SURREY CAPITAL CORP.

FINANCIAL STATEMENTS

AUGUST 31 2013 AND 2012

SURREY CAPITAL CORP.

FINANCIAL STATEMENTS

AUGUST 31, 2013

CONTENTS

Management's Responsibility

To the Shareholders of Surrey Capital Corp.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards ("**IFRS**") that have been incorporated into Canadian Generally Accepted Accounting Principles ("**CGAAP**") 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 ("**Board**") 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.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, the Board, Audit Committee, and management to discuss their audit findings.

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

MNP LLP

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Surrey Capital Corp.:

We have audited the accompanying financial statements of Surrey Capital Corp., which comprise the statements of financial position as at August 31, 2013 and 2012, and the statements of shareholders' equity, statements of operations and comprehensive loss and statements of cash flows for the years ended August 31, 2013 and 2012, 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 controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Surrey Capital Corp. as at August 31, 2013 and 2012, and its financial performance and its cash flows for the years ended August 31, 2013 and 2012 in accordance with International Financial Reporting Standards.

MNP LLP

October 29, 2013
Toronto, Ontario

Chartered Professional Accountants
Licensed Public Accountants

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

As at August 31,	**2013**	**2012**
ASSETS		
CURRENT		
Cash and cash equivalents	$ 410,067	$ 445,252
Sundry receivables	5,718	1,783
Prepaid expenses	1,733	1,733
	417,518	448,768
Investment in exploration and evaluation assets (Note 6)	37,567	- - -
	$ 455,085	$ 448,768
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 6,756	$ 10,229
Convertible debentures (Note 8)	71,603	- - -
	78,359	10,229
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 9)		
Issued and Outstanding		
2013 - 7,628,000, 2012 - 7,428,000	506,386	496,386
CONTRIBUTED SURPLUS (Note 10)	33,256	28,273
ACCUMULATED DEFICIT	(162,916)	(86,120)
	376,726	438,539
	$ 455,085	$ 448,768

Nature of Organization (Note 1)
Contingency (Note 13)

Approved on behalf of the board of directors:

/s/ "*Victor D'Souza*"
Victor D`Souza, Director

/s/ "*Elliott Jacobson*"
Elliott Jacobson, Director

SURREY CAPITAL CORP.
STATEMENTS OF SHAREHOLDERS' EQUITY
(All Amounts are in Canadian Dollars)

	Number of Common Shares	Amount of Common Shares	Contributed Surplus	Accumulated Deficit	Shareholders' Equity
Balance, September 1, 2011	7,428,000	$ 496,386	$ 28,273	$ (55,331)	$ 469,328
Net loss for the year	- - -	- - -	- - -	(30,789)	(30,789)
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 debenture and warrants	- - -	- - -	4,748	- - -	4,748
Vesting of incentive stock options	- - -	- - -	235	- - -	235
Net loss for the year	- - -	- - -	- - -	(76,796)	(76,796)
Balance, August 31, 2013	7,628,000	$ 506,386	$ 33,256	$ (162,916)	$ 376,726

SURREY CAPITAL CORP.
STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(All Amounts are in Canadian Dollars)

For the Period from September 1, To August 31,	2012 2013	2011 2012
EXPENSES		
General and administrative (Note 14)	$ 44,894	$ 36,076
Business development (Note 15)	1,958	- - -
LOSS BEFORE UNDERNOTED	(46,852)	(36,076)
INTEREST EXPENSE	(6,076)	
INTEREST INCOME	4,302	5,287
PROJECT ANALYSIS COSTS	(28,170)	- - -
NET LOSS AND COMPREHENSIVE LOSS	$ (76,796)	$ (30,789)
NET LOSS PER COMMON SHARE		
Loss per common share – basic and diluted	$ (0.01)	$ (0.00)
Weighted average number of common shares outstanding – basic and diluted	7,521,956	7,428,000

SURREY CAPITAL CORP.
STATEMENTS OF CASH FLOWS
(All Amounts are in Canadian Dollars)

For the Period from September 1, To August 31,	**2012 2013**	**2011 2012**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year and for the period	$ (76,796)	$ (30,789)
Non-cash expenses:		
Interest accretion	1,551	- - -
Share-based payments (Notes 8 and 10)	235	- - -
	(75,010)	(30,789)
Net change in operating assets and liabilities		
Sundry receivable	(3,935)	(491)
Prepaid expenses	- - -	(1,733)
Accounts payable and accrued liabilities	(3,473)	3,229
CASH FLOWS USED IN OPERATING ACTIVITIES	(82,418)	(29,784)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from convertible debentures	74,800	- - -
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	74,800	- - -
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in exploration and evaluation assets	(27,567)	- - -
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	(27,567)	- - -
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(35,185)	(29,784)
CASH AND CASH EQUIVALENTS - Beginning of year	445,252	475,036
CASH AND CASH EQUIVALENTS - End of year	$ 410,067	$ 445,252
CASH AND CASH EQUIVALENTS, represented as follows:		
Cash	$ 25,067	$ 145,252
Short-term deposit	385,000	300,000
SUPPLEMENTAL INFORMATION		
Interest received	$ 4,307	$ 5,645
Interest paid	4,525	—
Income taxes paid	—	—
NON-CASH FINANCING ACTIVITY		
Common shares for exploration and evaluation assets	$ 10,000	$ —
Issuance of Warrants	—	—

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.

Basis of Operations
These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") 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. The financial 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.

As an exploration company, funding to meet its exploration budget as well as working capital is dependent on the Corporation's ability to issue common shares or borrow funds. While the Corporation currently has sufficient funds on hand to meet its budget for the foreseeable future, there is no certainty that the Corporation will be able to raise sufficient funds beyond this period.

2. Basis of Presentation

Statement of Compliance
These financial statements have been prepared in accordance with IFRS that have been incorporated into Canadian Generally Accepted Accounting Principles ("**CGAAP**"), as issued by the International Accounting Standards Board ("**IASB**").

These financial statements of the Corporation were authorized for issue in accordance with a resolution of the Board of Directors on October 29, 2013.

These 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.

3. Summary of Significant Accounting Policies

Basis of Measurement
These financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

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.

Transactional Costs
The costs incurred relating to transactional costs are expensed as incurred.

*Exploration and evaluation ("**E&E**") assets*
The Corporation capitalizes all costs related to investments in E&E assets on a property-by-property basis in accordance with IFRS 6, Exploration for and Evaluation of Mineral Resources. 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 statements of operations and 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 statements of operations and comprehensive loss.

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

Current Income Tax
Current tax 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 tax laws that were 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 tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period, and which are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax liabilities:

- are generally recognized for all taxable temporary differences; and
- are recognized for taxable temporary differences arising on investments in subsidiaries except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax assets:

- are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized; and
- are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise upon initial recognition of goodwill or arise on initial recognition of assets and liabilities acquired other than in a business combination where at the time of transaction effects neither accounting profit or taxable income (tax loss).

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.

3. Summary of Significant Accounting Policies - continued

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.

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.

(All Amounts are in Canadian Dollars)

3. Summary of Significant Accounting Policies - continued

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 August 31, 2013:

Cash and cash equivalents	Fair value through profit and loss
Interest receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Convertible debentures	Other financial liabilities

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	$ 410,067	$ 410,067
Loans and receivables	412	412
Other financial liabilities	78,359	78,359

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 August 31, 2013 and 2012 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.

3. Summary of Significant Accounting Policies - continued

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 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.

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
Unless otherwise noted, the following new and revised standards and amendments are effective for the annual periods beginning on or after September 1, 2013. Management is evaluating the impact the adoption of these standards and amendments will have on the financial position of the Corporation.

IFRS 7 - Financial Instruments: Disclosures
IFRS 7, " Financial instruments: Disclosures" was amended to provide guideline on the eligibility criteria for offsetting assets and liabilities as a single net amount in the consolidated statement of financial position.

IFRS 9 - Financial Instruments
IFRS 9, "Financial Instruments" ("**IFRS 9**") was issued by the IASB in November 2009 and will replace IAS 39, "Financial Instruments: recognition and Measurement" ("**IAS 39**"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial assets is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having two categories: amortized cost or fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and contractual cash flow characteristics of the financial assets.

3. Summary of Significant Accounting Policies - continued

Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value change due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. This standard is effective for annual periods beginning on or after January 1, 2015.

IFRS 10 - Consolidated Financial Statements
IFRS 10, "Consolidated Financial Statements" ("**IFRS10**") was issued by the IASB in May 2011 and will replace SIC 12, "Consolidation – Special Purpose Entities" and parts of IAS 27, "Consolidated and Separate Financial Statements". Under the existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 established principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This standard (i) requires an entity that controls one or more other entities to present consolidated financial statements: (ii) defines the principle of control and establishes control as the basis for consolidation; (iii) sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee; and (iv) sets out the accounting requirements for the preparation of the consolidated financial statements.

IFRS 11 - Joint Arrangements
IFRS 11, "Joint Arrangements" ("**IFRS11**") was issued by the IASB in May 2011 and supersede IAS 31, "Interests in Joint Ventures" and SIC 13 "Joint Controlled Entities - Non-Monetary Contributions by Ventures" by removing the option to account for joint ventures using the proportionate consolidation and requiring equity accounting. Venturers will transition the accounting for joint ventures from proportionate consolidated assets and liabilities in to a single line item on their financial statements. In addition, IFRS 11 will require joint arrangements to be classified as either joint operations or joint ventures. The structure of the joint arrangement will no longer be the most significant factor when classifying joint arrangement as either a joint operation or a joint venture.

IFRS 12 – Disclosure of Interest in Other Entities
IFRS 12 " Disclosure of Interest in Other Entities" ("**IFRS 12**") was issued by the IASB in May 2011. IFRS 12 requires enhanced disclosure of information about involvement with consolidated and unconsolidated entities, including structured entities commonly referred to as special purpose vehicles or variable interest entities. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of and risks associated with an entity's interest in other entities.

IFRS 13 - Fair Value Measurement
IFRS 13 "Fair Value Measurement" ("**IFRS 13**") was issued in May 2011. This standard clarifies the definition of fair value, required disclosures for fair value measurement and sets out single framework for measuring fair value. IFRS 13 Provides guidance on fair value in a single standard, replacing the existing guidance on measuring and disclosing fair value which is dispersed among several standards.

3. Summary of Significant Accounting Policies - continued

IAS 19 - Employee Benefits
IAS 19 “Employee Benefits” has been amended to make significant changes to the recognition and measurement of defined benefits and termination benefits and to enhance the disclosure of all employee benefits. The amended standard requires immediate recognition of actuarial gains and losses in other comprehensive income as they arise, without subsequent recycling to net income. Past service cost (which includes curtailment gains and losses) will no longer be recognized over a service period bit instead will be recognized immediately in the period of a plan amendment. Pension benefits cost will be split between (i) the cost benefits accrued in the current period (service cost) and benefit changes (past-service cost settlements and curtailments); and (ii) finance expense or income. The finance expense or income component will be calculated based on the net defined benefit asset or liability. A number of other amendments have been made to recognition, measurement and classification including redefining short-term and other long-term benefits, guidance on the treatment of taxes related to benefit plans, guidance on risk/cost sharing features and expanded disclosures. The amendments are effective for financial years beginning January 1, 2013.

IAS 28 - Investments in Associates and Joint Ventures
IAS 28 “Investments in Associates and Joint Ventures” (“**IAS 28**”) was re-issued by the IASB in May 2011. IAS 28 continues to prescribe the accounting for investments in associates but is now the only source of guidance describing the application of the equity method. The amended IAS 28 will be applied by all entities that have an ownership interest with joint control of, or significant influence over, an investee.

IAS 32 - Financial Instruments: Presentation
IAS 32 “Financial Instruments: Presentation” (“**IAS 32**”) was amended by the IASB in December 2011. The amendment clarifies that an entity has legally enforceable rights to offset financial assets and financial liabilities if that right is not contingent on a future event and it is enforceable both in the normal course of business and in the event of default, insolvency, or bankruptcy of the entity and all counterparties. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014.

4. Summary of Accounting Estimates and Assumptions

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, dividend yield and forfeiture rate of the share option. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 8.

(All Amounts are in Canadian Dollars)

4. Summary of Accounting Estimates and Assumptions - continued

Income Taxes
Provisions for income 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.

5. Sundry Receivables

	2013	2012
HST receivable	$ 5,306	$ 1,365
Interest receivable	412	418
	$ 5,718	$ 1,783

6. 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 $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 $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	7,567
	$ 37,567

7. Accounts payable and accrued liabilities

	2013	2012
Trade payables	$ 103	$ 103
Accrued expenses	6,653	10,125
	$ 6,756	$ 10,228

8. 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. In addition, the Corporation issued 748,000 warrants to the convertible debenture holders, where each warrant provides the holder the right to purchase one additional common share at a price of$0.10 which expires on August 31, 2014

The convertible debentures were originally recorded as a liability less an equity portion, calculated using a discount rate of 18%, credited to contributed surplus (Note 10) of $4,748 for a net value of $70,052.

(All Amounts are in Canadian Dollars)

8. Convertible Debentures - continued

		Total
Convertible debentures face value	$	74,800
Less: Equity portion credited to contributed surplus		4,748
Convertible debentures, net value		70,052
Accretion since issuance		1,551
Value as at August 31, 2013	$	71,603

Included in the expense charges for the year ended August 31, 2013 was non-cash accreted notional financing charges of $1,551 (2012- $Nil) which relates to the charge to operations of the fair value of the conversion feature associated with the debentures and the warrants relating directly to the convertible debentures.

9. Share Capital

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 Initial Public Offering ("**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 the Qualifying Transaction are deposited with the escrow agent under the 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 authorizing beginning of the release of common shares held in escrow in accordance with Policy 2.4 of the Exchange. As of August 31, 2013, 2,250,000 common shares remained in escrow and will be released 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

(All Amounts are in Canadian Dollars)

10. 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 convertible debentures	4,748	- - -	- - -	4,748
Vesting of incentive stock options	- - -	235	- - -	235
Balance, August 31, 2013	$ 6,626	$ 19,012	$ 7,618	$ 33,256

11. 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 2013	Fiscal 2012
Number of incentive stock options	150,000	Nil
Exercise price	$ 0.10	N/A
Expected life	10 years	N/A
Weighted average risk-free interest rate	2.08%	N/A
Weighted average expected volatility	25.0%	N/A
Dividend yield	0.0%	N/A
Forfeiture rate	0.0%	N/A
Fair value	$0.002	N/A

The stock options activity is summarized below:

	Number	Weighted Average Exercise Price
Balance, September 1, 2011 and 2012	817,080	$ 0.10
Granted	150,000	0.10
Exercised	- - -	N/A
Cancelled	(130,000)	N/A
Forfeited	- - -	0.10
Balance, August 31, 2013	837,080	$ 0.10

(All Amounts are in Canadian Dollars)

11. Stock Options and Warrants - continued

The following table summarizes the weighted average exercise price and the weighted average remaining contractual life of the options outstanding and exercisable as at August 31, 2013.

		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	2.4 years	$ 0.10	74,280	$ 0.10
0.10	612,800	January 27, 2021	7.4 Years	0.10	612,800	0.10
0.10	150,000	June 3, 2023	9.8 Years	0.10	150,000	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 2013	Fiscal 2012
Number of agent warrants	748,000	Nil
Exercise price	$ 0.10	N/A
Expected life	1.5 years	N/A
Weighted average risk-free interest rate	1.8%	N/A
Weighted average expected volatility	12.5%	N/A
Dividend yield	0.0%	N/A
Forfeiture rate	0.0%	N/A
Fair value	$0.000	N/A

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
Expired	(492,800)	0.10
Forfeited	- - -	N/A
Balance, August 31, 2013	748,000	$ 0.10

The warrants that are issued and outstanding as at August 31, 2012 are as follows:

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

(All Amounts are in Canadian Dollars)

12. 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 year ended August 31, 2013, the Corporation recorded $27,000 (2012 - $21,000) in respect of the reimbursement 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 year ended August 31, 2013, the Corporation closed concurrently with its Qualifying Transaction a Convertible Debenture (Note 8) for $74,800, of which $57,800 was subscribed by related parties.

During the year ended August 31, 2013, the Corporation paid $3,497 (2012 - $Nil) in interest to related parties.
At August 31, 2013, $Nil (2012 - $Nil) was due to a related party is included in accounts payables and accrued liabilities.

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.

13. 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 August 31, 2013, no issues were outstanding.

14. General and Administrative

For the period from September 1 To August 31,	2012 2013	2011 2012
Bank charges	$ 25	$ 25
Office expenses (Note 12)	10,680	11,010
Professional fees (Note 12)	11,350	4,375
Regulatory and filing fees	12,944	10,676
Premises (Note 12)	9,000	9,000
Share-based payments	235	- - -
Telecommunication (Note 12)	660	990
	$ 44,894	$ 36,076

15. Business Development

For the period from September 1 To August 31,	2012 2013	2011 2012
Meals & entertainment	$ 109	$ - - -
Telecommunication	660	- - -
Travel	1,189	- - -
	$ 1,958	$ - - -

(All Amounts are in Canadian Dollars)

16. Income Taxes

The Corporation's effective income tax rate differs from the amount that would be computed by applying the combined federal and provincial statutory rate of 26.5% (2012 – 27.08%) to the net loss for the periods. The reason for the difference is as follows:

		2013		2012
Statutory Rate		26.5%		27.08%
Loss before income taxes	$	76,796	$	(30,789)
Recovery of income taxes based on statutory rate		(20,351)		(8,339)
Adjustment to income taxes:				
Non-deductible items		91		- - -
Changes in rates of temporary differences		- - -		(2,370)
Unrecognized benefit of deductible temporary differences		- - -		- - -
Change in deferred tax assets not recognized		20,260		10,709
Income tax recovery	$	- - -	$	- - -

The Corporation's deferred income tax asset, computed by applying a future federal and provincial statutory rate of 26.5% (2012 – 26.5%), comprises the following:

		2013		2012
Non-capital losses carried forward	$	57,000	$	30,716
Share issuance costs and other expenses		13,281		19,305
Deferred tax assets not recognized		(70,281)		(50,021)
	$	- - -	$	- - -

At August 31, 2013, the Corporation has a non-capital loss of $215,094 (2012 - $115,909) available for carry-forward which has not been recognized in these financial statements. These losses expire as follows:

Year		Amount
2031	$	60,837
2032		55,072
2033		99,185
	$	215,094

The Corporation has not recorded deferred tax assets related to these unused carry forward losses and shares issuance costs as it is not probably that future taxable profits will be available against which these losses can be utilized.

(All Amounts are in Canadian Dollars)

17. Risk Management

The Corporation manages its common shares, stock options, warrants and accumulated deficit 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:

August 31,	2013	2012
Share capital	$ 506,386	$ 496,386
Contributed surplus – general	6,626	1,878
Contributed surplus – incentive stock options	19,012	18,777
Contributed surplus – warrants	7,618	7,618
Accumulated deficit	(162,916)	(86,120)
	$ 376,726	$ 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.

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.

18. Financial Instruments

Risk Management

The Corporation does not use hedging transactions to manage risk. As a part of the overall operation of the Corporation, management takes steps to avoid undue concentrations of risk. The Corporation manages risk as follows:

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The ability to do this relies on the Corporation raising capital through equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at August 31, 2013, the Corporation had $410,067 cash and cash equivalents to settle $78,359 of current liabilities (2012 - $445,252 cash and cash equivalent to settle $10,229 of current liabilities).

18. Financial Instruments - continued

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.

The Corporation does not trade in financial instruments and is not exposed to significant interest rate price risk as at August 31, 2013 and 2012.

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. Balances of cash and cash equivalents in financial institutions may at times exceed the government-insured limits.

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 as at August 31, 2013 and 2012.

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 as at August 31, 2013 and 2012.

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 as at August 31, 2013 and 2012.

Fair Values
Financial instruments include cash and cash equivalents, interest receivables, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying value due to the relatively short-term maturity of these instruments. The Corporation classifies its cash and cash equivalents as financial assets at fair value through profit and loss, interest receivables as loans and receivables and its accounts payable and accrued liabilities as other financial liabilities.