GORILLA MINERALS CORP.

Financial Statements

For the Year Ended July 31, 2013 and Period Ended July 31, 2012

(Expressed in Canadian dollars)

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Adam Kim
ADAM SUNG KIM LTD.
CHARTERED ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To: the Shareholders of
Gorilla Minerals Corp.

I have audited the accompanying financial statements of Gorilla Minerals Corp. (the "Company"), which comprise the statements of financial position as at July 31, 2013 and July 31, 2012, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended July 31, 2013 and the period from date of incorporation April 27, 2012 to July 31, 2012 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
My responsibility is to express an opinion on these financial statements based on our audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained in my audit is sufficient and appropriate to provide a basis for my audit opinion.

Opinion
In my opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2013 and July 31, 2012, and its financial performance and its cash flows for the year ended July 31, 2013 the period from date of incorporation April 27, 2012 to July 31, 2012 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying my opinion, I draw attention to Note 1 in the financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Other Matter
The financial statements of the Company for the year ended July 31, 2012, were audited by another auditor who expressed an unmodified opinion on those statements on November 5, 2012.

"Adam Sung Kim Ltd."
Chartered Accountant

Vancouver, British Columbia
November 25, 2013

GORILLA MINERALS CORP.

Statements of Financial Position
As at July 31, 2013
(Expressed in Canadian dollars)

	July 31, 2013 $	July 31, 2012 $
Assets		
Current Assets		
Cash and cash equivalents	447	2,691
GST/HST Receivable	658	5,709
	1,105	8,400
Mineral properties (Note 5)	83,410	53,410
	84,515	61,810
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	33,448	34,742
Accrued liabilities	5,000	2,000
Due to related party (Note 9)	43,629	21,833
Notes payable (Note 6)	45,275	-
	127,352	58,575
Notes payable (Note 6)	41,275	47,747
Shareholders' Equity		
Share capital (Note 7)	84,410	54,410
Reserves	6,260	-
Deficit	(174,782)	(98,922)
	(84,112)	(44,512)
	84,515	61,810

Nature of operations and continuance of business (Note 1)

Subsequent events (Note 13)

Approved by the Board of Directors:

"Scott Sheldon" *"Donald Sheldon"*

Scott Sheldon, Director Donald Sheldon, Director

The accompanying notes are an integral part of these financial statements

GORILLA MINERALS CORP.

Statements of Loss and Comprehensive Loss
For the Year ended July 31, 2013 and Period from Incorporation to July 31, 2012
(Expressed in Canadian dollars)

	2013 $	2012 $
Exploration Expenses (Recovery)	(5,093)	55,855
Administrative Expenses		
Audit and accounting	19,000	4,533
Legal	5,695	25,376
Management fees	34,000	6,240
General and administrative	4,018	1,208
Transfer agent, filing and stock exchange fees	5,826	5,548
Travel	1,773	-
	65,219	98,760
Other Income (Expenses)		
Interest expense	10,641	162
Net loss and comprehensive loss for the period	(75,860)	(98,922)
Loss per share, basic and diluted	(0.01)	(0.02)
Weighted average shares outstanding	12,391,385	5,088,534

The accompanying notes are an integral part of these financial statements

GORILLA MINERALS CORP.
Statements of Changes in Equity
For the Year ended July 31, 2013 and the Period from Incorporation to July 31, 2012
(Expressed in Canadian dollars)

	Share Capital				
	Common Shares	Amount $	Reserves $	Deficit $	Total $
Balance, Incorporation	–	–	-	–	–
Shares issued under the Arrangement (Note 4)	11,972,481	54,400	-	–	54,400
Shares issued under property assignment agreement	100,000	10	-	–	10
Net loss for the period			-	(98,922)	(98,922)
Balance, July 31, 2012	12,072,481	54,410	-	(98,922)	(44,512)
Shares issued for property	100,000	5,000	-	-	5,000
Shares issued for cash	500,000	25,000	-		25,000
Discount on notes payable	-	-	6,260		6,260
Net loss for the year	-	-	-	(75,860)	(75,860)
Balance, July 31, 2013	12,672,481	84,410	6,260	(174,782)	(84,112)

The accompanying notes are an integral part of these financial statements

GORILLA MINERALS CORP.

Statements of Cash Flows
For the Year ended July 31, 2013 and Period from Incorporation to July 31, 2012
(Expressed in Canadian dollars)

	2013 $	2012 $
Cash provided by (used in):		
Operating activities		
Net loss for the period	(75,860)	(98,922)
Adjustments for non-cash items		
Interest accrual on promissory note	10,641	162
Changes in non-cash operating working capital:		
GST/HST recoverable	5,051	(5,709)
Accounts payable and accrued liabilities	1,706	21,918
Due to related parties	21,796	36,742
	(36,666)	(45,809)
Investing activities		
Payment of property option	(25,000)	-
Proceeds received from mineral property option payments	-	1,000
	(25,000)	1,000
Financing activities		
Issue of shares	25,000	-
Proceeds from promissory note	49,422	47,500
Re-payments of promissory note	(15,000)	-
	59,422	47,500
Increase in cash	(2,244)	2,691
Cash, beginning of period	2,691	–
Cash, end of period	447	2,691
Supplemental information		
Interest paid	–	–
Taxes paid	–	–
Significant non-cash financing and investing activities		
Shares issued for mineral property option payment	5,000	–
Shares issued under the plan of arrangement	–	54,400

The accompanying notes are an integral part of these financial statements

1. Nature of Operations and Continuance of Business

Gorilla Minerals Corp. ("Gorilla" or the "Company") was incorporated on April 27, 2012 in Canada with limited liability under the legislation of the Province of British Columbia. Gorilla's registered office is located at Suite 2000 – 1177 West Hastings Street, Vancouver, BC, V6E 2K3, Canada.

Gorilla is an exploration stage company and is in the process of exploring its mineral properties in Canada and has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of amounts spent for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its property, and upon future profitable production or proceeds from disposition of the properties. The operations of the Company will require various licences and permits from various governmental authorities which are or may be granted subject to various conditions and may be subject to renewal from time to time. There can be no assurance that the Company will be able to comply with such conditions and obtain or retain all necessary licences and permits that may be required to carry out exploration, development, and mining operations at its projects. Failure to comply with these conditions may render the licences liable to forfeiture.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. As at July 31, 2013, the Company has not generated any revenues from operations and has an accumulated deficit of $174,782. The Company expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used that may be necessary if the Company is unable to continue as a going concern.

2. Basis of Presentation

(a) Statement of Compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were approved for issue by the Board of Directors on November 25, 2013.

(b) Basis of Measurement

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3.

2. Basis of Presentation (continued)

(c) Functional and Presentation Currency

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements. These financial statements are presented in Canadian dollars, which is the Company's presentation and functional currency.

3. Significant Accounting Policies

(a) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash and highly liquid investments that are readily convertible into known amounts of cash within three months.

(b) Mineral Properties

Recognition and Measurement

The Company charges to operations all exploration and evaluation expenses incurred prior to the determination of economically recoverable reserves. These costs would also include periodic fees such as license and maintenance fees and advance royalty payments.

The Company capitalizes direct mineral property acquisition costs and those expenditures incurred following the determination that the property has economically recoverable reserves. Mineral property acquisition costs include cash consideration and the fair value of common shares issued for mineral property interests, pursuant to the terms of the relevant agreement. These costs are amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned, or when impairment in value has been determined to have occurred. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The Company may occasionally enter into option-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would otherwise be undertaken by the Company. The Company does not record any expenditures made by the optionee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted as a gain on disposal.

3. Significant Accounting Policies (continued)

(c) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The increase in the obligation due to the passage of time is recognized as finance expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(d) Income Taxes

Provision for income taxes consists of current and deferred tax expense. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized either in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or in equity, respectively. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences associated with the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss and temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

3. Significant Accounting Policies (continued)

(e) Financial Instruments

Financial Assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities of greater than 12 months after the end of the reporting periods, which are classified as non-current assets. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Financial Assets at Fair Value Through Profit or Loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchases and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

The Company has classified cash as fair value through profit or loss.

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an instrument is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

3. Significant Accounting Policies (continued)

(e) Financial Instruments (continued)

Financial Liabilities

Financial liabilities other than derivative liabilities are recognized initially at fair value and are subsequently stated at amortized cost. These liabilities include accounts payable and accrued liabilities, other liabilities and loans. Transaction costs on financial assets and liabilities other than those classified as fair value through profit and loss are treated as part of the carrying value of the asset or liability. Transaction costs for assets and liabilities at fair value through profit and loss are expensed as incurred.

Impairment of Financial Assets

The Company assesses at the end of each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

An impairment loss in respect of a financial asset carried at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted using the instrument’s original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset that was previously recognized in profit or loss, is removed from equity and recognized in the income statement.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. Impairment losses recognized for equity securities are not reversed.

(f) Loss Per Share

Basic earnings or loss per share is computed by dividing the earnings or loss for the period by the weighted average number of common shares outstanding during the relevant period. The treasury stock method is used for the calculation of diluted earnings or loss per share. Stock options, share purchase warrants, and other equity instruments are dilutive when the average market price of the common shares during the period exceeds the exercise price of the options, warrants and other equity instruments. When a loss has been incurred, basic and diluted loss per share is the same because the exercise of options and warrants would be anti-dilutive.

3. Significant Accounting Policies (continued)

(g) Comprehensive Income

Comprehensive income or loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources, and comprises net income or loss and other comprehensive income or loss. Financial assets that are classified as available for sale will have revaluation gains and losses included in other comprehensive income or loss until the asset is removed from the balance sheet.

(h) Share Capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value at the date the agreement to issue shares was concluded. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity.

(i) Related Parties

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.

3. Significant Accounting Policies (continued)

(j) Critical Accounting Judgments and Estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include valuation of share-based payments and recognition of deferred income tax amounts and provision for restoration, rehabilitation and environmental costs.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

<u>Economic recoverability and probability of future economic benefits of mineral properties</u>

Management has determined that mineral property costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

<u>Determination of functional currency</u>

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

<u>Valuation of share-based payments</u>

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

<u>Income taxes</u>

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

3. Significant Accounting Policies (continued)

(k) Future Changes in Accounting Standards

The following standards have been issued but are not yet effective:

(i) Financial instruments

IFRS 9 – Financial instruments was issued by the IASB in October 2010 and will replace *IAS 39 – Financial instruments: recognition and measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

(ii) Consolidated financial statements

IFRS 10 – Consolidated financial statements was issued by the IASB in May 2011. IFRS 10 is a new standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity's returns. IFRS 10 is effective for annual period beginning on or after January 1, 2013. Earlier application is permitted.

(iii) Joint arrangements

IFRS 11 – Joint arrangements was issued by the IASB in May 2011. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, while entities in the latter account for the arrangement using the equity method.

IFRS 11 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

3. Significant Accounting Policies (continued)

(k) Future Changes in Accounting Standards (continued)

(iv) Disclosure of interests in other entities

IFRS 12 – Disclosure of interests in other entities was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including joint arrangements,
special purpose vehicles, and off balance sheet vehicles. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(v) Fair value measurement

IFRS 13 – Fair value measurement was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRSs.

The key points of IFRS 13 are as follows:
- fair value is measured using the price in a principal market for the asset or liability, or in the absence of a principal market, the most advantageous market;
- financial assets and liabilities with offsetting positions in market risks or counterparty credit risks can be measured on the basis of an entity's net risk exposure;
- disclosures regarding the fair value hierarchy has been moved from IFRS 7 to IFRS 13, and further guidance has been added to the determination of classes of assets and liabilities;
- a quantitative sensitivity analysis must be provided for financial instruments measured at fair value;
- a narrative must be provided discussing the sensitivity of fair value measurements categorised under Level 3 of the fair value hierarchy to significant unobservable inputs; and
- information must be provided on an entity's valuation processes for fair value measurements categorized under Level 3 of the fair value hierarchy.

IFRS 13 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

The Company is currently evaluating the impact of the above standards on its financial performance and financial statements disclosures but expects that such impact will not be material.

4. Plan of Arrangement

On April 30, 2012, Gorilla Resources Corp. signed an arrangement agreement (the “Arrangement Agreement”) with Gorilla Minerals Corp. and Defiant Minerals Corp. Gorilla Minerals Corp. and Defiant Minerals Corp. became subsidiaries of Gorilla Resources Corp. on April 27, 2012. The purpose of the Arrangement Agreement was to reorganize Gorilla Resources Corp.’s business units and optimize shareholder value by separating its investments in gold mineral exploration property from its nickel exploration property.

The Arrangement Agreement provided that the shareholders of Gorilla Resources Corp. would receive one common share of Gorilla Minerals Corp. as well as one common share of Defiant Minerals Corp. for each common share of Gorilla Resources Corp. held by them (the “Arrangement”), with the result that the shareholders of Gorilla Resources Corp. would also become shareholders of Gorilla Minerals Corp. and Defiant Minerals Corp. for no cost to the shareholder. Following completion of the Arrangement, Gorilla Minerals Corp. and Defiant Minerals Corp. became reporting issuers in British Columbia and Alberta. Completion of the transactions contemplated by the Arrangement Agreement were subject to the approval of the shareholders of Gorilla Resources Corp. and the Supreme Court of British Columbia.

In accordance with the Plan of Arrangement, Gorilla Resources Corp. transferred the claims in the Wels property to Gorilla Minerals Corp. after approval by the shareholders of Gorilla Resources Corp.. In terms of the Assignment Agreement; Gorilla Minerals Corp. were assigned 100% of the mineral claims and assumed all responsibilities and obligations. Gorilla Minerals Corp. then signed an option agreement with Defiant Minerals Corp. with respect to the nickel mining claims. Defiant Minerals Corp. has subsequently defaulted on an option payment and the option has subsequently lapsed.

Upon the Arrangement becoming effective:

a) Gorilla Minerals Corp. and Defiant Minerals Corp. would no longer be a wholly-owned subsidiaries of Gorilla Resources Corp. and the shareholders of Gorilla Resources Corp. would hold the same percentage of issued Gorilla Minerals Corp. and Defiant Minerals Corp. shares in the capital of the companies as such shareholders held in the capital of Gorilla Resources Corp..

b) Gorilla Minerals Corp. and Defiant Minerals Corp. would focus their businesses primarily on the exploration and development of the gold prospective mining interests and the nickel prospect interests in the Wels property in the Yukon respectively.

On April 30, 2012, Gorilla Resources Corp. completed the Plan of Arrangement with Gorilla Minerals Corp. and Defiant Minerals Corp. The Plan of Arrangement was approved by Gorilla Resources Corp.’s sole shareholder by way of consent resolution dated May 26, 2012, and by Gorilla Minerals Corp.’s and Defiant Minerals Corp.’s respective Boards of Directors, effective June 22, 2012. As a result, the carrying value of the Wels property of $54,400, which was deemed to be its fair value, was transferred from Gorilla Resources Corp. to Gorilla Minerals Corp. in exchange for 11,972,481 shares of Gorilla Minerals Corp. as well as 11,972,481 shares of Defiant Minerals Corp. (see Note 7). Gorilla Minerals Corp. and Defiant Minerals Corp. are reporting issuers in British Columbia and Alberta.

5. Mineral Properties

Whitehorse, Yukon Territory, Canada

Pursuant to an option agreement dated June 6, 2011, Gorilla Resources Corp. was granted an option to acquire a 100% interest in the Wels property located in Whitehorse, Yukon Territory, Canada. On April 23, 2012, Gorilla Resources Corp. assigned all the benefits, rights and obligations under the option agreement to the Company. The property consists of 136 unpatented mining claims and is subject to a 3% Net Smelter Returns ("NSR") in favour of the optionor. The Company has the right to buy back the NSR for a cash payment of $750,000 for each 1%, to a maximum of $1,500,000, at any time. To maintain and exercise the option, the Company must:

- Make cash payments of $15,900 upon signing (paid by Gorilla Resources Corp.);
- Make cash payments of $15,450 upon the completion of a National Instrument 43-101 technical report (paid by Gorilla Resources Corp.);
- Issue 150,000 common shares on the sixth month anniversary (issued by Gorilla Resources Corp.);
- Make cash payments of $25,000 and issue 100,000 common shares on or before September 30, 2012 (subsequently extended to make a cash payment of $10,000 by October 31, 2012 and $15,000 by January 31, 2013) (paid/issued by the Company);
- Make payments of $40,000 on or before September 30, 2013, payable in cash, common shares, or a combination of cash and common shares (subsequently amended to payment of $20,000 in cash on or before February 28, 2014 pursuant to a payment extension agreement dated November 19, 2013);
- Issue 100,000 common shares on or before 14 days from the date of a payment extension agreement dated November 19, 2013 pursuant to a payment extension agreement dated November 19, 2013 (issued on November 21, 2013);
- Make payments of $80,000 on or before September 30, 2014, payable in cash, common shares, or a combination of cash and common shares.

On April 30, 2012, the Company granted an option to purchase an interest in the nickel mineral claims, totalling 24 mining claims, to Defiant Minerals Corp. Defiant Minerals Corp. subsequently paid $1,000 in option payments to the Company, buy then defaulted on the option agreement which has consequently lapsed.

On date of assignment from Gorilla Resources Corp. to the Company, the Wels Property was transferred at its carrying value of $54,400, which was deemed to be its fair value. The $1,000 option payment made has been credited to the costs capitalized.

During the year ended July 31, 2013, the Company made cash payments of $25,000 and issued 100,000 common shares of the Company at a fair value of $5,000.

During the year ended July 31, 2013, the Company received $25,000 from the Government of Yukon in contribution funds for mining exploration.

(Expressed in Canadian dollars)

5. Mineral Properties (Continued)

During the year ended July 31, 2013, the Company incurred exploration expenditures on the Wels Property as follows:

	2013
Exploration and related expenditures (Wels)	
Assays	$ 15,526
Geological	4,061
Land Administration	320
Government of Yukon Contribution Funds	(25,000)
Total mineral property expenditures (recovery)	$ (5,093)

During the year ended July 31, 2012, the Company incurred exploration expenditures on the Wels Property as follows:

	2012
Exploration and related expenditures (Wels)	
Assays	$ 30,322
Geological	4,560
Travel and transportation	20,973
Total mineral property expenditures	$ 55,855

(Expressed in Canadian dollars)

6. Notes Payable

During the year ended July 31, 2013, the Company received loan proceeds of $49,422 from a company controlled by a director of the Company and a director. During the year ended July 31, 2013, the Company repaid $15,000. During the year ended July 31, 2012, the Company received loan proceeds of $47,500 from a company controlled by a director of the Company. All of loans bear an interest rate of 8% per annum and are unsecured. The loans have maturity dates between June 19, 2014 and April 26, 2015.

The notes payable was accounted for at amortized cost using the effective interest rate method with the effective interest rate of 12% per annum. The debt discount of $6,260 was credited to reserves, debited to notes payable and being amortized over the term of the notes.

During the year ended July 31, 2013, the Company accrued an interest and accretion expenses of $10,641 (2012 - $162) in connection with the notes.

7. Share Capital

(a) Authorized

Unlimited number of common shares without par value

	Number of shares	$
Balance, Incorporation	–	–
Shares issued for property	100,000	10
Shares issued under the plan of arrangement (Note 4)	11,972,481	54,400
Balance, July 31, 2012	12,072,481	54,410
Shares issued for cash	500,000	25,000
Shares issued for property	100,000	5,000
Balance, July 31, 2013	12,672,481	84,410

Share transactions for the year ended July 31, 2013:

(i) On October 16, 2012, the Company issued 100,000 common shares with a fair value of $5,000 pursuant to the Company's Wels Property (Note 5).

(ii) On February 7, 2013, the Company issued 500,000 common shares for cash proceeds of $25,000.

Share transactions for the year ended July 31, 2012:

(iii) On April 27, 2012, the Company issued 100,000 common shares for cash proceeds of $10 to Gorilla Resources Corp.

(iv) On June 22, 2012, the Company issued 11,972,481 common shares at a price of $54,400 to the shareholders of Gorilla Resources Corp as part of the Plan of Arrangement.

(Expressed in Canadian dollars)

8. Income Taxes

The income taxes shown in the Statements of Loss and Comprehensive Loss differ from the amounts obtained by applying statutory rates to the loss before income taxes due to the following:

	2013	2012
Statutory tax rate	25.3%	25.6%
Loss before income taxes	$ (75,860)	$ (98,922)
Expected income tax recovery	(19,193)	(25,324)
Increase (decrease) in income tax recovery resulting from:		
Items deductible and not deductible for income tax purposes	8,557	-
Change in tax rates	(1,499)	594
Current and prior tax attributes not recognized	12,135	24,730
Deferred income tax recovery	$ -	$ -

Details of deferred tax assets are as follows:

	2013	2012
Non-capital losses	$ 31,467	$ 10,767
Resource expenditures	5,396	13,961
Share issuance costs and others	-	-
	36,863	24,728
Less: Unrecognized deferred tax assets	(36,863)	(24,728)
	$ -	$ -

The Company has approximately $121,000 of non-capital losses available, which begin to expire in 2032 through to 2033 and may be applied against future taxable income. The Company also has approximately $104,000 of exploration and development costs which are available for deduction against future income for tax purposes. At July 31, 2013, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in the future years.

(Expressed in Canadian dollars)

9. Related Party Transactions

During the year ended July 31, 2013, the Company incurred $24,000 in management fees from a company owned by the President and $2,500 in rent expense paid to a company controlled by a director. At July 31, 2013, the Company owed $43,629 to directors and their companies.

During the year from incorporation to July 31, 2012, the Company incurred $6,240 in management fees from a company owned by the President and $1,000 in rent expense paid to a company controlled by a director. At July 31, 2012, the Company owed $21,833 to directors and their companies.

10. Financial Instruments

(a) Classification of Financial Instruments

The Company has classified its financial instruments as follows:

	2013 $	2012 $
Financial assets:		
At Fair Value Through Profit or Loss, measured at fair value:		
Cash	447	2,691
	447	2,691
Financial liabilities, measured at amortized cost:		
Notes payable	86,550	47,747
Due to related parties	43,629	21,833
Accounts payable and accrued liabilities	38,448	36,742
	168,627	106,322

10. Financial Instruments (continued)

(b) Fair Values

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

As at July 31, 2013, the fair values of financial instruments measured on a recurring basis include cash, determined based on level one inputs and consisting of quoted prices in active markets for identical assets. The fair values of other financial instruments, which include accounts payable and accrued liabilities, due to related parties and notes payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at July 31, 2013, the Company has a $447 cash balance to settle current liabilities of $127,352.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company's receivables consist of GST/HST receivable due from the Federal Government of Canada. The Company maintains cash deposits with Schedule A financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

(d) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

10. Financial Instruments (continued)

(e) Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates other than notes payable to the related parties (Note 6). The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

(f) Foreign currency exchange rate risk

The Company’s functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company’s exposure to foreign currency risk is minimal.

11. Capital Management

The Company defines its capital as shareholders’ equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company’s management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage. As such, the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will need to raise additional funds. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. 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 Company is not subject to externally imposed capital requirements as at July 31, 2013.

12. Segmented Information

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral properties in Canada. As the operations comprise a single reporting segment, amounts disclosed also represent segment amounts.

13. Subsequent Events

The Company's wholly-owned subsidiary, 0978557 BC Ltd., was incorporated in British Columbia on August 22, 2013.

The Company received $15,000, less legal fees of $5,000 pursuant to the Company having entered into an Arrangement Agreement dated August 22, 2013 (the "Arrangement Agreement") with ChitrChatr Communications Inc. and 0978557 BC Ltd. to complete a statutory arrangement (the "Plan of Arrangement") under the provisions of the BCA. Under the Arrangement Agreement, the Company disposed of all the issued and outstanding shares of 0978557 BC Ltd. for consideration of $15,000 in cash and the receipt of 1,000 warrants of ChitrChatr Communications Inc. at a price of $0.10 per share for a period of three months after the effective date of the Arrangement. The Company also issued 10,000 warrants to ChitrChatr Communications Inc. on the same terms as those issued by the ChitrChatr Communications Inc. to the Company. On September 4, 2013, the Supreme Court of British Columbia granted a Final Order approving the Plan of Arrangement. The Arrangement was made effective on September 18, 2013, following approval by the Court.

On October 25, 2013, the Company entered into another plan of arrangement (the "Plan of Arrangement with Enfield") and an arrangement agreement (the "Arrangement Agreement with Enfield") with Enfield Exploration Corp. ("Subco") and Enfield Resources Corp. ("Buyco"). Subco was incorporated in British Columbia on November 1, 2013 as a wholly-owned subsidiary of the Company. Subco was created solely for the purposes of affecting the Plan of Arrangement with Enfield. Pursuant to the Plan of Arrangement with Enfield: (1) Buyco proposes to acquire from the Company the option to acquire certain Yukon nickel mineral rights known as the Wels Nickel Property, (2) the Company shall issue four of its common shares to Subco and receive 4,000 common shares of Subco in return, (3) Buyco shall purchase all the outstanding and issued shares of Subco from the Company, and the Company shall cancel the four shares it issued to Subco, (4) Subco shall acquire all the outstanding shares of Buyco from all the Buyco shareholders though a 1-for-1 share exchange, and (5) Subco shall apply for a CNSX listing. The Supreme Court of British Columbia granted a Final Order approving the Plan of Arrangement with Enfield on November 21, 2013.