BIOMASS SECURE POWER INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

(Unaudited)

BIOMASS SECURE POWER INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2013

Responsibility for financial statements

The accompanying condensed interim financial statements for Biomass Secure Power Inc. (the "Company") have been prepared by management in accordance with International Financial Reporting Standards consistently applied. The most significant of these accounting principles have been set out in Note 3 to the June 30, 2013 annual financial statement. These interim statements have been presented on the accrual basis of accounting. Therefore estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the interim financial statements, management is satisfied that these condensed interim financial statements have been fairly presented.

Auditor involvement

The Company's auditors have not performed a review of the un-audited condensed interim financial statements as at and for the three month period ended September 30, 2013.

"J Carroll"

Jim Carroll
Director

BIOMASS SECURE POWER INC.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

(Unaudited)
(Stated in U.S. Dollars)

	September 30, 2013	June 30 2013
ASSETS		
Current assets		
Cash and equivalents	**$ 17,141**	$ 11,766
Other receivables	**21,692**	21,635
Deposit	**-**	1,481
Total current assets	**38,833**	34,882
Non-current assets		
Equipment (Note 5)	**370**	652
Intellectual property (Note 6)	**1**	1
Total non-current assets	**371**	653
TOTAL ASSETS	**$ 39,204**	$ 35,535
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**$ 212,751**	$ 205,081
Loans payable (Note 7)	**187,630**	131,374
Due to related parties (Notes 8 and 12)	**143,909**	88,869
Total current liabilities	**544,290**	425,324
SHAREHOLDERS' DEFICIT		
Common shares (Note 9)	**7,855,700**	7,855,700
Convertible debt option reserve	**1,592**	1,592
Accumulated deficit	**(8,362,378)**	(8,247,081)
Total shareholders' deficiency	**(505,086)**	(389,789)
TOTAL DEFICIT AND LIABILITIES	**$ 39,204**	$ 35,535

Commitments (Note 13)

Approved by the Board of Directors:

"*James Carroll*"
James Carroll, Director

"*George Pappas*"
George Pappas, Director

The accompanying notes are an integral part of these financial statements

BIOMASS SECURE POWER INC.

CONDENSED INTERIM STATEMENT COMPREHENSIVE LOSS / INCOME
For the Three Months Ended September 30
(Unaudited)
(Stated in U.S. Dollars)

	2013	2012
Expenses		
Consulting	**$ 9,804**	$ -
Depreciation (Note 5)	**614**	48
Interest	**4,557**	690
Management fees (Notes 8 and 12)	**60,000**	60,000
Non-refundable lease option	**15,000**	-
Other expenses (recovery) (Note 11)	**25,322**	27,686
Loss for the period	**(115,297)**	(88,424)
Net loss and comprehensive loss for the period	**$ (115,297)**	$ (88,424)
Loss per share		
Basic and Diluted	**(0.00)**	(0.00)

The accompanying notes are an integral part of these financial statements

BIOMASS SECURE POWER INC.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (DEFICIT)
For the Years Ended September 30
(Stated in U.S. Dollars)
(Unaudited)

	Share capital		Convertible Debt Option	Accumulated	
	Number	**Amount**	**Reserve**	**Deficit**	**Total**
Balance, June 30, 2012	555,455,557	7,232,191	1,592	(7,708,213)	(474,430)
Net loss for the period ended September 30, 2012	-	-	-	(88,424)	(88,424)
Balance, September 30, 2012	**555,455,557**	**$ 7,232,191**	**$ 1,592**	**$ (7,796,637)**	**$ (562,854)**
Balance, June 30, 2013	599,991,908	7,855,700	1,592	(8,247,081)	(389,789)
Net loss for the period ended September 30, 2013	-	-	-	(115,297)	(115,297)
Balance, September 30, 2013	**599,991,908**	**$ 7,855,700**	**$ 1,592**	**$ (8,362,378)**	**$ (505,086)**

The accompanying notes are an integral part of these financial statements

BIOMASS SECURE POWER INC.

CONDENSED INTERIM STATEMENT OF CASH FLOWS
For the Three Months Ended September 30
(Unaudited)
(Stated in U.S. Dollars)

		2013		2012
Cash Flows From (Used By) Operating Activities				
Income (Loss) for the period	**$**	**(115,297)**	$	(88,424)
Items not involving cash				
Depreciation		**614**		48
Accrued management fees		**60,000**		60,000
		(54,683)		(28,376)
Change in non-cash operating working capital items:				
Amounts recoverable		**(57)**		(3,093)
Prepaid expenses		**1,481**		-
Accounts payable and accrued liabilities		**7,670**		18,485
Net cash outflows from operating activities		**(45,589)**		(12,984)
Cash Flows From (Used By) Financing Activities				
Loan advances from (repayments to) related parties (Note 8)		**(4,960)**		12,689
Loan proceeds		**56,256**		-
Net cash inflows from financing activities		**51,296**		12,689
Cash Flows Used By Investing Activities				
Purchase of capital assets		**(332)**		-
Increase In cash and equivalents		**5,375**		(295)
Cash and equivalents, beginning of period		**11,786**		2,075
Cash and equivalents, end of period	**$**	**17,141**	$	1,780
Supplemental Cash Flow Information				
Interest Paid	**$**	**-**	$	-
Income Taxes Paid	**$**	**-**	$	-

1. CORPORATE INFORMATION

Biomass Secure Power Inc. was incorporated in the Province of British Columbia on August 24, 1989 as Flamingos Beach Resort Inc. On August 10, 1999, we changed our name to VMH Videomoviehouse.com Inc. On May 18, 2006, we changed our name to Virtual Media Holdings Inc. On February 9, 2009, we changed our name to Biomass Secure Power Inc. On June 30, 2009, we acquired all the outstanding shares of 0625920 BC Ltd. ("0625920") and on that date was legally amalgamated with 0625920 B.C. Ltd. ("0625920") under the British Columbia *Business Corporations Act* (the "Amalgamation"). The amalgamated company continued operations as Biomass Secure Power Inc. Under the terms of the Amalgamation, each common share of 0625920 was exchanged for fifteen common shares of the Company ("Consideration Shares").

The address of the Company's registered office is Suite 800, 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3H1. The address of the Company's principal place of business is 40218 Wellsline Road, Abbotsford, BC, V3G 2K7.

The Company has not generated revenue from operations. The Company had an operating loss of $115,297 for the three months ended September 30, 2013, a history of prior year losses and, as of that date the Company's accumulated deficit was $8,362,378. The Company is considered to be in the development stage as it has not commenced revenue earning operations. These consolidated financial statements have been prepared on a going concern basis, which assumes the realization of asset and liquidation of liabilities in the normal course of business. While these consolidated financial statements have been prepared on the assumption that the Company is a going concern and will be able to realize its assets and meet its obligations in the normal course of operations, there are conditions and events that cast significant doubt on the validity of that assumption. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise debt or equity financings and the attainment of profitable operations. Management has taken steps to reduce cash expenditures to a level that will enable operations to continue and meeting its minimum commitments for a minimum of twelve months from the date of these financial statements. There can be no assurance that management's plans will be successful. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

a) Statement of Compliance

These financial statements of the Company for the three months ending September 30, 2013 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements should be read in conjunction with the Company's June 30, 2013 annual consolidated financial statements.

The consolidated financial statements of the Company as at September 30, 2013 were authorised for issue by the Board of Directors on November 26, 2013.

b) Basis of measurement

These condensed interim financial statements have been prepared on a historical cost basis.

The condensed interim financial statements are presented in United States dollars, which is also the Company's functional currency, and all values are rounded to the nearest dollar, unless otherwise indicated.

Preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statement are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial statements have been prepared using accounting policies specified by those IFRSs that are in effect at the end of the reporting period (September 30, 2013).The standards that will be effective in the financial statements for the year ending June 30, 2013 are subject to change and may be affected by additional interpretations.

These interim condensed financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2013.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Newly Adopted Standards

International Financial Reporting Standard 11 - Joint Arrangements ("IFRS 11")

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers. The Company adopted the standard, effective January 1, 2013, and determined adoption required no changes to the existing Company practices.

International Financial Reporting Standard 12 - Disclosure of Interests in Other Entities ("IFRS 12")

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The Company adopted the standard, effective January 1, 2013, and determined adoption required no changes to the existing Company practices.

International Financial Reporting Standard 13 - Fair Value Measurement ("IFRS 13")

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The Company adopted the standard, effective January 1, 2013, and determined adoption required no changes to the existing Company practices.

Standards, Amendments and Interpretations Not Yet Effective

The following standards and interpretations, which may affect the Company's financial statements, have been issued but are not yet effective:

IFRS 9 *Financial Instruments* ("IFRS 9")

On November 12, 2009, the IASB issued IFRS 9 *Financial Instruments* as the first step in its project to replace International Accounting Standard ("IAS") 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. IFRS 9 amends some of the requirements of IFRS 7 *Financial Instruments: Disclosures* including additional disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and de-recognition of financial 16 instruments. Although early adoption is permitted, in December 2011, the IASB issued an amendment that adjusted the mandatory effective date of IFRS 9 from January 1, 2013 to January 1, 2015. The Company is currently determining the impact of adopting IFRS 9.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS - Continued

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustments to the carry amounts of assets and liabilities recognized in the condensed interim financial statements within the next financial year are discussed below:

Depreciation and Amortization

Depreciation and amortization amounts have been calculated based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate an assets useful life. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current knowledge and estimates. Significant changes in estimates will result in changes to depreciation and amortization from period to period.

Impairment of Equipment

Equipment is reviewed for impairment events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined based on value in use calculations prepared on the basis of management's assumptions and estimates.

Impairment of Intellectual Property

The Company is required to test, at least annually, whether intellectual property has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a suitable discount rate in order to calculate the present value of these cash flows. Actual outcomes could vary.

Provisions

Management's judgment is required to determine provision amounts to be recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Functional Currency

Management has concluded the functional currency of the Company, being the currency of the primary economic environment in which the Company operates, is the United States dollar. In determining the function currency management considered the currency that revenue will primarily be derived in and the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. The United States dollar is the dominant currency.

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, recognition of the tax losses also depends on the probability of the Company being able to generate profits in the future to utilize the losses before they expire in the respective jurisdictions.

5. EQUIPMENT

	Computers and Equipment
Cost	
Balance at June 30, 2012	$ 1,498
Additions	178
Balance at June 30, 2013	1,676
Additions	332
Balance at September 30, 2013	$ 2,008
Depreciation	
Balance at June 30, 2012	$ 846
Depreciation for the year	178
Balance at June 30, 2013	1,024
Depreciation for the period	614
Balance at September 30, 2013	**$ 1,638**
Carrying amounts	
At June 30, 2013	$ 652
At September 30, 2013	**$ 370**

6. INTELLECTUAL PROPERTY

On September 8, 2008, the Company entered into an Asset Acquisition Agreement (the "Agreement") with 0625920 BC Ltd. ("0625920") whereby the Company would acquire 100% of the issued shares of 0625920 by issuance of shares of the Company. At the time of the Agreement the Company and 0625920 had a common director and officer, Mr. Jim Carroll, who was the President/CEO/CFO of the Company and was the President of 0625920, and had two common shareholders, Mr. Carroll and his spouse. Pursuant to the terms of the Agreement fifteen common shares of the amalgamated company were to be issued in exchange for each 0625920 share outstanding at the Agreement date, resulting in the issuance of 225,269,250 shares of common stock (the "Consideration Shares") to the shareholders of 0625920.

On November 1, 2008 the Company issued 15,000,000 shares of stock, as a deposit on the Agreement, (the "Deposit Shares"), to Mr. George Pappas, a director of 0625920, who was unrelated to the Company at that time but was subsequently appointed a director of the Company. The deposit forms part of the total share consideration issued pursuant to the Agreement (the "Consideration Shares"). Therefore, a further 210,269,250 common stock were to be issued. As a result of a Cease Trade Order issued by the British Columbia Securities Commission on November 19, 2009 the Company was prohibited from issuing the shares required to complete the share exchange to complete the acquisition. Subsequent to November 19, 2009 all of the issued shares of 0625920 were delivered in trust to the Company's lawyer.

On June 30, 2009 (the "Amalgamation Date") the Company and 0625920 were legally amalgamated pursuant to the British Columbia *Business Corporations Act.* The amalgamated company continued operations as Biomass Secure Power Inc. As a result of a cease-trade order issued by the British Columbia Securities Commission on November 19, 2009 the Company was prohibited from issuing the shares required to complete the share exchange to complete the acquisition. Consequently, the Consideration Shares were not issued on June 30, 2009 and therefore, the transaction was neither completed nor reflected in the Company's June 30, 2010 financial statements. Completion of the Agreement was deferred until the cease-trade order was lifted on April 8, 2011.

Mr. Pappas, acting in his capacity as a director of the Company, transferred the Deposit Shares to a creditor of the Company in full settlement of the amount due. Therefore the Deposit Shares were re-characterized from deposit to payment of a liability, resulting in the requirement for the Company to issue the full number of Consideration Shares to be issued on April 27, 2011.

The Agreement has been accounted for as a purchase of the net assets of 0625920, as management concluded that 0625920 did not meet the definition of a "business" under IFRS. The total purchase price of $968,658, being the fair value of the 225,269,250 Consideration Shares at the Amalgamation Date ($0.0043 per share), was allocated to the intellectual property assets (the "IP") acquired from 0625920. Management of 0625920 warranted the Company had no liabilities at that date. Transaction costs associated with the purchase were negligible.

6. INTELLECTUAL PROPERTY - Continued

Pursuant to the Company's policy, upon completion of the Agreement management completed an impairment assessment of the IP and determined the fair value of the IP to be nominal due to the lack of a certain future cash flow emanating from the IP. As a result the Company recognized a post-acquisition impairment of $968,657 charged to operations for the year ended June 30, 2011.

	Computers and Equipment
Cost	
Balance at June 30, 3012, June 30, 2013 and September 30, 2013	**$ 1**
Amortization	
Balance at June 30, 2012, June 30, 2013 and September 30, 2013	**$ -**
Carrying amounts	
At June 30, 2013	$ 1
At September 30, 2013	**$ 1**

7. LOAN PAYABLES

	September 30, 2013	June 30, 2013
Return of share subscription	**$ 6,000**	**$ 6,000**
On August 23, 2012 the Company, with the mutual agreement of two shareholders, rescinded the issuance of 1,111,110 common shares issued on April 27, 2011 at $0.0054 per share. The shares were issued pursuant to an exemption which is not available in the province the investors are resident in. The total subscription price of $6,000 has been classified as loans payable in these financial statements.		
Convertible debenture	**35,000**	**35,000**
On August 25, 2011 the Company entered into a $35,000 convertible debenture (the "Note") with interest at 8% per annum, due 9 months after issuance. The Note has the following conversion and other terms: a) The Company may prepay the Note at anytime by paying the accrued interest plus a premium on the principal of 30% if paid in the period ending 90 days following the date of the Note, 35% if paid in the period 91 days to 120 days following the date of the Note, 45% if paid in the period 121 days to 150 days following the date of the Note or 50% if paid in the period 151 days to 180 days following the date of the Note. After 180 days the Company has no right of prepayment. b) At anytime during the period beginning on the date which is 180 days following the date of the Note to the complete satisfaction of the Note, the Note is convertible into shares of common stock of the Company at a price that is 55% of the average of the three trading prices for the common stock during the ten trading day period prior to the date of conversion; c) The Note Holder is limited to convert no more than 4.99% of the issued and outstanding common stock at the time of conversion; d) In the event of default the Note is immediately due and payable at the minimum amount of 150% times the sum of outstanding principal plus unpaid interest. The Note holder can request payment in shares. The debenture was due on May 25, 2012. The Note Holder agreed to defer the due date until such time as the cease trade order, issued by the British Columbia Securities Commission, has been revoked. The revocation of the cease trade order was issued of September 7, 2012. At September 30, 2013 and June 30, 2013 the Company was in default of the repayment terms of the debenture.		
Demand Promissory Notes	**146,630**	**90,374**
In March 2013 to September 2013 the Company entered into a number of unsecured demand promissory notes due on the earlier of demand or dates up to December 2013, with interest at 12%.		
	$ 187,630	**$ 131,374**

8. DUE TO RELATED PARTIES

The Company is indebted to directors and officers of the Company for operating expenses paid by those individuals on behalf of the company, cash advances and accrued management fees. The amounts are payable on demand, unsecured and without interest.

	September 30, 2013	June 30, 2013
Balance, beginning	**$ 88,869**	$ 280,045
Accrued management and director fees	**60,000**	240,000
Cash advances to company	**-**	38,367
Expenses paid on behalf of the company	**17,120**	74,650
Repayment – cash	**(22,080)**	(107,384)
Repayment – shares	**-**	(436,809)
Balance, ending	**$ 143,909**	$ 88,869

9. SHARE CAPITAL

a) Authorized

The Company is authorized to issue an unlimited number of no par value common shares.

b) Issued

Share issuances in the period ended September 30, 2013

No shares were issued during the period ended September 30, 2013.

Share issuances in the year ended June 30, 2013

On February 4, 2013 the Company issued 44,536,351 common shares at $0.014 per share, for a total of $623,509, to settle $436,809 due to directors, $78,100 of trade accounts payable due to a partnership of which our CFO is a member, $48,600 in settlement of funds loaned to the Company and $60,000 in settlement of a liability for services provided to the Company.

c) Shares to be Cancelled

Settlement of legal action

Settlement of a legal action brought against the Company regarding trading restrictions on certain previously issued stock has been reached. Pursuant to the settlement agreement, subsequent to September 30, 2011, the plaintiff returned 12,030,868 common stock to the Company, of which 9,030,868 will be reissued subject to trading restrictions and 3,000,000 will be canceled. The cancellation of the 3,000,000 common shares are not reflected in these financial statements.

10. EQUITY AND RESERVES

a) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's balance sheet from time to time will include "Contributed Surplus", 'Warrant Reserve', 'Share-based Payment Reserve', and 'Accumulated Deficit'.

- "Contributed Surplus" recognizes amounts contributed to the Company shareholders either by way of direct contribution of cash or assets to the Company or delivery of assets to the Company having a fair valued in excess of consideration paid by the Company.
- 'Warrant Reserve' is used to recognize the fair value of share warrants prior to exercise or expiry.
- 'Share-based Payment Reserve' is used to recognize the fair value of stock option grants prior to exercise, expiry or cancellation and the fair value of other share-based consideration paid at the date of payment.
- 'Accumulated Deficit' is used to record the Company's change in deficit from earnings from period to period.

b) Stock Options

At September 30, 2013 and June 30, 2013 and 2013 the Company had no stock option plan.

During the period ended September 30, 2013 and during the year ended June 30, 2013, there were no common stock options granted. As of September 30, 2013, there were no outstanding exercisable or un-exercisable common stock options.

11. OTHER INCOME AND EXPENSES

	September 30, 2013	September 30, 2012
Other expenses include:		
General and administration	**$ 3,498**	$ 2,131
Professional fees	**13,593**	13,426
Transfer agent and filing fees	**730**	5,104
Travel	**7,501**	6,329
	$ 25,322	$ 27,686

12. RELATED PARTY TRANSACTIONS

Goods or services rendered

Key management includes directors (executive and non-executive) and senior management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). The compensation paid or payable to key management for employee services is disclosed in the table below. All amounts owing are unsecured, non-interest bearing and have no specific terms of repayment.

Except as disclosed elsewhere in these financial statements, the Company incurred the following general and administrative costs with related parties:

	September 30, 2013	September 30, 2012
Goods or services rendered:		
Management fees paid or accrued to our CEO	**$ 30,000**	$ 30,000
Management fees paid or accrued to directors who are also officers of the Company	**$ 30,000**	$ 30,000
Accounting fees paid or accrued to a partnership related to our CFO for his services	**$ 7,500**	$ 7,625

Transactions with related parties were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Amounts due to related parties

	September 30, 2013	June 30, 2013
Amounts due to related parties recorded in accounts payable and accrued liabilities		
Due to (from) directors	$ 143,909	$ 88,869
Due or accrued as due to a partnership related to our CFO	$ 57,735	$ 50,235

13. COMMITMENTS AND CONTINGENCIES

General Statement Regarding Reserves

The Company establishes reserves for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be higher or lower than any amounts reserved for the claims. On the basis of information currently available, advice of counsel, available insurance coverage, if applicable, and established reserves, it is the opinion of management that the eventual outcome of the actions against us are remote will not have a material adverse effect on our financial condition, results of operations, or cash flows. However, in the event of unexpected future developments, it is possible that the ultimate resolution of legal matters, if unfavorable, may be material to our financial condition, results of operations, or cash flow.

14. CAPITAL MANAGEMENT

The Company monitors its cash, common shares, warrants and stock options as capital. The Company's objectives when maintaining capital are to maintain sufficient capital base in order to meet its short-term obligations and at the same time preserve investor's confidence required to sustain future development and production of the business.

The Company is not exposed to any externally imposed capital requirements.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is present throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies, and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

i) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk as follows:

Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between the US dollar and the Canadian dollar or other foreign currencies will affect the Company's operations and financial results. The Company could have exposure to foreign currency risk. The Company's functional currency is US dollars but it raises some of its capital in Canadian dollars. The Company has not hedged its exposure to currency fluctuations.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash, cash equivalents and short-term deposits held with Canadian financial institutions. The Company considers this risk to be immaterial.

Equity risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets.

ii) 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. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and equivalents, short-term deposits, other receivables and environmental deposit. Cash and equivalents and short-term deposits are maintained with financial institutions of reputable credit and may be redeemed upon demand.

The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at June 30, 2013 and June 30, 2012 relating to cash and equivalents and short-term deposits of $11,766 and $2,075 respectively. All cash, cash equivalents and short-term deposits are held at Bank of Nova Scotia. The Company considers this risk to be minimal for all cash and cash equivalent assets.

iii) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that is will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

15. MANAGEMENT OF FINANCIAL RISK - Continued

General Objectives, Policies and Processes - continued

iii) Liquidity Risk - continued

Typically, the Company ensures that is has sufficient cash on demand to meet expected operational expenses for a period of 180 days. To achieve this objective, the Company prepares annual operating and capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on explorations projects to further manage expenditures.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Consolidated Statement of Financial Position carrying amounts for cash and cash equivalents and trade and other payables approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable marker data (unobservable inputs).

16. LOSS PER SHARE

Income (loss) per Share

Basic loss per share amounts are calculated by dividing the net profit for the year by the weighted average number of common shares outstanding during the year.

	September 30, 2013	September 30, 2012
Loss attributable to common shareholders	$ (115,297)	$ (326,684)
Weighted average number of common shares	599,991,908	555,455,557
Basic loss per share	$ ($0.00)	$ ($0.00)
Fully diluted number of common shares	599,991,908 (1)	555,455,557 (1)
Fully diluted loss per share	$ ($0.00)	$ ($0.00)

(1) The basic and diluted number of common shares are the same as there are no instruments that have a dilutive effect on the basic loss per share.