SEGO RESOURCES INC.

Financial Statements
June 30, 2013 and 2012

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SEGO RESOURCES INC.

We have audited the accompanying financial statements of Sego Resources Inc., which comprise the balance sheets as at June 30, 2013 and 2012, and the statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Sego Resources Inc. as at June 30, 2013 and 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 2 in the financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Chartered Accountants

Vancouver, British Columbia
October 25, 2013

SEGO RESOURCES INC.
Balance Sheets
June 30

	2013	2012
Assets		
Current		
Cash	$ 36,743	$ 2,086
Other receivables	3,647	14,353
Mining tax credit receivable	40,742	501,970
Prepaid expenses	21,451	9,216
	102,583	527,625
Reclamation Deposit (note 13)	10,000	10,000
Equipment (note 8)	36,542	57,851
Exploration and Evaluation Assets (note 7)	3,419,163	3,216,908
	$ 3,568,288	$ 3,812,384
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 56,078	$ 171,237
Due to related parties (note 12)	101,642	103,355
	157,720	274,592
Shareholders' Equity		
Capital Stock (note 9)	5,488,862	5,359,832
Reserves	806,774	1,050,767
Deficit	(2,885,068)	(2,872,807)
	3,410,568	3,537,792
	$ 3,568,288	$ 3,812,384

Approved on behalf of the Board:

"J. Paul Stevenson"
……………………………………………….......... Director
J. Paul Stevenson

"Tyler Ducharme"
……………………………………………….......... Director
Tyler Ducharme

See notes to financial statements.

SEGO RESOURCES INC.
Statements of Operations and Comprehensive Loss
Years Ended June 30

	2013	2012
Operations		
Office and administrative	$ 174,924	$ 190,173
Rent	73,500	75,709
Professional fees	56,177	64,764
Investor relations	12,484	141,450
Insurance	10,562	12,194
Transfer agent fees	7,381	10,188
Share-based payments (notes 9(c) and 12)	-	152,190
Amortization	22,419	9,002
Net Loss and Comprehensive Loss for Year	$ 357,447	$ 655,670
Basic and Diluted Loss per Share	$ 0.01	$ 0.01
Weighted Average Number of Common Shares Outstanding	56,642,252	54,947,031

See notes to financial statements.

SEGO RESOURCES INC.
Statements of Changes in Shareholders' Equity
Years Ended June 30

	Capital Stock		Reserves			Total Shareholders' Equity
	Shares	Amount	Options	Warrants	Deficit	(Deficiency)
Balance, June 30, 2011	49,641,813	$ 4,283,111	$ 612,470	$ 125,541	$ (2,217,137)	$ 2,803,985
Non-flow-through shares issued for cash	4,000,000	1,000,000	-	-	-	1,000,000
Shares issued for finders' fees	200,000	50,000	-	-	-	50,000
Warrants exercised	2,751,015	304,459	-	-	-	304,459
Share issue costs	-	(298,255)	-	-	-	(298,255)
Transfer of fair value recorded in warrant reserve on exercise of warrants	-	20,517	-	(20,517)	-	-
Share-based payments	-	-	300,973	32,300	-	333,273
Net loss for year	-	-	-	-	(655,670)	(655,670)
Balance, June 30, 2012	56,592,828	5,359,832	913,443	137,324	(2,872,807)	3,537,792
Non-flow-through shares issued for cash	1,300,000	130,000	-	-	-	130,000
Options exercised	5,000	500	-	-	-	500
Share issue costs	-	(1,470)	-	-	-	(1,470)
Transfer of fair value recorded in option reserve on expiration of options	-	-	(345,186)	-	345,186	-
Share-based payments	-	-	101,193	-	-	101,193
Net loss for year	-	-	-	-	(357,447)	(357,447)
Balance, June 30, 2013	57,897,828	$ 5,488,862	$ 669,450	$ 137,324	$ (2,885,068)	$ 3,410,568

See notes to financial statements.

SEGO RESOURCES INC.
Statements of Cash Flows
Years Ended June 30

	2013	2012
Operating Activities		
Net loss	$ (357,447)	$ (655,670)
Items not involving cash		
Stock-based compensation	-	152,190
Amortization	22,419	9,002
	(335,028)	(494,478)
Changes in non-cash working capital		
Other receivables	10,706	18,688
Prepaid expenses	(12,235)	897
Accounts payable and accrued liabilities	4,777	4,878
Due to related parties	22,190	44,900
Mining tax credit receivable	461,228	(357,689)
	486,666	(288,326)
Cash Provided by (Used in) Operating Activities	151,638	(782,804)
Investing Activities		
Mineral property interests	(244,901)	(724,594)
Equipment	(1,110)	(42,261)
Cash Used in Investing Activities	(246,011)	(766,855)
Financing Activity		
Issuance of capital stock, net of share issue costs	129,030	1,192,250
Increase (Decrease) in Cash	34,657	(357,409)
Cash, Beginning of Year	2,086	359,495
Cash, End of Year	$ 36,743	$ 2,086
Supplementary Cash Flow Information		
Stock-based compensation included in mineral property interests	$ 101,193	$ 45,037
Accounts payable included in mineral property interests	$ 8,279	$ 128,215
Due to related parties included in mineral property interests	$ 28,952	$ 52,855
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -

See notes to financial statements.

1. NATURE OF OPERATIONS

Sego Resources Inc. (the "Company") was incorporated under the laws of British Columbia and is in the process of exploring and developing its mineral property interests and has not determined whether these properties contain economically recoverable reserves of ore. The Company has not earned any revenues from its mineral property interests and is considered to be in the exploration stage. The Company has one operating segment, being mineral exploration and development. All of the Company's assets are located in Canada.

The Company maintains its head office and registered office at 718 - 744 West Hastings Street, Vancouver, British Columbia, Canada V6C 1A5.

2. GOING CONCERN

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

Several adverse conditions cast significant doubt on the validity of this assumption. The Company has incurred significant operating losses over the past two fiscal years $357,447 (2012 - $655,670), has a deficit of $2,885,068 (2012 - $2,872,807), has limited resources, no sources of operating cash flow and no assurances that sufficient funding will be available to continue operations for an extended period of time. The Company is in the exploration stage, and, accordingly, has not yet commenced revenue-producing operations.

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its mineral property interests, the attainment of profitable mining operations or the receipt of proceeds from the disposition of its mineral property interests. Management is actively engaged in the review and due diligence on opportunities of merit in the mining sector and is seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management's plan will be successful.

If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used. Such adjustments could be material.

3. BASIS OF PREPARATION

(a) Statement of compliance

These statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

These financial statements have been prepared under the historical cost basis, except for financial instruments classified as available-for-sale ("AFS") and fair value through profit or loss ("FVTPL"). These financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

3. BASIS OF PREPARATION (Continued)

(b) Approval of the financial statements

The financial statements of the Company for the year ended June 30, 2013 were approved and authorized for issue by the Board of Directors on October 25, 2013.

(c) New accounting pronouncements

All of the new and revised standards described below may be early-adopted.

IFRS 9 *Financial Instruments* (2009)

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Debt instruments meeting both a “business model” test and a “cash flow characteristics” test are measured at amortized cost (the use of fair value is optional in some limited circumstances)
- Investments in equity instruments can be designated as “fair value through other comprehensive income” with only dividends being recognized in profit or loss
- All other instruments (including all derivatives) are measured at fair value with changes recognized in the profit or loss.

The concept of “embedded derivatives” does not apply to financial assets within the scope of the standard and the entire instrument must be classified and measured in accordance with the above guidelines.

This standard is only applicable if it is optionally adopted for annual periods beginning before January 1, 2015. For annual periods beginning on or after July 1, 2015, the Company must adopt IFRS 9 (2010).

IFRS 9 *Financial Instruments* (2010)

This is a revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing de-recognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement*.

The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at FVTPL; in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income (loss) rather than within profit or loss.

This standard applies to annual periods beginning on or after January 1, 2015 and supersedes IFRS 9 (2009). However, for annual reporting periods beginning before January 1, 2015, an entity may early-adopt IFRS 9 (2009) instead of applying this standard.

3. BASIS OF PREPARATION (Continued)

(c) New accounting pronouncements (Continued)

IFRS 13 *Fair Value Measurement*

This IFRS standard defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a "fair value hierarchy" based on the nature of the inputs:

- Level 1 - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - unobservable inputs for the asset or liability.

Entities are required to make various disclosures depending upon the nature of the fair value measurement (e.g., whether it is recognized in the financial statements or merely disclosed) and the level in which it is classified.

This standard applies to annual reporting periods beginning on or after January 1, 2013.

Amendments to IFRS 7 *Financial Instruments: Disclosures*

Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) amends the disclosure requirements to require information about all recognized financial instruments that are set off in accordance with paragraph 42 of IAS 32 *Financial Instruments: Presentation*.

The amendments also require disclosure of information about recognized financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32.

Applicable to annual reporting periods beginning on or after January 1, 2013.

Amendments to IAS 32 *Financial Instruments: Presentation*

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) amends to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- The meaning of "currently has a legally enforceable right of set-off"
- The application of simultaneous realization and settlement
- The offsetting of collateral amounts
- The unit of account for applying the offsetting requirements.

Applicable to annual periods beginning on or after January 1, 2014.

4. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with IFRS and are stated in Canadian dollars, which is the Company's functional and reporting currency. The following is a summary of significant accounting policies.

(a) Exploration and evaluation costs

(i) Exploration and evaluation expenditures

Exploration and evaluation activities involve the search for minerals, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation costs incurred prior to obtaining licenses are expensed in the period in which they are incurred. Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration and classified as a component of mineral properties. Such expenditures include, but are not limited to, exploration license expenditures, leasehold property acquisition costs, evaluation costs including drilling costs directly attributable to a property, and directly attributable general and administrative costs. From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets are tested for impairment and transferred to "mines under construction". No amortization is taken during the exploration and evaluation phase.

(ii) Impairment

Assets that have an indefinite useful life are tested annually for impairment. At the end of each reporting period, the Company reviews the carrying amounts of its assets that are subject to amortization to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating units ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Exploration and evaluation costs (Continued)

(ii) Impairment (Continued)

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(iii) Decommissioning liabilities

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production.

Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs are charged against operations through depreciation of the asset and unwinding of the discount on the provision.

Depreciation is included in operating costs while the unwinding of the discount is included as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset.

The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against operations as extraction progresses.

Changes in the measurement of a liability, which arises during production, are charged against operating profit. The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. To date the Company does not have any decommissioning liabilities.

(b) Use of estimates and judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Use of estimates and judgments (Continued)

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Key areas of judgment

The key areas of judgment applied in the preparation of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- Recoverability of exploration and evaluation assets

  Assets or CGUs are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets.

  In respect of costs incurred for its investment in exploration and evaluation assets, management has determined the acquisition costs that have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including geologic and metallurgic information, economics assessment/ studies, accessible facilities and existing permits.

Key estimates

The key estimates applied in the preparation of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

(i) Provision for income taxes and recognition of deferred income tax assets and liabilities;
(ii) Determination of and inputs used in accounting for environmental obligations;
(iii) Determination of and assumptions used in accounting for share based payments; and
(iv) Useful life and recovery of long-lived assets.

(c) Equipment

Equipment is stated at cost and amortized on a straight-line basis as follows:

Computer hardware	-	3 years
Software	-	2 years
Plotter	-	5 years
Vehicle	-	5 years

Additions during the year are amortized at one-half the annual rates.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Equipment (Continued)

When equipment is retired, sold or otherwise disposed of, the asset's carrying amount and related accumulated amortization are removed from the accounts and any gain or loss is included in operations. The Company compares the carrying value of equipment to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant.

(d) Interest income

Interest income is recorded as earned on the accrual basis at the stated rate of interest over the term of the investment.

(e) Income taxes

Income tax expense, consisting of current and deferred tax expense, is recognized in the statements of operations. 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 regard to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. 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.

(f) Earnings (loss) per share

The Company presents basic earnings (loss) per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Share-based payment transactions

The Company grants share options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

For both employees and non-employees, the fair value of share-based payments is recognized as either an expense or as mineral property interests with a corresponding increase in option reserves. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in capital stock and the related share-based payment in option reserves is transferred to capital stock. For those options that expire or are forfeited after vesting, the recorded value is transferred to deficit.

(h) Flow-through shares

Resource expenditures for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. A liability is recognized for the premium on the flow-through shares and is subsequently reversed as the Company incurs qualifying Canadian exploration expenses.

In circumstances where the Company has issued flow-through shares by way of a unit offering, the proceeds are allocated first to capital stock based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve first based on the fair value of the warrant component on grant date using the Black-Scholes option pricing model. Any remaining residual value is then recognized as a liability for the premium on the flow-through shares.

(i) Capital stock

Proceeds from the exercise of stock options and warrants are recorded as capital stock in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Capital stock issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to capital stock based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in capital stock and the related residual value is transferred to capital stock. For those warrants that expire, the recorded value is transferred to deficit.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) 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.

(k) Mining exploration tax credits

The Company is eligible to receive mining exploration tax credits for certain qualifying work done on its properties. The benefits related to such mining exploration tax credits are credited against exploration costs in the period in which the Company can reasonably estimate the amounts to be received and establish their ultimate recovery.

(l) Financial instruments

(i) Financial assets

The Company classifies its financial assets in the following categories: FVTPL, held-to-maturity investments, loans and receivables, and AFS. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of assets at recognition. All financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods is dependent upon the classification of the financial instrument.

Financial assets at fair value through profit or loss

Financial assets are classified as FVTPL when the financial asset is held-for-trading or is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future, it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Cash and cash equivalents are included in this category of financial assets.

Held-to maturity investments

Held-to-maturity financial assets are non-derivative financial assets measured at amortized cost that management has the intention and ability to hold to maturity.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial instruments (Continued)

(i) Financial assets (Continued)

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss on receivables is based on a review of all outstanding amounts at period-end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate method. The Company has not classified any financial assets as loans and receivables.

Available-for-sale financial assets

AFS financial assets are non-derivative financial assets that are either designated as AFS or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets other than impairment losses are recognized as other comprehensive income (loss) and classified as a component of equity. The Company has not classified any financial assets as AFS.

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, other than those at FVTPL, are assessed for indicators of impairment at each period-end. 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 asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial instruments (Continued)

(i) Financial assets (Continued)

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade 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.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

(ii) Financial liabilities

The Company classifies its financial liabilities in the following categories: as FVTPL or other financial liabilities.

Fair value through profit or loss

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

Other financial liabilities

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost using the effective interest rate method. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method. Other financial liabilities are classified as current or non-current based on their maturity date.

Other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include trade accounts payable, other payables, deferred credits and loans.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial instruments (Continued)

(ii) Financial liabilities (Continued)

Derivative financial liabilities

Derivatives, including separated embedded derivatives, are classified as held-for-trading and recognized at fair value with changes in fair value recognized in profit or loss unless they are designated as effective hedging instruments.

(iii) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Inputs for assets or liabilities that are not based on observable market data.

5. FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified as a financial asset at FVTPL; reclamation deposit is classified as held-to-maturity; due to related parties and accounts payable are classified as other financial liabilities, which are measured at amortized cost. The carrying value of these instruments approximates their fair values due to their short term to maturity.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is held in a Canadian financial institution. The Company does not have any asset-backed commercial paper. The Company has minimal credit risk.

5. FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of June 30, 2013 equal $157,720 (2012 - $274,592). All of the liabilities presented as accounts payable are due within 90 days of June 30, 2013.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

(i) Currency risk

The Company is exposed to currency risk to the extent that expenditures incurred on certain mineral properties are denominated in US dollars. The Company does not manage currency risk through hedging or other currency management tools. As at June 30, 2013 and 2012, the Company's net exposure to foreign currency risk is $nil.

(ii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash is at nominal interest rates, and therefore the Company does not consider interest rate risk to be significant. The Company has no interest-bearing financial liabilities.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not exposed to significant other price risk.

6. CAPITAL MANAGEMENT

The Company considers its capital to be comprised of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

Although the Company has been successful at raising funds in the past through the issuance of capital stock, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

6. CAPITAL MANAGEMENT (Continued)

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the year ended June 30, 2013. The Company's risk management procedures and policies are detailed in note 5.

7. EXPLORATION AND EVALUATION ASSETS

As at June 30, 2013 and 2012, the Company's mineral property interests are comprised of the following expenditures:

	Miner Mountain Project
Balance, June 30, 2011	$ 2,336,260
Deferred exploration costs	
Sampling and reclamation (note 13)	929,124
Engineering and geological	166,222
Travel and accommodation	66,082
Share-based payments	45,037
Camp supplies	30,868
Filing fees	1,004
Provincial mining tax credits	(357,689)
	880,648
Balance, June 30, 2012	3,216,908
Deferred exploration costs	
Sampling and reclamation (note 13)	38,315
Engineering and geological	82,275
Travel and accommodation	2,417
Share-based payments	101,193
Camp supplies	12,797
Filing fees	6,000
Provincial mining tax credits	(40,742)
	202,255
Balance, June 30, 2013	$ 3,419,163

7. EXPLORATION AND EVALUATION ASSETS (Continued)

Miner Mountain Project

On June 13, 2007, the Company entered into an agreement to acquire a 100% undivided interest in 38 mineral claims, which were subsequently consolidated into 12 mineral claims, situated in the Similkameen Mining Division of British Columbia for cash payments and share issuances as follows:

(a) Cash payment to the optionors of $165,000 as follows:

- (i) $30,000 within five business days from the day the agreement between both parties is approved by the TSX Venture Exchange (the "Exchange") (approved July 2007) (paid);
- (ii) $60,000 on or before June 13, 2008 (paid); and
- (iii) $75,000 on or before June 13, 2009 (paid);

(b) Issuance of shares in the capital stock of the Company to the optionors as follows:

- (i) 50,000 shares within five business days of the approval date by the Exchange (approved July 2007) (issued);
- (ii) 100,000 shares on or before June 13, 2008 (issued);
- (iii) 150,000 shares on or before June 13, 2009 (issued); and
- (iv) a further 300,000 shares upon preparation of a positive feasibility study on the property.

As part of the agreement, the optionors retain a 3% net smelter return ("NSR") royalty on the property. The Company has the right to buy back one-half of the NSR for the sum of $1,500,000 at any time.

On June 16, 2011, the Company acquired a 100% interest in three mineral claims located in the Similkameen Mining Division of British Columbia for a cash payment of $5,000 (paid) and issuance of 50,000 shares upon Exchange approval (issued). The shares were valued at $11,000, which is equal to the market price at the date of issuance.

8. EQUIPMENT

	Computer Hardware	Software	Plotter	Vehicle	Total
Cost					
Balance, June 30, 2011	$ 16,542	$ 26,300	$ 10,152	$ 9,257	$ 62,251
Additions	1,000	1,111	40,150	-	42,261
Balance, June 30, 2012	17,542	27,411	50,302	9,257	104,512
Additions	-	1,110	-	-	1,110
Balance, June 30, 2013	$ 17,542	$ 28,521	$ 50,302	$ 9,257	$ 105,622
Accumulated Amortization					
Balance, June 30, 2011	$ 12,317	$ 15,069	$ 1,016	$ 9,257	$ 37,659
Charge for year	2,213	444	6,345	-	9,002
Balance, June 30, 2012	14,530	15,513	7,361	9,257	46,661
Charge for year	1,675	10,684	10,060	-	22,419
Balance, June 30, 2013	$ 16,205	$ 26,197	$ 17,421	$ 9,257	$ 69,080
Carrying Value					
June 30, 2012	$ 3,012	$ 11,898	$ 42,941	$ -	$ 57,851
June 30, 2013	$ 1,337	$ 2,324	$ 32,881	$ -	$ 36,542

9. CAPITAL STOCK

(a) Authorized

Unlimited Class A common shares without par value

(b) Issued and outstanding

On July 7, 2011, the Company announced they completed a brokered private placement and issued 4,000,000 units at a price of $0.25 per unit for gross proceeds of $1,000,000. Each unit consists of one common share and one transferable share purchase warrant. Each warrant is exercisable into one non-flow-through common share to July 26, 2016 at an exercise price of $0.33 during the first two years, $0.40 during the third and fourth years, and $0.50 for the fifth year.

9. CAPITAL STOCK (Continued)

(b) Issued and outstanding (Continued)

On June 18, 2013, the Company announced they completed a non-brokered private placement and issued 1,300,000 units at a price of $0.10 per unit for gross proceeds of $130,000. Each unit consists of one common share and one-half of one transferable purchase warrant. Each whole warrant is exercisable into one non-flow-through common share to June 18, 2018 at an exercise price of $0.20. The Company incurred total cash share issue costs of $1,470 in conjunction with the placement.

During the year ended June 30, 2013, the Company issued 5,000 shares for options exercised for total proceeds of $500.

(c) Stock options

The Company established a stock option plan in 2013 under which it may grant stock options totaling in aggregate up to 11,391,565 of the Company's common shares. The stock option plan provides for the granting of stock options to insiders, consultants and employees up to a limit of 5%, 2% and 2%, respectively, of the Company's total number of issued and outstanding shares on a non-diluted basis per year. The stock option plan also restricts the issuance of options to insiders if the grant will result in the total number of options granted to insiders exceeds 10% of the Company's issued and outstanding shares on a non-diluted basis. The option price and vesting terms will be specified in individual stock option agreements, adjusted from time to time in accordance with the provisions of the stock option plan. Options issued to consultants performing investor relations activities must vest in stages over a minimum period of twelve months with no more than 25% of the options vesting in any three-month period.

On February 11, 2011, the Company granted a total of 3,130,000 stock options to directors, officers, consultants and employees exercisable at $0.17 per share exercisable up to February 11, 2016. The options vest at 25% at grant date and 25% each six-month interval thereafter from the grant date. The options are fully vested as at June 30, 2013.

On January 4, 2012, the Company granted a total of 100,000 stock options to a consultant exercisable at $0.28 per share exercisable up to January 4, 2017. The options vest at 25% at grant date and 25% each six-month interval thereafter from the grant date.

On March 30, 2012, the Company granted a total of 200,000 stock options to a consultant exercisable at $0.30 per share exercisable up to March 30, 2017. The options vest at 25% at grant date and 25% each six-month interval thereafter from the grant date.

On August 10, 2012, the Company granted a total of 1,000,000 stock options to consultants exercisable at $0.15 per share exercisable up to August 10, 2017. All options vested immediately on grant date.

During the year ended June 30, 2013, share-based payments of $101,193 (2012 - $17,600) were recorded for current year option grants and the payments were capitalized to mineral property interests. Share-based payments relating to prior year options issued are $Nil (2012 - $179,627). The payment is attributable as follows: $Nil (2012 - $100,745) for directors' fees, $Nil (2012 - $51,445) to investor relations and $Nil (2012 - $27,437) capitalized to mineral property interests).

Total grant date fair value per option as at June 30, 2013 is $0.10 (2012 - $0.06).

9. CAPITAL STOCK (Continued)

(c) Stock options (Continued)

As at June 30, 2013 and 2012, the following stock options were outstanding:

	2013		**2012**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of year	8,091,000	$ 0.18	7,791,000	$ 0.16
Granted	1,000,000	$ 0.15	300,000	$ 0.29
Exercised	(5,000)	$ 0.10	-	-
Expired	(2,195,345)	$ 0.23	-	-
Options outstanding, end of year	6,890,655	$ 0.14	8,091,000	$ 0.18

Stock options outstanding and exercisable are as follows:

Expiry Date	Exercise Price	Number of Options Exercisable 2013	Number of Options Exercisable 2012	Number of Options Outstanding 2013	Number of Options Outstanding 2012
June 25, 2013	$ 0.26	-	1,445,345	-	1,445,345
July 30, 2014	$ 0.10	1,389,655	1,394,655	1,389,655	1,394,655
March 18, 2015	$ 0.10	1,821,000	1,821,000	1,821,000	1,821,000
February 11, 2016	$ 0.17	2,380,000	2,347,500	2,380,000	3,130,000
January 4, 2017	$ 0.28	75,000	25,000	100,000	100,000
March 30, 2017	$ 0.30	150,000	50,000	200,000	200,000
August 10, 2017	$ 0.15	1,000,000	-	1,000,000	-
		6,815,655	7,083,500	6,890,655	8,091,000

At June 30, 2013, the weighted average remaining contractual life of the stock options was 3.53 (2012 - 2.72) years.

The fair value of each option grant is calculated using the following weighted average assumptions:

	2013	**2012**
Risk-free interest rate	1.38%	1.27%
Expected dividend yield	-	-
Expected stock price volatility	83%	91%
Expected option life in years	4.14	4.09

9. CAPITAL STOCK (Continued)

(d) Warrants

As at June 30, 2013 and 2012, the following share purchase warrants were outstanding:

	2013		**2012**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of year	19,446,860	$ 0.15	17,997,875	$ 0.11
Issued	650,000	$ 0.20	4,200,000	$ 0.33
Exercised	-	-	(2,751,015)	$ 0.11
Balance, end of year	20,096,860	$ 0.16	19,446,860	$ 0.15

Share purchase warrants outstanding and exercisable are as follows:

	Exercise	Number of Warrants	
Expiry Date	Price	**2013**	**2012**
April 27, 2014	$ 0.10	1,543,000	1,543,000
May 29, 2014	$ 0.10	4,837,110	4,837,110
June 26, 2014	$ 0.10	1,791,875	1,791,875
December 10, 2014	$ 0.12	7,074,875	7,074,875
July 7, 2017	$ 0.33	4,200,000	4,200,000
May 24, 2018	$ 0.20	650,000	-
		20,096,860*	19,446,860*

* There are 769,900 (2012 - 769,900) warrants contingently issuable in relation to agent options to acquire units (note 9(e)).

(e) Agent options

Agent options are the right to purchase units, with each unit being comprised of one share and one share purchase warrant.

The warrant component of the units subject to 103,650 agent options expiring May 29, 2014 and June 26, 2014 is 103,650 warrants to acquire one common share at $0.10 expiring on the same date as the related agent option.

The warrant component of the units subject to 66,250 agent options expiring December 10, 2014 is 66,250 warrants to acquire one common share at $0.12 expiring December 10, 2014.

During the year ended June 30, 2012, 600,000 agent options expiring July 7, 2016 were issued. Each agent unit is convertible into one transferable purchase warrant and one common share. Each warrant is exercisable into one common share for a period of 60 months from closing at an exercise price of $0.33 during the first 24 months, $0.40 during the second 24 months and $0.50 in the last 12 months.

9. CAPITAL STOCK (Continued)

(e) Agent options (Continued)

During the year ended June 30, 2013, the Company incurred share issuance costs of $Nil (2012 - $103,749) with respect to Nil (2012 - 600,000) agent options granted.

As at June 30, 2013 and 2012, the following agent options were outstanding:

	2013		2012	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	769,900	$ 0.21	169,900	$ 0.07
Issued	-	-	600,000	$ 0.25
Balance, end of year	769,900	$ 0.21	769,900	$ 0.21

Agent options outstanding and exercisable are as follows:

Expiry Date	Exercise Price	Number of Options 2013	Number of Options 2012
May 29, 2014	$ 0.07	81,150	81,150
June 26, 2014	$ 0.07	22,500	22,500
December 10, 2014	$ 0.08	66,250	66,250
July 26, 2015	$ 0.25	600,000	600,000
July 18, 2018	$0.10	1,250,000	0
		2,019,900	769,900

10. COMMITMENTS

For the 2013 fiscal year, the Company entered into an agreement with an officer of the Company to provide bookkeeping, secretarial and website services at a rate of $6,038 per month, GIS Data Management and mapping services at a rate of $6,038 per month, rental of office space at a rate of $6,125 per month and phone services at a rate of $100 per month. The CEO of the Company will be paid $3,000 per month for managing the affairs of the Company. The agreement has no terms and can be changed on agreement between the Company and the officer.

11. INCOME TAXES

As at June 30, 2013, the Company has accumulated non-capital losses for tax purposes of approximately $3,022,000 that may be carried forward to apply against future years' income for income tax purposes. The losses expire as follows:

2026	$ 44,000
2027	185,000
2028	428,000
2029	416,000
2030	441,000
2031	493,000
2032	605,000
2033	410,000
	$ 3,022,000

The tax effected items that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities at June 30, 2013 and 2012 are presented below:

	2013	2012
Non-capital losses carried forward	$ 231,286	$ 205,987
Excess of carrying value of mineral property interests over unused exploration expenditures for Canadian tax purposes	(231,286)	(205,987)
Unrecognized deductible temporary differences	$ -	$ -

Significant unrecognized tax benefits and unused tax losses for which no deferred tax asset is recognized as of June 30 are as follows:

	2013	2012
Non-capital losses carried forward	$ 2,097,250	$ 1,788,760
Excess of undepreciated capital cost over carrying value of fixed assets	67,303	44,884
Investment tax credits	831,541	804,160
Share issue costs	88,212	161,812
Unrecognized deductible temporary differences	$ 3,084,306	$ 2,799,616

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 25.00% (2012 - 25.75%) to income before income taxes.

11. INCOME TAXES (Continued)

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

		2013		2012
Net loss for year	$	(357,447)	$	(655,670)
Statutory income tax rate		25.00%		25.75%
Income tax benefit computed at statutory tax rate		(89,362)		(168,864)
Items not deductible for income tax purposes		5,709		41,507
Change in timing differences		12,481		(103,581)
Effect of change in tax rate		-		4,536
Unrecognized benefit of deferred income tax assets		71,172		226,402
Income tax expense (recovery)	$	-	$	-

12. RELATED PARTY TRANSACTIONS

As at June 30, 2013, $101,642 was due to related parties (2012 - $103,355). Amounts due to related parties have no stated terms of payment and/or interest.

The Company entered into an agreement with the CEO of the Company for the arrangement of certain services (note 10).

Key management and personnel compensation is as follows:

		2013		2012
Short-term benefits	$	188,712	$	200,711
Share-based payments		-		100,745
Total key management personnel compensation	$	188,712	$	301,456

13. RECLAMATION DEPOSIT

The Company has pledged $10,000 (2012 - $10,000) in two guaranteed investment certificates ("GICs") as a site reclamation deposit pursuant to a condition of receiving consent from a government agency to explore its mineral property interest. The GICs have an effective interest rate of prime plus 1.80% and 0.80% and are due on January 15, 2014 and June 9, 2014, respectively. The deposits are refundable if there is no environmental disturbance to the property. It is management's opinion that there has been minimal disturbance to the property to date. The carrying value approximates the fair value of the GICs.

14. SEGMENTED DISCLOSURE

The Company has one operating segment, mineral exploration and development. All of the Company's assets are located in Canada.

15. SUBSEQUENT EVENTS

(a) On July 18, 2013, the Company announced they completed a brokered private placement and issued 5,000,000 units at a price of $0.10 per unit for gross proceeds of $500,000. Each unit consists of one common share and one-half of one transferable common share purchase warrant. Each warrant entitles the holder to subscribe for one additional common share at a price of $0.20 until July 18, 2018.

With respect to the private placement, the Company paid to Euro Pacific Canada Inc., a total cash fee equal to $85,000 and issued 1,250,000 agent options exercisable at $0.10 per unit, up to July 18, 2018. Each unit consists of one common share and one-half of one transferable common share purchase warrant. Each warrant entitles the holder to subscribe for one additional common share at a price of $0.20 until July 18, 2018.

(b) On July 25, 2013, the Company granted a total of 2,049,735 stock options to directors, officers, consultants and employees exercisable at $0.15 per share exercisable up to July 25, 2018.