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# **Zadar Ventures Ltd.**

(an Exploration Stage Enterprise)

## **Interim Financial Statements**

(Unaudited – Prepared by Management)

**Three Months Ended October 31, 2013**

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## **Notice to Readers**

Under National Instrument 51-102, Part 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of Zadar Ventures Ltd. for the three months ended October 31, 2013 have been prepared in accordance with International Accounting Standard 34 for Interim Financial Reporting under International Financial Reporting Standards. These interim financial statements are the responsibility of the Company's management and have been approved by the Board of Directors. The Company's independent auditors have not performed an audit or review of these interim financial statements.

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# **Zadar Ventures Ltd.**

(an Exploration Stage Enterprise)

## **Interim Financial Statements**

(Unaudited – Prepared by Management)

**Three Months Ended October 31, 2013**

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## Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

### Interim Balance Sheets

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	October 31 2013	July 31 2012
<b>Assets</b>		
Current		
Cash	\$ 16,780	\$ 87,073
Goods and services tax recoverable	15,546	9,703
Due from related parties (Note 8)	<u>37,329</u>	<u>24,539</u>
	69,655	121,315
Exploration advances	-	7,000
Exploration and evaluation assets (Note 4)	<u>1,517,278</u>	<u>724,128</u>
	<u>\$ 1,586,933</u>	<u>\$ 852,443</u>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ <u>171,739</u>	\$ <u>140,078</u>
<b>Shareholders' Equity</b>		
Share capital (Note 5)	2,062,678	1,288,795
Subscriptions received in advance	109,940	97,500
Subscriptions receivable	(2,500)	(37,500)
Contributed surplus	128,130	106,442
Deficit	<u>(883,054)</u>	<u>(742,872)</u>
	<u>1,415,194</u>	<u>712,365</u>
	<u>\$ 1,586,933</u>	<u>\$ 852,443</u>

Nature of operations and Going Concern (Note 1)

On behalf of the board:

*"Mark Tommasi"*

\_\_\_\_\_, Director

*"Peter Wilson"*

\_\_\_\_\_, Director

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## Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

### Interim Statements of Operations and Deficit

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

<b>Three Months Ended October 31</b>	<b>2013</b>	<b>2012</b>
Administrative expenses		
Accounting and audit	\$ 10,000	\$ 7,000
Bank charges and interest	137	128
Consulting	16,262	-
Legal	337	-
Listing and filing fees	8,872	21,306
Management fees	15,900	7,500
Office and sundry	19,329	8,175
Promotion	24,474	8,684
Stock based compensation	44,871	-
	<u>140,182</u>	<u>52,793</u>
Net loss and comprehensive loss	\$ <u>(140,182)</u>	\$ <u>(52,793)</u>
Basic and diluted loss per share	\$ <u>(0.01)</u>	\$ <u>(0.01)</u>
Basic and diluted weighted average shares outstanding	<u>13,611,739</u>	<u>9,305,000</u>

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## Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

### Interim Statement of Changes in Equity

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Shares of common stock	Share capital	Subscriptions received in advance	Subscriptions receivable	Contributed surplus	Deficit	Total
<b>July 31, 2011</b>	<b>6,300,000</b>	<b>\$ 319,000</b>	<b>\$ -</b>	<b>\$ (22,500)</b>	<b>\$ -</b>	<b>\$ (95,424)</b>	<b>\$ 201,076</b>
Issued for exercise of warrants	505,000	50,500	2,500	-	-	-	53,000
Issued for cash	2,200,000	550,000	-	-	-	-	550,000
Share issue costs	-	(144,755)	-	-	27,289	-	(117,466)
Issued for property	300,000	19,500	-	-	-	-	19,500
Stock based compensation	-	-	-	-	21,196	-	21,196
Net loss	-	-	-	-	-	(241,811)	(241,811)
<b>July 31, 2012</b>	<b>9,305,000</b>	<b>794,245</b>	<b>2,500</b>	<b>(22,500)</b>	<b>48,485</b>	<b>(337,235)</b>	<b>485,495</b>
Issued for exercise of warrants	2,225,500	222,550	-	(15,000)	-	-	207,550
Issued for cash	-	-	95,000	-	-	-	95,000
Issued for property	995,000	272,000	-	-	-	-	272,000
Stock based compensation	-	-	-	-	57,957	-	57,957
Net loss	-	-	-	-	-	(405,637)	(405,637)
<b>July 31, 2013</b>	<b>12,525,500</b>	<b>1,288,795</b>	<b>97,500</b>	<b>(37,500)</b>	<b>106,442</b>	<b>(742,872)</b>	<b>712,365</b>
Issued for exercise of warrants	269,500	26,950	-	-	-	-	26,950
Issued for exercise of options	150,000	60,683	-	-	(23,183)	-	37,500
Issued for cash	-	-	12,440	35,000	-	-	47,440
Issued for property	2,745,000	686,250	-	-	-	-	686,250
Stock based compensation	-	-	-	-	44,871	-	44,871
Net loss	-	-	-	-	-	(140,182)	(140,182)
<b>October 31, 2013</b>	<b>15,690,000</b>	<b>\$ 2,062,678</b>	<b>\$ 109,940</b>	<b>\$ (2,500)</b>	<b>\$ 128,130</b>	<b>\$ (883,054)</b>	<b>\$ 1,415,194</b>

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

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## Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

### Interim Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

Three Months Ended October 31	2013	2012
Cash flows from operating activities		
Net loss	\$ (140,182)	\$ (52,793)
Adjustments for:		
Stock based compensation	44,871	-
Changes in non-cash working capital		
Goods and services tax recoverable	(5,843)	(2,141)
Advances to related parties	(12,790)	-
Accounts payable and accrued liabilities	31,661	(22,105)
	(82,283)	(77,039)
Cash flows from investing activities		
Exploration and evaluation expenditures	(99,900)	3,928
Cash flows from financing activities		
Proceeds from issuance of common stock, net of issue costs	99,450	-
Subscriptions received in advance	12,440	-
	111,890	-
Decrease in cash	(70,293)	(73,111)
Cash at beginning of the period	87,073	226,525
Cash at end of the period	\$ 16,780	\$ 153,414
<hr/>		
Supplemental disclosure with respect to cash flows		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
<hr/>		
Non cash investing and financing activities		
Shares issued for exploration and evaluation expenditures	\$ 686,250	\$ -

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# Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

## Notes to the Financial Statements

(Unaudited – Prepared by Management)

October 31, 2013

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### 1. Nature of Operations

Zadar Ventures Ltd. (“Zadar” or the “Company”) was incorporated on August 6, 2008 under the Business Corporations Act of British Columbia and its principal activity is the exploration of mineral properties. Zadar is a public company with shares listed on the TSX Venture Exchange. The head office, principal address and records office of the Company are located at 475 Howe Street, Suite 609, Vancouver, British Columbia, Canada V6C 2B3.

Going concern of operations

These financial statements have been prepared assuming the Company will continue on a going concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as going-concern depends on its ability to raise adequate financing and to develop profitable operations. This raises substantial doubt about the Company’s ability to continue as a going concern.

Management is actively targeting sources of additional financing. Although the Company has been successful in past financings, there is no assurance that future financings will be successful. As the Company is in the exploration and evaluation stage, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property.

### 2. Basis of Preparation

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The interim financial statements should be read in conjunction with the annual financial statements for the year ended July 31, 2013, which have been prepared in accordance with IFRS as issued by the IASB.

The accounting policies adopted are consistent with those of the previous financial year. The interim financial statements were approved by the Board of Directors on December 30, 2013.

All dollar amounts are presented in Canadian dollars unless otherwise specified.

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# Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

## Notes to the Financial Statements

(Unaudited – Prepared by Management)

October 31, 2013

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### 3. Exploration and Evaluation Assets

#### Whiskey Gap

The Company entered into an option agreement with 1177129 Alberta Ltd., (the “Optionor”), a company controlled by a company having an officer in common with Zadar, in April 2010, subsequently amended May 30, 2011, September 30, 2011 and June 1, 2012, to acquire up to a 75% interest in certain mineral interests located in Alberta, known as the Whiskey Gap Project.

To earn a 60% interest, the Company must make payments and issue shares as follows:

- a) \$12,500 (paid) and issue and allot to the Optionor 100,000 shares of the Company (issued);
- b) on or before the first anniversary of the execution of the Agreement, a further \$12,500 (paid) and issue and allot to the Optionor a further 200,000 shares (issued);
- c) on or before the second anniversary of the execution of the Agreement, a further \$25,000 (paid) and issue and allot to the Optionor a further 300,000 shares (issued);
- d) on or before September 30, 2010, the Company shall expend not less than \$100,000 on Exploration Expenditures on the Property; (incurred)
- e) on or before June 30, 2012, the Company shall pay \$100,000 to the Optionor (paid);
- f) on or before December 31, 2012, the Company shall pay a further \$50,000 (paid) and issue and allot to the Optionor a further 500,000 shares (issued).

The Company has a further option to acquire an additional 15% interest in the Property by issuing the Optionor an additional 1,000,000 shares (issued) and expending an additional \$500,000 for Exploration Expenditures on or before September 30, 2013. The Optionor has extended the payment terms until completion of the private placement being undertaken by the Company (Note 10).

Upon earning either a 60% or 75% interest, the Company and the Optionor will form a joint venture with standard dilution clauses.

#### Bullrun Uranium Project

On April 12, 2013, the Company entered into a purchase agreement with an arm’s length vendor to acquire a 100% interest in the Bullrun uranium project, located in the southwestern Athabasca Basin in Saskatchewan, Canada.

To earn the 100% interest, the Company must make payments and issue shares as follows:

- a) \$5,000 non-refundable due diligence deposit (paid);

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# Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

## Notes to the Financial Statements

(Unaudited – Prepared by Management)

October 31, 2013

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### 3. Exploration and Evaluation Assets (continued)

- b) \$10,000 cash payment (paid) and issue 100,000 shares (issued, fair value \$26,000) by May 20, 2013;
- c) Issue 200,000 shares by April 12, 2014;
- d) Issue 250,000 shares by April 12, 2015; and
- e) \$250,000 cash payment by April 12, 2019.

A finder's fee comprising \$1,500 in cash and 10,000 shares (fair value \$3,000) was paid/issued.

#### **Bullrun Blocks D and E**

On May 10, 2013, pursuant to a purchase agreement with an unrelated party, the Company acquired a 100% interest in certain mineral claims known as the Bullrun Blocks D and E properties, in exchange for issuance of 250,000 common shares of the Company (issued, fair value \$75,000), and reservation to the vendor of a 2% net smelter revenue royalty. A finder's fee of 25,000 shares was issued (fair value \$7,500).

#### **Upper Poulton Lake**

On April 22, 2013 and as amended on October 10, 2013, the Company entered into an option agreement with an arm's length vendor (the "Vendor"), whereby the Company can earn a 100% interest in the Upper Poulton Lake Property located in the Athabasca Basin in Saskatchewan, Canada.

To earn a 100% interest, the Company must make payments, issue shares and incur exploration expenditures as follows:

- a) \$10,000 non-refundable due diligence deposit (paid);
- b) \$40,000 cash payment (paid) and issuance of 100,000 shares (issued, fair value \$28,000) by April 20, 2013;
- c) \$50,000 cash payment by January 18, 2014;
- d) \$25,000 cash payment and issuance of 300,000 shares by April 10, 2014;
- e) \$50,000 cash payment and issuance of 250,000 shares by April 10, 2015;
- f) \$50,000 cash payment and issuance of 250,000 shares by April 10, 2016;
- g) \$1,000,000 cash payment by April 10, 2017; and
- h) \$2,000,000 in exploration expenditures by April 17, 2017.

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# Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

## Notes to the Financial Statements

(Unaudited – Prepared by Management)

October 31, 2013

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### 3. Exploration and Evaluation Assets (continued)

The Vendor will retain a 1% NSR, of which 0.5% can be purchased by the Company for a cash payment of \$1 million. A finder's fee of \$10,000 and 10,000 shares (fair value \$2,500) was paid/issued.

#### Pasfield Lake Project

On September 25, 2013, the Company entered into an agreement to acquire a 100% interest in certain mineral claims located in the Athabasca Basin, Saskatchewan, Canada, for consideration comprising \$25,000 in cash (\$6,000 paid) and issuance of 1,745,000 shares of the Company (issued).

The Vendors will retain a 2% NSR on each project, which can be purchased by the Company at any time for a cash payment of \$1 million for each 1% of NSR, per project.

#### Patterson Northeast

The Company entered into an option agreement with Basin Minerals Ltd. ("Basin"), on May 31, 2013 and as amended on July 9, 2013 to acquire a 100% interest in certain mineral interests located in Saskatchewan, known as the Patterson Northeast Property.

To earn a 100% interest, the Company must make payments, issue shares and incur exploration expenditures as follows:

- a) \$5,000 non-refundable due diligence deposit (paid);
- b) \$125,000 cash payment 160 days after signing, of which \$100,000 will be invested in the private placement being undertaken by the Company;
- c) \$100,000 cash payment by February 9, 2014;
- d) \$150,000 cash payment by May 9, 2014;
- e) \$150,000 cash payment within 18 months of regulatory approval (not yet received);
- f) \$250,000 cash payment by May 31, 2015;
- g) \$725,000 cash payment by May 31, 2016;
- h) \$1,500,000 cash payment by May 31, 2017; and
- i) \$2,000,000 in exploration expenditures by May 31, 2017.

Basin will retain a NSR of 1%, of which 0.5% may be purchased by the Company at any time for \$1,000,000, less all amounts previously paid to Basin as NSR payments.

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# Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

## Notes to the Financial Statements

(Unaudited – Prepared by Management)

October 31, 2013

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### 3. Exploration and Evaluation Assets (continued)

#### Highrock/Riverlake Projects

On November 20, 2013, the Company entered into an agreement to acquire a 100% interest in certain mineral claims located in the Athabasca Basin, Saskatchewan, Canada known as the Highrock and Riverlake Projects, in exchange for issuance of 330,000 common shares of the Company.

#### Stony Road Project

On November 20, 2013, the Company entered into an agreement to acquire a 100% interest in certain mineral claims located in the Athabasca Basin, Saskatchewan, Canada known as the Stony Road Project, in exchange for issuance of 40,000 common shares of the Company. The vendor will retain a NSR of 2%, of which 1% may be purchased the Company for \$1,000,000.

#### Exploration and Evaluation Expenditures

Details of exploration and evaluation expenditures for the three months ended October 31, 2013 are as follows:

	Acquisition Costs 2013	Exploration Costs 2013	Total 2013	Total 2012
<b>Three Months Ended October 31</b>				
<b>Whisky Gap</b>				
Acquisition costs - cash	\$ 7,000	\$ -	\$ 7,000	\$ -
Acquisition costs - shares	250,000	-	250,000	-
Assaying (recovery)	-	-	-	(3,928)
Geological consulting	-	2,500	2,500	-
Mineral property costs for the period	257,000	2,500	259,500	(3,928)
Balance, beginning of period	363,500	131,128	494,628	135,056
Balance, end of period	620,500	133,628	754,128	131,128
<b>BullRun</b>				
Balance, beginning of period	45,500	-	45,500	-
Balance, end of period	45,500	-	45,500	-

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# Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

## Notes to the Financial Statements

(Unaudited – Prepared by Management)

October 31, 2013

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### 3. Exploration and Evaluation Assets (continued)

#### BullRun Blocks D and E

Balance, beginning of period	<u>82,500</u>	<u>-</u>	<u>82,500</u>	<u>-</u>
Balance, end of period	<u>82,500</u>	<u>-</u>	<u>82,500</u>	<u>-</u>

#### Upper Poulton Lake

Geophysics	<u>-</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Mineral property costs for the period	<u>-</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Balance, beginning of period	<u>90,500</u>	<u>-</u>	<u>90,500</u>	<u>-</u>
Balance, end of period	<u>90,500</u>	<u>2,000</u>	<u>92,500</u>	<u>-</u>

#### Pasfield Lake

Acquisition costs - cash	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Acquisition costs - shares	<u>436,250</u>	<u>-</u>	<u>436,250</u>	<u>-</u>
Mineral property costs for the period	<u>486,250</u>	<u>-</u>	<u>486,250</u>	<u>-</u>
Balance, beginning of period	<u>6,000</u>	<u>-</u>	<u>6,000</u>	<u>-</u>
Balance, end of period	<u>492,250</u>	<u>-</u>	<u>492,250</u>	<u>-</u>

#### Patterson Northeast

Equipment	<u>-</u>	<u>9,985</u>	<u>9,985</u>	<u>-</u>
Geophysics	<u>-</u>	<u>17,735</u>	<u>17,735</u>	<u>-</u>
Helicopter	<u>-</u>	<u>11,234</u>	<u>11,234</u>	<u>-</u>
Travel and living costs	<u>-</u>	<u>6,446</u>	<u>6,446</u>	<u>-</u>
Mineral property costs for the period	<u>-</u>	<u>45,400</u>	<u>45,400</u>	<u>-</u>
Balance, beginning of period	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Balance, end of period	<u>5,000</u>	<u>45,400</u>	<u>50,400</u>	<u>-</u>

<b>Total</b>	<u>\$ 1,336,250</u>	<u>\$ 181,028</u>	<u>\$ 1,517,278</u>	<u>\$ 131,128</u>
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### 4. Share Capital

#### (a) Authorized share capital

100,000,000 common shares without par value

#### (b) Escrow shares

Currently 1,668,300 common shares (2013 – 1,668,300) are held in escrow.

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## Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

### Notes to the Financial Statements

(Unaudited – Prepared by Management)

October 31, 2013

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#### 4. Share Capital (continued)

##### (c) Share purchase options

The Company has an incentive stock option plan (the "Plan"), whereby the Company may grant stock options to directors, officers, employees or consultants. Under the Plan, options are exercisable up to a maximum of 10 years as determined by the Board of Directors and are required to have an exercise price no less than the closing market price of the Company's shares on the trading day immediately preceding the day on which the Company announces the grant of options. The Plan provides for the issuance of up to 10% of the Company's issued common shares at the date of the grant.

	Number of options	Weighted average exercise price \$
Options outstanding at July 31, 2012	600,000	0.25
Granted	375,000	0.25
Exercised		0.25
Options outstanding at July 31, 2013	975,000	0.25
Granted	300,000	0.25
Exercised	(150,000)	0.25
Options outstanding at October 31, 2013	1,125,000	0.25

Expiry date	Number of options	Exercise Price \$
April 18, 2015	225,000	0.25
May 30, 2017	600,000	0.25
September 18, 2015	200,000	0.25
October 22, 2015	100,000	0.25
	1,125,000	0.25

On October 14, 2010, the Company granted to employees, consultants, directors and officers of the Company options to purchase up to 450,000 common shares of the Company at an exercise price of \$0.25 per share. On September 1, 2011 the Company granted an additional 150,000 options with the same terms. The options are exercisable for a period of five years commencing on the date that the Company's stock is listed on the TSX Venture Exchange and therefore, no stock based compensation was recorded prior to this event. The expiry date of the options is May 28, 2017.

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# Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

## Notes to the Financial Statements

(Unaudited – Prepared by Management)

October 31, 2013

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### 4. Share Capital (continued)

The fair value of the stock options was estimated to be \$21,196 using the Black-Scholes option pricing model, with the following assumptions:

Expected dividend yield	0.00%
Expected stock price volatility	100.00%
Risk-free interest rate	1.31%
Expected life of options	5 years

On April 18, 2013, the Company granted to employees, consultants, directors and officers of the Company options to purchase up to 375,000 common shares of the Company at an exercise price of \$0.25 per share. The options are exercisable for a period of two years. The expiry date of the options is April 18, 2015.

The fair value of the stock options was estimated to be \$57,957 using the Black-Scholes option pricing model, with the following assumptions:

Expected dividend yield	0.00%
Expected stock price volatility	100%
Risk-free interest rate	0.97%
Expected life of options	2 years

On September 18, 2013, the Company granted to an officer of the Company options to purchase up to 200,000 common shares of the Company at an exercise price of \$0.25 per share. The options are exercisable for a period of two years. The expiry date of the options is September 18, 2015.

The fair value of the stock options was estimated to be \$32,502 using the Black-Scholes option pricing model, with the following assumptions:

Expected dividend yield	0.00%
Expected stock price volatility	100%
Risk-free interest rate	0.97%
Expected life of options	2 years

On October 22, 2013, the Company granted to a consultant of the Company options to purchase up to 100,000 common shares of the Company at an exercise price of \$0.25 per share. The options are exercisable for a period of two years. The expiry date of the options is October 22, 2015.

The fair value of the stock options was estimated to be \$12,369 using the Black-Scholes option pricing model, with the following assumptions:

Expected dividend yield	0.00%
Expected stock price volatility	100%
Risk-free interest rate	0.97%
Expected life of options	2 years

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# Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

## Notes to the Financial Statements

(Unaudited – Prepared by Management)

October 31, 2013

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### 4. Share Capital (continued)

Option pricing models require the input of highly subjective assumptions, particularly the expected stock price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

#### (d) Share purchase warrants

As of October 31, 2013, the Company has 176,000 Broker Warrants outstanding, which are exercisable at a price of \$0.25 per share, and which expire on May 28, 2015.

	Number of warrants	Weighted average exercise price \$
Warrants outstanding at July 31, 2012	2,671,000	0.11
Exercised	<u>(2,225,500)</u>	0.10
Warrants outstanding at July 31, 2013	445,500	0.16
Exercised	<u>(269,500)</u>	0.10
Warrants outstanding at October 31, 2013	<u>176,000</u>	0.25

### 5. Financial Instruments and Risk Management

#### *Fair Values*

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

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities

Level 2 – Inputs other than quoted prices that are directly or indirectly observable for the asset or liability; and

Level 3 – Inputs that are not based on observable market data.

The carrying values of cash, due from/to related parties, accounts payable and accrued liabilities approximate their fair value due to the short-term nature of these instruments.

#### *Credit risk*

Credit risk refers to the risk that another entity will default on its contractual obligations resulting in financial loss to the Company. The Company's only significant financial asset is cash which is on deposit at a high credit-worthy financial institution.

#### *Market risk*

Market risk includes currency risk, interest rate risk and price risk. The Company's activities expose it primarily to the financial risks of changes in the price of resources. The Company does not currently hold any financial instruments that mitigate this risk.

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# Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

## Notes to the Financial Statements

(Unaudited – Prepared by Management)

October 31, 2013

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### 4. Financial Instruments and Risk Management (continued)

#### *Liquidity risk*

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost. The Company expects to satisfy obligations under accounts payable and accrued liabilities. Management intends to continue to finance its activities by raising funds by private equity investments. Even if it has succeeded in financing its activities in the past, management cannot comment on the success of its future fund raising and believes that liquidity risk is high.

### 6. Capital Management

The Company includes cash and equity, comprising issued common shares, contributed surplus and deficit in the definition of capital.

The Company manages its capital to ensure it will be able to continue as a going concern largely through equity financing. These stock issues depend on numerous factors including a positive mineral exploration environment, positive stock market conditions, a company's track record, and the experience of management. The Company is not exposed to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended October 31, 2013.

### 7. Related Party Transactions

Certain of the Company's officers and directors render services to the Company through companies in which they are an officer or director.

<b>Party</b>	<b>Transactions</b>
622738 BC Ltd.	Management fees
Bua Capital Management Ltd.	Management fees
Bua Group Holdings Ltd.	Office and administration fees
Paul Gray Geological Consultants Ltd.	Management fees

The Company incurred the following fees and expenses in the normal course of operations with related parties.

<b>Three months ended Ended October 31</b>	<b>2013</b>	<b>2012</b>
Management fees	\$ 15,900	\$ 7,500
Office and administration fees	8,175	8,175
	<u>\$ 24,075</u>	<u>\$ 15,675</u>

Amounts due from related parties comprise \$37,329 in advances to companies controlled by officers and directors. Such amounts are unsecured, non-interest bearing and without specific repayment terms.

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# Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

## Notes to the Financial Statements

(Unaudited – Prepared by Management)

October 31, 2013

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### 8. Subsequent Events

Subsequent to October 31, 2013, the Company had the following subsequent events:

- a) The Company completed the first tranche of a non-brokered private placement by issuing 4,664,500 units at a price of \$0.20 per unit, with each unit consisting of one common share and one non-transferable share purchase warrant, entitling the holder thereof to purchase a common share of the Company at a price of \$0.30, for a period of one year. Finder's fees of \$41,520 and 52,500 finders warrants are payable pursuant to the private placement.
- b) The Company arranged a private placement of 2,600,000 common shares at \$0.25 per share.
- c) The Company entered into an agreement to acquire a 100% interest in certain mineral claims located in the Athabasca Basin, Saskatchewan, Canada known as the West Carswell Project, in exchange for issuance of 385,000 common shares of the Company. The vendor will retain a NSR of 2%, of which 1% may be purchased the Company for \$1,000,000.
- d) The Company granted options to purchase up to 400,000 common shares of the Company at an exercise price of \$0.25 per share, for a period of two years.