ALEXANDRA CAPITAL CORP.
(A Capital Pool Company)

CONDENSED INTERIM FINANCIAL STATEMENTS

Six Months Ended May 31, 2014

(Expressed in Canadian Dollars)

(Unaudited)

ALEXANDRA CAPITAL CORP.

(A Capital Pool Company)

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

EXPRESSED IN CANADIAN DOLLARS

(Unaudited)

	May 31, 2014	November 30, 2013
ASSETS		
CURRENT		
Cash and cash equivalents	$ 6,899	$ 8,562
Sales tax receivable	3,425	365
Other receivables (Note 3)	2,026	4,575
Prepaid expense	3,900	1,300
Short-term investments (Note 2)	381,500	441,500
	397,750	456,302
Deferred exploration costs (Note 1)	10,000	-
Total Assets	$ 407,750	$ 456,302
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 15,200	$ 8,000
SHAREHOLDERS' EQUITY		
Share Capital (Note 4)	503,109	503,109
Contributed Surplus	89,837	89,837
Deficit	(200,396)	(144,644)
	392,550	448,302
Total Liabilities and Shareholders' Equity	$ 407,750	$ 456,302

These financial statements are authorized for issuance by the Board of Directors on July 9, 2014

Approved on behalf of the Board:

'Suzanne Wood"	*"Patrick Morris"*
Director	Director

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

ALEXANDRA CAPITAL CORP.

(A Capital Pool Company)

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

FOR THE SIX MONTHS ENDED MAY 31, 2014

EXPRESSED IN CANADIAN DOLLARS
(Unaudited)

	Three Months Ended		Six Months Ended	
	May 31, 2014	**May 31,2013**	**May 31, 2014**	**May 31, 2013**
OPERATING EXPENSES				
General office expenses	$ 316	$ 35	$ 360	$ 372
Professional fees (Note 7)	24,082	4,750	36,172	6,750
Rent	300	300	600	600
Transfer agent and filing fees	16,896	8,977	22,136	9,712
	(41,594)	(14,062)	(59,268)	(17,434)
OTHER INCOME				
Interest income	2,463	353	3,516	1,559
NET (LOSS) AND COMPREHENSIVE (LOSS) FOR THE PERIOD	$ (39,131)	$ (13,709)	$ (55,752)	$ (15,875)
(LOSS) PER SHARE, Basic and Diluted	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, Basic and Diluted	10,094,000	10,094,000	10,094,000	10,094,000

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

ALEXANDRA CAPITAL CORP.

(A Capital Pool Company)

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED MAY 31, 2014

EXPRESSED IN CANADIAN DOLLARS
(Unaudited)

	Six Months Ended May 31, 2014	Six Months Ended May 31, 2013
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net (loss) for the period	$ (55,752)	$ (15,875)
Changes in non-cash working capital items:		
Sales tax receivable	(3,060)	(1,591)
Prepaid expenses	(2,600)	(3,467)
Other receivables	2,549	55
Accounts payable and accrued liabilities	7,200	(8,737)
	(51,663)	(29,615)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Deferred exploration expenses	(10,000)	-
Short-term investments	60,000	20,000
	50,000	20,000
CHANGE IN CASH AND CASH EQUIVALENTS	(1,663)	(9,615)
Cash and cash equivalents, beginning of period	8,562	12,327
Cash and cash equivalents, end of period	**$ 6,899**	**$ 2,712**

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

ALEXANDRA CAPITAL CORP.

(A Capital Pool Company)

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
EXPRESSED IN CANADIAN DOLLARS
(Unaudited)

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total
Balance at November 30, 2012	10,094,000	$ 503,109	$ 78,930	$ (96,449)	$ 485,590
Net (loss) and comprehensive (loss) for the period	-	-	-	(15,875)	(15,875)
Balance at May 31, 2013	10,094,000	503,109	78,930	(112,324)	469,715
Stock options granted during the period	-	-	10,907	-	10,907
Net (loss) and comprehensive (loss) for the period	-	-	-	(32,320)	(32,320)
Balance at November 30, 2013	10,094,000	503,109	89,837	(144,644)	448,302
Net (loss) and comprehensive (loss) for the period	-	-	-	(55,752)	(55,752)
Balance at May 31, 2014	**10,094,000**	**$ 503,109**	**$ 89,837**	**$ (200,396)**	**$ 392,550**

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

1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

Alexandra Capital Corp. (the “Company”) was incorporated under the Business Corporations Act of British Columbia on October 17, 2011 and is classified as a capital pool company as defined by the rules of the TSX Venture Exchange (“TSX-V” or the “Exchange”) in Policy 2.4 of the Exchange. The Company’s shares commenced trading on the Exchange under the trading symbol “AXC.P” on May 2, 2012. The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (“QT”). The Company has not commenced commercial operations and has no assets other than cash and cash equivalents, sales tax receivable, interest receivable, prepaid expenses and short-term investments. Given the nature of the activities, no separate segmented information is reported.

The head office, principal address and registered and records office of the Company are located at 2075 West 37th Avenue, Vancouver, B.C. V6M 1N7. The Company does not have any subsidiaries. These condensed interim financial statements are authorized for issue by the Board of Directors on July 9, 2014.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds realized by the Company in respect of the sale of its securities or $210,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange. The Company is required to complete its QT on or before two years from the date the Company receives regulatory approval.

At May 31, 2014, the Company had not yet achieved profitable operations, has accumulated losses of $200,396 since its inception and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company’s ability to continue as a going concern.

The Company’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

On February 17, 2014, the Company entered into an agreement (the “Option Agreement”) with arm’s length vendor (the “Vendor”) Eastland Management Ltd. (“Eastland”) whereby the Company can earn a 100% interest in the Vendors’ SB claims (the “Claims”), subject to approval by the Exchange. Pursuant to the Option Agreement, the Company has been granted an option to earn a 100% interest in the Claims by incurring exploration expenditures totaling $100,000 over one year. Additionally, the Company must make cash payments to the Vendor totalling $25,000 ($10,000 paid) and issue 700,000 shares (200,000 first year) over the two year option term. The Company intends for the transaction to constitute the “Qualifying Transaction” (“QT”) of the Company as such term is defined in the policies of the Exchange. Upon completion of the transaction, it is expected that the Company will be a Tier 2 Mining Issuer on the Exchange.

On May 1, 2014, the Exchange changed the Company’s trading status of its securities from a halt to a suspension for failure to complete a Qualifying Transaction within 24 months of listing, in accordance with Exchange Policy 2.4. The Company was placed on notice to delist and to avoid delisting the Company has to either complete a QT or transfer to NEX prior to the delisting deadline of July 30, 2014.

1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN (continued)

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards 34, Interim Financial Reporting ("IAS 34"), with the assumption that the Company 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.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These condensed interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They do not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements of the Company for the year ended November 30, 2013.

These financial statements have been prepared on the historical cost basis except for certain financial instruments classified as fair value through profit or loss ("FVTPL") and available-for-sale which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except cash flow information.

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

Significant accounting judgments, estimates and assumptions

The preparation of these financial statements in conformity of IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates. Significant areas requiring the use of management estimates includes:

- The inputs used in assessing the recoverability of deferred tax assets to the extent that the deductible temporary differences will reverse in the foreseeable future and that the Company will have future taxable income; and

- The inputs used in accounting for share-based payments such as stock options and agent warrants granted.

Cash and cash equivalents

The Company considers all highly liquid instruments with an original maturity of three months or less at the time of issuance to be cash and cash equivalents. As at May 31, 2014 and November 30, 2013, the Company's cash and cash equivalents consist of cash only.

The proceeds raised from the issuance of share capital and from the initial public offering (the "Offering") may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of $210,000 or 30% of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until the completion of a QT by the Company as defined under the policies of the Exchange.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Short-term investments

Short-term investments are investments which are transitional or current in nature with an original maturity greater than three months and less than twelve months. As at May 31, 2014, short-term investments consist of $86,500 Guaranteed Investment Certificates ("GICs") with a variable rate of Prime minus 1.95% and maturing on April 28, 2015 and $295,000 GICs with a variable rate of Prime minus 1.80% maturing on November 10, 2014.

Deferred financing costs

Costs directly identifiable with the raising of capital will be charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock or charged to operations if the shares are not issued.

Share-based payment

The Company recognizes share-based payment expense for the estimated fair value of equity-based instruments granted to both employees and non-employees. Compensation expense is recognized when the options are granted with the same amount being recorded as contributed surplus. The expense is determined using an option pricing model that takes into account the exercise price, the term of the option, the current share price, the expected volatility of the underlying shares, the expected dividend yield, and the risk free interest rate for the term of the option. If the options are exercised, contributed surplus will be reduced by the applicable amount. Share-based payment calculations have no effect in the Company's cash position.

Comprehensive income/loss

Comprehensive income/loss is the change in the Company's shareholders' equity that results from transactions and other events from other than the Company's shareholders and includes items that would not normally be included in net earnings, such as unrealized gains and losses on available-for-sale investments. Certain gains and losses are presented in other "comprehensive income" until it is considered appropriate to recognize into net earnings.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

The Company's financial instruments consist of cash and cash equivalents, sales tax receivable, other receivables, short term investments and accounts payable and accrued liabilities. Cash and cash equivalents and short term investments are classified as fair value through profit or loss and recorded at fair value. Other receivables are classified as loans and receivables and recorded at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. The fair value of cash, other receivables and accounts payable and accrued liabilities are approximate their carrying value due to their short-term nature.

Financial Assets

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

Financial assets at FVTPL are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as held for trading unless they are designed as effective hedges. Financial assets at FVTPL are initially recognized, and subsequently carried, at fair value, with changes recognized in profit or loss. Transaction costs are expensed. Cash and cash equivalents and short-term investments are classified as financial assets at fair value through profit or loss and measured at fair value. Gains and losses related to periodical evaluations are recorded in net income.

Loans and receivables

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

Financial Liabilities

Financial liabilities are classified into one of two categories:

a) Fair value through profit or loss; and

b) Other financial liabilities

Fair value through profit or loss

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

<u>Other financial liabilities</u>

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.

Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

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

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

The Company classified its cash as FVTPL which is measured at fair value. Other receivables is classified as loans and receivable and measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which is measured at amortized cost.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities in a transaction that is not a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Changes in accounting policies

Effective December 1, 2013, the Company has adopted the following new and revised standards, along with any consequential amendments:

IAS 1 Presentation of Financial Statements
The amendments to IAS 1 introduced a grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never by reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Company's financial results.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policies (continued)

IAS 32 Financial Instruments: Presentations and IFRS 7 Financial Instruments: Disclosure
The amendment to IAS 32 clarified the offsetting criteria for financial assets and liabilities. The related amendment to IFRS 7 introduced disclosure on financial assets that were offset in accordance with IAS 32 and master netting or similar arrangements. The revised IAS 32 had no impact on the Company's offsetting of financial assets and liabilities. The revised IFRS 7 had no impact on the Company's financial results.

IFRS 13 Fair Value Measurement
IFRS 13 improves consistency and reduces complexity of fair value measurements by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. In accordance with the transitional provisions, IFRS 13 has been applied prospectively from December 1, 2013. The adoption of IFRS 13 did not have an impact on the measurement of the Company's assets and liabilities.

Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material.

IFRS 2 Share-based payment
The amendments to IFRS 2, issued in December 2013 clarify the definition of "vesting conditions", and separately define a "performance condition" and a "service condition". A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The amendments are effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

IFRS 3 Business combinations
The amendments to IFRS 3, issued in December 2013, clarify the accounting for contingent consideration in a business combination. At each reporting period, an entity measures contingent consideration classified as an asset or a financial liability at fair value, with changes in fair value recognized in profit or loss. The amendments are effective for business combinations for which the acquisition date is on or after July 1, 2014.

IFRS 7 Financial instruments: disclosures and IAS 32 Financial instruments: presentation
Financial assets and financial liabilities may be offset, with the net amount presented in the statement of financial position, only when there is a legally enforceable right to set off and when there is either an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. The amendments to IAS 32, issued in December 2011, clarify the meaning of the offsetting criterion "currently has a legally enforceable right to set off" and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014.

EXPRESSED IN CANADIAN DOLLARS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

IFRS 9 Financial instruments
IFRS 9 was issued in November 2009 and subsequently amended as part of an ongoing project to replace IAS 39 Financial instruments: Recognition and measurement. The standard requires the classification of financial assets into two measurement categories based on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The two categories are those measured at fair value and those measured at amortized cost. The classification and measurement of financial liabilities is primarily unchanged from IAS 39. However, for financial liabilities measured at fair value, changes in the fair value attributable to changes in an entity's "own credit risk" is now recognized in other comprehensive income instead of in profit or loss. This new standard will also impact disclosures provided under IFRS 7 Financial instruments: disclosures. In November 2013, the IASB amended IFRS 9 for the significant changes to hedge accounting. In addition, an entity can now apply the "own credit requirement" in isolation without the need to change any other accounting for financial instruments. The mandatory effective date of January 1, 2015 has been removed to provide sufficient time for preparers of financial statements to make the transition to the new requirements.

IAS 24 Related party disclosures
The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014.

IAS 36 Impairment of assets
The amendments to IAS 36, issued in May 2013, require: Disclosure of the recoverable amount of impaired assets; and Additional disclosures about the measurement of the recoverable amount when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014.

3. OTHER RECEIVABLES

A summary of other receivables is as follows:

Description	**May 31, 2014**	**November 30, 2013**
	$	$
Interest receivable	2,026	4,575
	2,026	4,575

4. SHARE CAPITAL

Authorized: Unlimited number of common shares without par value.

(a) Issued and Outstanding:

On November 10, 2011, the Company issued 10,000,000 seed common shares at a price of $0.05 per share for total proceeds of $500,000 to directors of the Company. On February 29, 2012, the Company repurchased 2,000,000 previously issued common shares of the Company at $0.05 per share for $100,000.

On May 1, 2012, the Company completed its initial public offering of 2,000,000 common shares at a purchase price of $0.10 per share for aggregate gross proceeds to the Company of $200,000. Canaccord Genuity Corp. acted as agent in respect of the offering and received a cash commission of $20,000, a corporate finance fee of $10,000 and 200,000 agents' warrants, exercisable for a period of two years from the date after the listing of the common shares of the Company on the TSX Venture Exchange (May 1, 2012), at an exercise price of $0.10 per common share. In connection with the issuance of agent warrants, the Company recognized $11,226 of the fair value of agent's warrants to share issuance costs (Note 4(d)).

On May 4, 2012, 94,000 agent's warrants were exercised for gross proceeds to the Company of $9,400 and $5,276 was reclassified to share capital upon exercise of agent's warrants.

(b) Escrowed shares:

In accordance with the TSX Venture Exchange CPC policy guidelines, all seed shares issued at a price lower than the price of the Initial Public Offering (IPO) shares, all securities acquired by non-arm's length parties to the Company, and all securities acquired by a Control Person are held in escrow and will be released over a period of three years from the acceptance of the Company's Qualifying Transaction. As at May 31, 2014 there are 8,000,000 common shares subject to the escrow provisions.

All common shares acquired on exercise of stock options, granted to directors and officers prior to the completion of a Qualifying Transaction must also be deposited in escrow until the final exchange bulletin is issued.

(c) Stock Options

On May 1, 2012, the Company granted its three directors an aggregate of 1,000,000 stock options, vesting immediately. Each option allows the holder to purchase one common share of the Company at an exercise price of $0.10 per common share (equal to market price at the date of grant) for a period of ten years from the date of grant. The Company expensed $72,980 share-based payment as the result of granting the above noted stock options. On July 24, 2013, a director resigned and surrendered to the Company for cancellation 125,000 stock options. At May 31, 2014, these stock options have a weighted average remaining contractual life of 7.93 years.

On July 30, 2013, the Company granted 125,000 stock options to a new director, exercisable at a price of $0.15 per share for a period of ten years from date of grant. These options vested immediately upon granting. The Company expensed $10,907 share-based payment as the result of granting the stock options. At May 31, 2014, these stock options have a weighted average remaining contractual life of 9.18 years.

EXPRESSED IN CANADIAN DOLLARS

4. SHARE CAPITAL (continued)

(c) Stock Options (continued):

Any common shares acquired pursuant to the exercise of the stock options prior to the completion of the Qualifying Transaction, will be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

Stock option transactions and the number of stock options outstanding as at May 31, 2014 are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, November 30, 2012	1,000,000	$ 0.10
Cancelled during the year	(125,000)	$ 0.10
Granted during the year	125,000	$ 0.15
Balance, May 31, 2014 and November 30, 2013	**1,000,000**	**$ 0.12**

Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessary provide reliable measure of the fair value of the Company's stock options.

The fair market value of the 125,000 stock options granted during the 2013 fiscal year was estimated at $0.09 per stock option by using Black-Scholes fair value option-pricing model and the following assumptions were used:

	November 30, 2013
Risk-free interest rate	1.15%
Expected life of stock options	3 years
Annualized volatility	92.00%

(d) Agent Warrants:

Pursuant to its initial public offering, the Company issued 200,000 Agent's warrants in accordance with the agency agreement dated March 28, 2012. The Agent's warrants were granted to the agent with an exercise price of $0.10 per share (equal to market price at the date of grant) and vested immediately. On May 4, 2012 the agent exercised 94,000 stock options for proceeds to the Company of $9,400.

The fair value of the agent's warrants granted to the agent was estimated at the date of granting using the Black-Scholes option pricing model with the following assumptions: risk free interest rate of 1.33%, volatility factor of 108.11%, and a weighted average expected life of 2 years. The grant date fair value of agent's options granted is $0.097and the Company recognized $11,226 as share issuance costs.

4. SHARE CAPITAL (continued)

(d) Agent Warrants (continued):

On May 1, 2014, the remaining 106,000 warrants granted to the agent in connection with the Company's initial public offering expired unexercised.

5. FINANCIAL RISK MANAGEMENT

The Company's financial assets consist of cash and cash equivalents, short-term investments and interest receivable. The estimated fair values of cash and cash equivalents, short-term investments and interest receivable approximate their respective carrying values due to the short period to maturity.

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:

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

All the Company's cash and cash equivalents and short term investments are classified as Level 1.

The Company is exposed to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. The Company believes that these sources will be sufficient to cover the likely short-term cash requirements. The Company's cash and cash equivalents are currently invested in business accounts which are available on demand by the Company for its operations.

Interest Rate Risk

The Company invests part of the cash balance in variable rate GICs at rate of Prime minus 1.80% and 1.95%. Any change to market rates result in interest rate risk. The exposure to interest rate risk, however, is limited due to the short term nature of variable rate GIC.

5. FINANCIAL RISK MANAGEMENT (continued)

Foreign Exchange Risk

The Company's functional and reporting currency is the Canadian dollar. Occasional transactions may occur internationally giving rise to exposure to changes in foreign exchange rates. The currency risk is derived primarily from payments related to investing activities denominated in currencies other than the Canadian dollar. To limit the impact of fluctuations of the Canadian dollar over the foreign currencies, the Company matches, in general and when possible, the cash receipts in a foreign currency with the cash disbursements in the same foreign currency. The Company does not use derivative financial instruments to cover the variability of cash flows in foreign currencies.

Credit Risk

Credit risk is the risk of a loss in a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is limited to its cash and cash equivalents and short-term investments. The Company limits its exposure to credit risk by holding its cash and cash equivalents and short-term investments in deposits with high credit quality Canadian financial institutions.

6. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at May 31, 2014, the Company's shareholders' equity was $392,550. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The capital for expansion was mostly from proceeds of the issuance of common shares. The net proceeds raised will only be sufficient to identify and evaluate a limited number of assets and businesses for the process of identifying and completing a QT. The Company does not currently have enough cash reserves to fully fund its QT and will need to raise funds through future equity issuances.

There were no changes in the Company's approach to capital management during the period ended May 31, 2014.

7. RELATED PARTY TRANSACTIONS

Balances and transactions with related parties not disclosed elsewhere in these interim financial statements are as follows:

(a) For the period ended May 31, 2014, the Company incurred accounting and administrative services of $6,500 to a company owned by one of its directors (2013 - $3,000).

(b) A director of the Company provides us with office space in which we conduct business on our behalf. The Company is charged $100 per month for use of the office space with a total of $600 for the period ending May 31, 2014 (2013 - $600).

(c) See Note 4c).

8. QUALIFYING TRANSACTION

On February 17, 2014, the Company entered into an agreement (the "Option Agreement") with arm's length vendor (the "Vendor") Eastland Management Ltd. ("Eastland") whereby the Company can earn a 100% interest in the Vendors' SB claims (the "Claims"), subject to approval by the Exchange. The Company intends for the transaction to constitute the "Qualifying Transaction" ("QT") of the Company as such term is defined in the policies of the Exchange. Also see Note 1.

On May 28, 2014, the Company filed a news release announcing that it had arranged a non-brokered private placement of 6,400,000 Units of securities consisting of 2,400,000 flow-through Units and 4,000,000 non flow-through Units at a price of $0.05 per Unit, for aggregate gross proceeds of $320,000. Each flow-through Unit under the private placement consists of one flow-through common share and one common share purchase warrant entitling the holder to acquire one additional non flow-through common share of the Company at an exercise price of $0.10 within 60 months of closing. Each non flow-through Unit under the private placement consists of one non flow-through common share and one share purchase warrant entitling the holder to acquire one additional non flow-through common share of the Company at an exercise price of $0.10 within 60 months of closing. The private placement is subject to regulatory approval and acceptance of the Qualifying Transaction. The proceeds of the private placement will be used to pay the balance of costs to complete the Company's Qualifying Transaction, to make Option payments and to finance the Company's exploration program on the SB Project, and for working capital.