

# **AMANA COPPER LTD.**

**(formerly Titan Goldworx Resources Inc.)**

**Condensed Interim Consolidated Financial Statements**

**Six Months Ended April 30, 2014 and 2013**

**(Expressed in Canadian Dollars)  
(Unaudited)**

## **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 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 interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**AMANA COPPER LTD.**  
**Condensed Interim Consolidated Statements of Financial Position**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

|  | April 30,<br>2014 | October 31,<br>2013 |
|--|-------------------|---------------------|
| <b>Assets</b>                            |                   |                     |
| <b>Current Assets</b>                    |                   |                     |
| Cash                                     | \$ 33,399         | \$ 99,735           |
| Restricted cash                          | 2,500             | 35,000              |
| Receivables                              | 46,129            | 35,653              |
| <b>Total current assets</b>              | <b>82,028</b>     | <b>170,388</b>      |
| <b>Total assets</b>                      | <b>\$ 82,028</b>  | <b>\$ 170,388</b>   |
| <b>Liabilities and Equity</b>            |                   |                     |
| <b>Current liabilities</b>               |                   |                     |
| Accounts payable and accrued liabilities | \$ 135,021        | \$ 55,749           |
| <b>Total current liabilities</b>         | <b>135,021</b>    | <b>55,749</b>       |
| <b>Shareholders' equity</b>              |                   |                     |
| Share capital (Note 4 )                  | 1,158,850         | 1,158,850           |
| Warrant reserve (Note 5 )                | 12,642            | 12,642              |
| Contributed surplus                      | 52,599            | 52,599              |
| Deficit                                  | (1,277,084)       | (1,109,452)         |
| <b>Total equity</b>                      | <b>(52,993)</b>   | <b>114,639</b>      |
| <b>Total liabilities and equity</b>      | <b>\$ 82,028</b>  | <b>\$ 170,388</b>   |

Nature of operations and going concern (Note 1 )

**On behalf of the Board:**

John King Burns, Director

Yaron Conforti, Director

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

**AMANA COPPER LTD.****Condensed Interim Consolidated Statements of Financial Position****(Expressed in Canadian Dollars)****(Unaudited)**

|   | <b>Six months<br/>ended<br/>April 30, 2014</b> | <b>Six months<br/>ended<br/>April 30, 2013</b> |
|---|--|--|
| <b>Expenses</b>   |  |  |
| <b>Audit and accounting</b>                                 | \$ 18,200                                      | \$ 20,704                                      |
| <b>Consulting fees</b>                                      | 99,000   | 86,250   |
| <b>Legal fees</b>   | 1,698  | 8,478  |
| <b>Office and general</b>                                   | 8,684  | 9,282  |
| <b>Project evaluation costs</b>                             | 20,982   | 134,181  |
| <b>Regulatory fees</b>                                      | 3,000  | 4,922  |
| <b>Rent</b>   | 13,310   | 13,096   |
| <b>Transfer agent fees</b>                                  | 2,757  | 3,812  |
| <b>Write-off of exploration and evaluation assets</b>       | -  | 46,200   |
| <b>Net loss and comprehensive loss for the period</b>       | <b>\$ (167,632)</b>                            | <b>\$ (326,925)</b>                            |
| <b>Basic and diluted loss per common share</b>              | <b>\$ (0.01)</b>                               | <b>\$ (0.02)</b>                               |
| <b>Weighted average number of common shares outstanding</b> | <b>16,520,000</b>                              | <b>16,445,000</b>                              |

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

**AMANA COPPER LTD.****Condensed Interim Consolidated Statements of Changes in Shareholders' Equity****(Expressed in Canadian Dollars)****(Unaudited)**

|                                    | Number of<br>Shares | Share<br>Capital    | Warrant<br>Reserve | Contributed<br>Surplus | Deficit              | Total              |
|------------------------------------|---------------------|---------------------|--------------------|------------------------|----------------------|--------------------|
| <b>Balance at October 31, 2012</b> | <b>16,445,000</b>   | <b>\$ 1,147,397</b> | <b>\$ 27,275</b>   | <b>\$ 69,865</b>       | <b>\$ (266,151)</b>  | <b>\$ 978,386</b>  |
| Stock Options forfeited            | -                   | -                   | -                  | (27,946)               | 27,946               | -                  |
| Net loss for the period            |                     |                     |                    |                        | (326,925)            | (326,925)          |
| <b>Balance at April 30, 2013</b>   | <b>16,445,000</b>   | <b>\$ 1,147,397</b> | <b>27,275</b>      | <b>41,919</b>          | <b>(565,130)</b>     | <b>651,461</b>     |
| Warrants<br>Exercised              | 75,000              | 11,453              | (3,953)            | -                      | -                    | 7,500              |
| Reduction in warrant reserve       | -                   | -                   | (10,680)           | 10,680                 | -                    | -                  |
| Net loss for the period            | -                   | -                   | -                  | -                      | (544,322)            | (544,322)          |
| <b>Balance at October 31, 2013</b> | <b>16,520,000</b>   | <b>1,158,850</b>    | <b>12,642</b>      | <b>52,599</b>          | <b>(1,109,452)</b>   | <b>114,639</b>     |
| Net loss for the period            |                     |                     |                    |                        | (167,632)            | (167,632)          |
| <b>Balance at April 30, 2014</b>   | <b>16,520,000</b>   | <b>1,158,850</b>    | <b>\$ 12,642</b>   | <b>\$ 52,599</b>       | <b>\$(1,277,084)</b> | <b>\$ (52,993)</b> |

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

**AMANA COPPER LTD.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

|  | Six months<br>ended<br>April 30, 2014 | Six months<br>ended<br>April 30, 2013 |
|--|---------------------------------------|---------------------------------------|
| <b>Cash Flows Provided by (Used In) Operating Activities</b> |                                       |                                       |
| <b>Loss for the period</b>                                   | <b>\$ (167,632)</b>                   | <b>\$ (326,925)</b>                   |
| Write-off of exploration and evaluation assets               | -                                     | 46,200                                |
| Changes in non-cash working capital items                    |                                       |                                       |
| Receivables  | <b>(10,476 )</b>                      | (76,824)                              |
| Prepaid expenses   | -                                     | (1,463)                               |
| Decrease in restricted cash                                  | <b>32,500</b>                         | -                                     |
| Accounts payable and accrued liabilities                     | <b>79,272</b>                         | 25,689                                |
|  | <b>(66,336)</b>                       | (333,323)                             |
| <b>Cash Flows Used in Investing Activities</b>               |                                       |                                       |
| Purchase of short term investments                           | -                                     | (30,000)                              |
| Exploration and evaluation expenditures                      | -                                     | (6,000)                               |
|  | -                                     | (36,000)                              |
| <b>Net change in cash during the period</b>                  | <b>(66,336)</b>                       | <b>(369,323)</b>                      |
| Cash, beginning of period                                    | <b>99,735</b>                         | 931,515                               |
| Cash, end of period  | <b>\$ 33,399</b>                      | <b>\$ 562,192</b>                     |

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

**AMANA COPPER LTD.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**  
**April 30, 2014 and 2013**

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**1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS**

Amana Copper Ltd. (formerly Titan Goldworx Resources Inc.) (the "Company") was incorporated under the Business Corporations Act (British Columbia) on February 4, 2011. The Company is engaged primarily in the business of evaluating, acquiring and exploring natural resource properties. The Company's shares commenced trading on the Canadian Securities Exchange (the "CSE") under the trading symbol "TTN" on May 15, 2012. The head office of the Company is located at 1 Westmount Square, Suite 600 Westmount, Quebec, H3Z 2P9. On September 10, 2013 the Company changed its name to Amana Copper Ltd. (trading symbol "AMA").

The condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on June 30, 2014.

The financial information is presented in Canadian Dollars ("CDN"), which is the functional currency of the Company.

These condensed interim consolidated financial statements have been prepared 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.

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. Management believes the Company will require additional working capital to maintain its operations and activities for the upcoming fiscal year. These uncertainties may cast significant doubt upon the entity's ability to continue as a going concern.

The condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

**2. SIGNIFICANT ACCOUNTING POLICIES**

a) Basis of presentation

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of June 30, 2014, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended October 31, 2013. Any subsequent changes to IFRS that are given effect to in the Company's annual consolidated financial statements for the year ending October 31, 2014 could result in restatement of these condensed interim consolidated financial statements.

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

a) Basis of presentation (Continued)

*Changes in accounting policies*

During a previous period, the Company adopted IAS 1 Presentation of Financial Statements (amendments to IAS 1), issued by the IASB in June 2011. The amendments require items presented in the statement of other comprehensive income to be categorized according to whether the items will or will not be reclassified to income at a future date. The adoption did not impact the Company's financial results.

*New standards not yet adopted and interpretations issued but not yet effective*

There are no relevant changes in accounting standards applicable to future periods other than as disclosed in the most recent annual consolidated financial statements as at and for the year ended October 31, 2013.

**3. EXPLORATION AND EVALUATION ASSETS**

|  |    |          |
|--|----|----------|
| Balance, October 31, 2012                    | \$ | 40,200   |
| Additions                                    |    | 6,000    |
|  |    | 46,200   |
| Write-off during year ended October 31, 2013 |    | (46,200) |
| Balance, October 31, 2013 and April 30, 2014 | \$ | NIL      |

On July 25, 2011, the Company signed a Letter of Intent ("LOI") with Quantum Rare Earth Developments Corp. ("Quantum") in order to acquire an undivided 70% interest in the Tait Township Property, Ontario (the "Property"). During May 2013, the Company relinquished its option under the Option and Joint Venture Agreement with Quantum. Accordingly, the Company recorded a write-off of exploration and evaluation assets during the year.

**4. SHARE CAPITAL**

a) Authorized share capital

As at April 30, 2014, the authorized share capital of the Company was an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

b) Issued share capital

(i) On May 15, 2012, the Company completed its IPO pursuant to its prospectus dated February 28, 2012. Under the Offering, the Company issued 2,000,000 common shares of the Company at a price of \$0.15 per share.

As part of the IPO, the Company incurred share issuance costs of \$162,403, which included 160,000 shares ("Agent's Shares") at a value of \$0.15 per Agent's Share, agent's warrants to purchase up to 160,000 shares at a price of \$0.15 per share for a period of 24 months after the closing of the IPO ("Agent's Warrants"), and a corporate finance fee comprised of \$30,000 and 50,000 shares at a value of \$0.15 per share.

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(ii) On May 15, 2012, pursuant to the Option and Joint Venture Agreement, the Company issued 150,000 common shares of the Company to Quantum at \$0.15 per share, for total fair value of \$22,500 (Note 3).

(iii) In May 2013, 75,000 warrants were exercised whereby 75,000 shares were issued at \$0.10 per share.

c) Escrow shares

As at April 30, 2014, the Company had 900,000 common shares held in escrow (October 31, 2013 – 1,200,000).

**5. WARRANTS**

The following table shows the continuity of warrants for the periods presented:

|  | <b>Number of<br/>Warrants</b> | <b>Weighted<br/>Average<br/>Exercise Price</b> |
|--|-------------------------------|--|
| Balance, October 31, 2012 and January 31, 2013 | 437,650                       | \$ 0.12  |
| Warrants exercised                             | (75,000)                      | 0.10   |
| Warrants expired                               | (202,650)                     | 0.10   |
| Balance, October 31, 2013 and April 30, 2014   | 160,000                       | \$ 0.15  |

(i) On May 15, 2012, the Company completed its IPO and issued 160,000 Agent's Warrants to purchase up to 160,000 shares at a price of \$0.15 per share for a period of 24 months. The Agent's Warrants were valued at \$12,640 or \$0.08 per warrant, using the Black-Scholes Model with the following assumptions: expected dividend yield - 0%, expected volatility - 100% (based on comparable companies), risk-free interest rate - 1.29% and an expected average life of 2 years.

The following are the warrants outstanding at April 30, 2014:

| <b>Number of<br/>Warrants</b> | <b>Exercise<br/>Price (\$)</b> | <b>Expiry<br/>Date</b> |
|-------------------------------|--------------------------------|------------------------|
| 160,000                       | 0.15                           | May 15, 2014           |



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**6. STOCK OPTIONS**

The Company has a stock option plan whereby the Company is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Vesting and the term of an option is determined at the discretion of the Board of Directors of the Company.

The following table shows the continuity of stock options for the periods presented:

|  | <b>Number<br/>of<br/>Options</b> | <b>Weighted<br/>Average<br/>Exercise Price</b> |
|--|----------------------------------|--|
| Balance, October 31, 2012                    | -                                | -  |
| Issued                                       | 625,000                          | 0.15   |
| Options forfeited                            | (250,000)                        | (0.15)   |
| Balance, October 31, 2013 and April 30, 2014 | 375,000                          | \$0.15   |

On May 15, 2012, the Company granted 625,000 stock options to officers and directors of the Company, whereby the option holders can purchase up to 625,000 shares at a price of \$0.15 per share. The options vested immediately and are exercisable until May 15, 2022. The weighted average fair value of the stock options awarded on May 15, 2012, estimated using the Black-Scholes Model, was \$0.11 per option, with a total fair value of \$69,865. The Company used the Black-Scholes Model to estimate the fair value of the options at the grant date using the following weighted average assumptions: expected dividend yield - 0%, expected volatility - 100% (based on comparable companies), risk-free interest rate - 1.35% and an expected average life of 5 years.

The following are the stock options outstanding at April 30, 2014:

| <b>Number of<br/>Options</b> | <b>Exercise<br/>Price (\$)</b> | <b>Expiry<br/>Date</b> |
|------------------------------|--------------------------------|------------------------|
| 375,000                      | 0.15                           | May 15, 2022           |

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**7. RELATED PARTY TRANSACTIONS**

Related parties include the Board of Directors, senior management, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at fair value.

Compensation and other transactions with related parties and key management include:

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|                 | <b>Six Months<br/>Ended<br/>April 30,<br/>2014</b> | <b>Six Months<br/>Ended<br/>April 30,<br/>2013</b> |
|-----------------|--|--|
| Consulting Fees | \$84,000   | \$65,000   |
| Accounting Fees | \$12,000   | \$20,704   |
| Rent            | \$9,000  | \$7,500  |

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As at April 30, 2014, there was \$107,896 (2013 - \$7,000) included in accounts payable and accrued liabilities due to related parties.

**8. SUBSEQUENT EVENT**

On May 9, 2014 the Company announced via press release that it signed an agreement ("Preliminary Agreement") for the acquisition of a 70% interest in the Baya mining project ("Baya Project"), a producing cobalt-copper project located in Katanga Province, DRC. The Company continues to pursue the proposed acquisition of the Baya Project.