the Property as described, upon the payment of CA$20,000 and the issuance of 200,000 common shares of the Corporation to the Vendors upon release of the Exchange's Final Exchange Bulletin ("**FEB**") which occurred in March 2013 in addition to 400,000 common shares of the Corporation prior to the first anniversary of the release of the FEB, as well as the expenditure of a minimum of CA$200,000 in exploration costs within the first year following the release of the FEB.

		Halle Property
Earn-In Option: Cash payment	$	20,000
Earn-In Option: Common Shares issued		10,000
Expenditures incurred		7,052
	$	37,052

6. Convertible Debentures

In March 2013, the Corporation issued $74,800 in convertible debentures. The convertible debentures has a coupon rate of 12% and mature on August 31, 2014. The conversion ratio is 10,000 common shares of the Corporation per $1,000 of convertible debentures.

The convertible debentures were originally recorded as a liability less an equity portion credited to contributed surplus (Note 13) of $16,445 for a net value of $58,355.

The charge to operations of the fair value of the financing costs and the convertible option feature has the effect of increasing the nominal interest rate on the liability to an average effective rate of 30.53%.

		Total
Convertible debentures face value	$	74,800
Less: Equity portion credited to contributed surplus		16,445
Convertible debentures, net value		58,355
Accretion since issuance		2,424
Value as at May 31, 2013	$	60,779

Included in the expense charges for the period ended May 31, 2013 was non-cash accreted notional financing charges of $2,424 (20102- $Nil) which relates to the charge to operations of the fair value of the conversion feature associated with the debenture and the warrants relating directly to the convertible debentures.

(All Amounts are in Canadian Dollars)

7. Capital Stock

a) Authorized and issued

The Corporation is authorized to issue an unlimited number of common shares and unlimited preferred shares.

b) Escrow Shares

All of the 2,500,000 common shares issued prior to the IPO and all common shares that may be acquired from treasury of the Corporation by Non Arm's Length Parties, as defined in the policies of the Exchange, of the Corporation prior to completion of or concurrently with the Qualifying Transaction are deposited with the escrow agent under an escrow agreement.

All common shares acquired on exercise of stock options prior to the completion of the Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued by the Exchange. In addition, all common shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be escrowed.

On March 13, 2013, the Corporation completed its Qualifying Transaction, and 250,000 common shares were released from escrow, with the remainder 2,250,000 common shares will be released from escrow as follows:

Date	Quantity
September 13, 2013	375,000
March 13, 2014	375,000
September 13, 2014	375,000
March 13, 2015	375,000
September 13, 2015	375,000
March 13, 2016	375,000

8. Contributed Surplus

The Corporation's contributed surplus consists of the following:

	General	Incentive Stock Option	Warrants	Total
Balance, September 1, 2011 and 2012	$ 1,878	$ 18,777	$ 7,618	$ 28,273
Conversion feature of debentures	10,963	- - -	- - -	10,963
Issuance of warrants	- - -	- - -	5,482	5,482
Balance, May 31, 2013	$ 12,841	$ 18,777	$ 13,100	$ 44,718

(All Amounts are in Canadian Dollars)

9. Stock Options and Warrants

The Corporation's Incentive Stock Option Plan (the "**Plan**") provides for the issuance of a maximum of 10% of the issued and outstanding common shares at an exercise price equal or greater than the market price of the Corporation's common shares on the date of the grant to directors, officers, employees and consultants to the Corporation. The option period for options granted under the Plan is for a maximum period of 10 years. Options granted may vest over certain time periods within the option period, which will limit the number of options that may be exercised. Each stock option is exercisable into one common share of the Corporation at the price specified in the terms of the option.

The fair value of the options was based on the Black Scholes option-pricing model. The following assumptions were used to value them:

	Fiscal 2011
Number of incentive stock options	742,800
Number of charitable stock options	74,280
Exercise price	$ 0.10
Expected life	5 years
Weighted average risk-free interest rate	1.62%
Weighted average expected volatility	25.0%
Dividend yield	0.0%
Fair value	$0.025

The stock options activity is summarized below:

	Number	Weighted Average Exercise Price
Balance, September 13, 2010	- - -	N/A
Granted	817,080	0.10
Exercised	- - -	N/A
Cancelled	- - -	N/A
Forfeited	- - -	N/A
Balance, August 31, 2011, 2012 and May 31, 2013	817,080	$ 0.10

The following table summarizes the weighted average exercise price and the weighted average remaining contractual life of the options outstanding and exercisable as at November 30, 2012.

		Outstanding			Exercisable	
Exercise Price	Options Outstanding	Expiry Date	Weighted Average Remaining Life	Weighted Average Price	Quantity	Weighted Average Price
$ 0.10	74,280	January 27, 2016	2.7 years	$ 0.10	74,280	$ 0.10
0.10	742,800	January 27, 2021	7.7 Years	0.10	742,800	0.10

(All Amounts are in Canadian Dollars)

9. Stock Options and Warrants - continued

In June 2013, 130,000 incentive stock options with an expiry date of January 2021 were cancelled and the Corporation granted 150,000 incentive stock options with an expiry date of June 4, 2023 and an exercise price of $0.10.

The fair value of the warrants was based on the Black Scholes option-pricing model. The following assumptions were used to value them:

	Fiscal 2011
Number of agent warrants	492,800
Exercise price	$ 0.10
Expected life	2 years
Weighted average risk-free interest rate	1.62%
Weighted average expected volatility	25.0%
Dividend yield	0.0%
Fair value	$0.015

The warrants activity is summarized below:

	Number	Weighted Average Exercise Price
Balance, September 1, 2011 and 2012	492,800	$ 0.10
Issued	748,000	0.10
Exercised	- - -	N/A
Cancelled	492,800	0.10
Forfeited	- - -	N/A
Balance, May 31, 2013	748,000	$ 0.10

The warrants that are issued and outstanding as at May 31, 2013 are as follows:

Number of Warrants	Type	Issuance Date	Expiry Date
748,000	Warrant	March 13, 2013	August 31, 2014

10. General and Administrative Expenditures

Period ending May 31,	3 Months Ending 2013	3 Months Ending 2012	9 Months Ending 2013	9 Months Ending 2012
Bank charges	$ - - -	$ - - -	$ 25	$ 25
Office expense	2,670	2,670	8,010	8,340
Professional fees	4,000	2,000	7,350	4,375
Regulator fees	6,518	3,650	10,584	8,526
Premises	2,250	2,250	6,750	6,750
Telecommunication	330	330	990	660
	$ 15,768	$ 10,900	$ 33,709	$ 28,676

(All Amounts are in Canadian Dollars)

11. Related Party Transactions

Amounts due from and to the related parties, are a result of transactions with entities controlled by shareholders, officers or directors of the Corporation. These amounts are non-interest bearing, unsecured and not subject to specific terms of repayment unless stated.

During the period ended May 31, 2013, the Corporation recorded $18,750 (2012 - $15,500) in respect of the reimbursing of expenditures incurred on behalf of the Corporation by the directors of the Corporation or a company controlled by an officer of the Corporation with regards to office expenses, premises, regulatory fees, and project analysis costs.

During the period ending May 31, 2013, the Corporation closed concurrently with its Qualifying Transaction a Convertible Debenture (Note 6) for $74,800, of which $57,800 was subscribed by related parties.

These transactions are in the normal course of operations and have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

12. Contingency

From time to time, the Corporation may be exposed to claims and legal actions in the normal course of business, some of which may be initiated by the Corporation. As at May 31, 2013, no material issues were outstanding.

13. Fair Value of Financial Instruments

(a) Fair Value of Non-Derivative Financial Instruments

Fair value is the amount that willing parties would accept to exchange a financial instrument based on the current market for instruments with the same risk, principal and remaining maturity. The fair value of interest bearing financial assets and liabilities is determined using effective interest method by discounting the contractual principal and interest payments at estimated current market interest rates for the instrument. Current market rates are determined by reference to current benchmark rates for a similar term and current credit spreads for debt with similar terms and risk. The carrying value and fair value of financial instruments as follows are similar to their short-term nature:

	May 31, 2013		August 31, 2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	$ 419,913	$ 419,913	$ 445,252	$ 445,252
Sundry receivables	8,697	8,697	1,783	1,783
Financial liabilities				
Accounts payable and accrued liabilities	6,419	6,419	1,733	1,733
Other liabilities	60,779	60,779	- - -	- - -

(All Amounts are in Canadian Dollars)

13. Fair Value of Financial Instruments - continued

(b) Fair Value Hierarchy

The Corporation values instruments carried at fair value using quoted market prices, where available. Quoted market prices represent a Level 1 valuation. When quoted market prices are not available, the Corporation maximizes the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3.

The following table outlines financial assets and liabilities measured at fair value in the financial statements and the level of the inputs used to determine those fair values in the context of the hierarchy as defined above:

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalent	$ 419,913	$ - - -	$ - - -	$ 419,913
Sundry receivables	- - -	8,697	- - -	8,697
Total Assets	$ 419,913	$ 8,697	$ - - -	$ 428,610
Liabilities				
Accounts payable and accrued liabilities	$ - - -	$ 6,419	$ - - -	$ 6,419
Other liabilities	- - -	60,779	- - -	60,779
Total liabilities	$ - - -	$ 67,198	$ - - -	$ 67,198

14. Risk Management

In addition to the restrictions placed on the use of cash discussed in note 5, the Corporation manages its common shares, stock options and warrants as capital. The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk, as there are no external restrictions on it.

The Corporation 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 the capital structure, the Corporation may attempt to issue new shares, issue new debt, acquire or dispose of assets in order at adjust the amount of cash on its balance sheet.

The Corporation's capital structure is as follows:

	May 31, 2013	August 31, 2012
Share capital	$ 496,386	$ 496,386
Contributed surplus – general	12,841	1,878
Contributed surplus – incentive stock options	18,777	18,777
Contributed surplus – warrants	13,100	7,618
Accumulated deficit	(149,607)	(86,120)
	$ 401,497	$ 438,539

In order to facilitate the management of its capital requirements, the Corporation may prepare expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

13. Risk Management - continued

In order to maximize ongoing efforts, the Corporation does not pay out dividends. The Corporation's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

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

15. Financial Instruments

Liquidity Risk
Liquidity risk is the risk that the Corporation cannot meet its financial obligations associated with financial liabilities in full. The primary source of liquidity is net operating income, which is used to finance working capital and capital expenditure requirements, and to meet the Corporation's financial obligations associated with financial liabilities.

Interest Rate Risk
Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk. Obtaining long-term debt with fixed interest rates minimizes interest rate cash flow risk.

The Corporation does not trade in financial instruments and is not exposed to any significant interest rate price risk.

15. Financial Instruments - continued

Market Risk
Market risk is the risk that changes in market prices will have an effect on future cash flows associated with financial instruments. Market risk comprises three types of risk: credit risk, currency risk and other price risk.

Credit Risk
Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses.

As of the date of these financial statements the Corporation's only debtor is the government of Canada for Harmonized sales tax ("**HST**") receivable and therefore the Corporation does not believe it is currently exposed to any significant credit risk.

Currency Risk
Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. The Corporation does not have any material transactions denominated in foreign currency and is not exposed to foreign currency risk.

Other Price Risk
Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. The cash flows associated with financial instruments of the Corporation are not exposed to other price risk.

15. Financial Instruments - continued

Fair Values

Financial instruments include cash and cash equivalents, sundry receivable, and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair value due to the short term nature of financial instruments.

16. Subsequent Event

On June 4, 2013, 130,000 incentive stock options with an expiry date of January 2021 were cancelled and the Corporation granted 150,000 incentive stock options were granted with an expiry date of June 4, 2023 and an exercise price of $0.10.