ANSELL CAPITAL CORP.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
JULY 31, 2013 AND 2012

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Ansell Capital Corp.

We have audited the accompanying financial statements of Ansell Capital Corp., which comprise the statements of financial position as at July 31, 2013 and 2012, and the statements of operations and comprehensive loss, cash flows and changes in equity 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, these financial statements present fairly, in all material respects, the financial position of Ansell Capital Corp. as at July 31, 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 conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Ansell Capital Corp.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Accountants

November 28, 2013

ANSELL CAPITAL CORP.

STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	JULY 31, 2013	JULY 31, 2012
ASSETS		
Current assets		
Cash	**$ 995,912**	$ 1,504,878
Short term investments	**519,827**	566,000
Receivables	**10,706**	57,858
Prepaid expenses	**854**	6,174
Total current assets	**1,527,299**	2,134,910
Exploration advances	**-**	70,000
Equipment (Note 5)	**1,209**	4,697
Investments (Note 6)	**29,016**	66,000
Exploration and evaluation assets (Note 8)	**8,136,828**	8,061,759
Total assets	**$ 9,694,352**	$ 10,337,366
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**$ 76,726**	$ 284,453
Total liabilities	**76,726**	284,453
Shareholders' equity		
Share capital (Note 9)	**13,060,788**	12,767,413
Share-based payment reserve	**347,525**	762,464
Obligation to issue shares	**-**	4,875
Accumulated other comprehensive income	**(165,384)**	(110,000)
Deficit	**(3,625,303)**	(3,371,839)
Total shareholders' equity	**9,617,626**	10,052,913
Total liabilities and shareholders' equity	**$ 9,694,352**	$ 10,337,366

Nature of operations (Note 1)

These financial statements were approved and authorized for issue on behalf of the Board of Directors on November 28, 2013 by:

On behalf of the Board:

"JevinWerbes"	*"RahoulSharan"*
Director	Director

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

ANSELL CAPITAL CORP.

STATEMENTS OF OPERATIONSAND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	YEARS ENDED JULY 31	
	2013	2012
Expenses		
Amortization	**$ 404**	$ 1,728
Consulting	**97,725**	96,000
Investor relations	**-**	28,500
Management fees	**72,000**	72,000
Office expenses	**65,305**	50,640
Professional fees	**40,968**	87,920
Regulatory and filing fees	**8,840**	10,082
Rent, net of recoveries	**15,192**	(5,955)
Shareholder communications	**15,193**	68,876
Share-based payments (Note 10)	**-**	27,775
Transfer agent fees	**6,961**	13,295
Travel and property evaluation	**46,262**	31,547
Wages and salaries	**68,304**	70,428
Write-down of advance (Note 7)	**100,000**	-
Write-down of exploration and evaluation assets and acquisition advances (Note 8)	**-**	647,758
	(537,154)	(1,200,594)
Interest income	**17,413**	38,078
Exploration and evaluation asset recovery (Note 8)	**148,612**	15,000
Loss on disposal of equipment	**(3,084)**	-
Loss on sale of investments	**(5,690)**	-
Other income (Note 9)	**-**	150,000
	157,251	203,078
Loss For The Year	**(379,903)**	(997,516)
Other Comprehensive Loss		
Unrealized losses on available for sale investments	**(55,384)**	(90,000)
Comprehensive Loss For The Year	**$ (435,287)**	$ (1,087,516)
Basic and Fully Diluted Loss per Share	**$ (0.01)**	$ (0.02)
Weighted Average Number Of Shares Outstanding	**57,533,725**	57,365,823

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

ANSELL CAPITAL CORP.

STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	YEARS ENDED JULY 31	
	2013	2012
Cash Provided By (Used In):		
Operating Activities		
Loss for the year	**$ (379,903)**	$ (997,516)
Amounts not affecting cash:		
Amortization	**404**	1,728
Loss on disposal of equipment	**3,084**	-
Loss on sale of investments	**5,690**	-
Write-down of advance	**100,000**	-
Write-down of exploration and evaluation assets	**-**	647,758
Exploration and evaluation asset recovery	**(148,612)**	-
Share-based payments	**-**	27,775
Other income	**-**	(150,000)
Net changes in non-cash operating working capital items:		
Receivables	**47,152**	71,981
Prepaid expenses	**5,320**	(1,846)
Accounts payable and accrued liabilities	**(12,859)**	17,942
Net cash outflow from operating activities	**(379,724)**	(382,178)
Investing Activities		
Investment in exploration and evaluation assets	**(455,187)**	(2,513,984)
Advance	**(100,000)**	-
Exploration and evaluation asset recoveries	**377,862**	120,000
Proceeds on sale of investment	**1,910**	-
Short term investments (net)	**46,173**	488,672
Total cash outflow from investing activities	**(129,242)**	(1,905,312)
Financing Activities		
Issuance of share capital	**-**	25,000
Total cash inflow from financing activities	**-**	25,000
Change in cash	**(508,966)**	(2,262,490)
Cash, beginning of year	**1,504,878**	3,767,368
Cash, end of year	**$ 995,912**	$ 1,504,878
Supplemental cash flow information		
Interest paid	**$ -**	$ -
Income taxes paid	**$ -**	$ -

(See Note 16)

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

ANSELL CAPITAL CORP.

STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD FROM AUGUST 1, 2011 TO JULY 31, 2013
(Expressed in Canadian Dollars)

	SHARE CAPITAL		SHARE-BASED PAYMENT	OBLIGATION TO	ACCUMULATED OTHER COMPREHENSIVE	ACCUMULATED	TOTAL SHAREHOLDERS'
	SHARES	AMOUNT	RESERVE	ISSUE SHARES	INCOME	DEFICIT	EQUITY
Balance, August 1, 2011	57,125,344	$ 12,628,779	$ 868,153	$ 30,250	$ (20,000)	$ (2,413,653)	$ 11,093,529
Exercise of stock options	250,000	40,993	(15,993)	-	-	-	25,000
Shares issued for property and related finders fees	150,000	19,500	-	-	-	-	19,500
Share – based payments	-	-	27,775	-	-	-	27,775
Obligation to issue shares	-	-	-	(25,375)	-	-	(25,375)
Other comprehensive income	-	-	-	-	(90,000)	-	(90,000)
Expiry of agents warrants	-	78,141	(78,141)	-	-	-	-
Expiry of options	-	-	(39,330)	-	-	39,330	-
Loss for the year	-	-	-	-	-	(997,516)	(997,516)
Balance, July 31, 2012	57,525,344	12,767,413	762,464	4,875	(110,000)	(3,371,839)	10,052,913
Shares issued for finders fees	12,188	4,875	-	(4,875)	-	-	-
Other comprehensive income	-	-	-	-	(55,384)	-	(55,384)
Expiry of agents warrants	-	288,500	(288,500)	-	-	-	-
Expiry of options	-	-	(126,439)	-	-	126,439	-
Loss for the year	-	-	-	-	-	(379,903)	(379,903)
Balance, July 31, 2013	**57,537,532**	**$ 13,060,788**	**$ 347,525**	**$ -**	**$ (165,384)**	**$ (3,625,303)**	**$ 9,617,626**

The accompanying notes are an integral part of these financial statements

ANSELL CAPITAL CORP.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2013 and 2012
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

a) Nature of Operations

Ansell Capital Corp. ("Company") was incorporated under the Business Corporations Act (BC) on July 26, 2006 and is listed on the TSX Venture Exchange.

The Company's principal business activity is the acquisition and exploration of resource properties. The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. Consequently, the Company considers itself to be an exploration stage company.

The address of the Company's corporate office and principal place of business is Suite 300 – 235 West 15th Street, West Vancouver, British Columbia, V7T 2X1.

2. BASIS OF PRESENTATION

a) Statement of Compliance

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

These financial statements were authorized for issue by the Board of Directors on November 28, 2013.

b) Going Concern

The financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company has working capital at July 31, 2013 of $1,450,573 (2012 - $1,850,457) and will require additional funding, either through debt or equity issuances, in order to maintain its operating activities and exploration commitments for the upcoming fiscal year. These uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

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

c) Basis of Measurement

These financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses.

2. BASIS OF PRESENTATION (Continued)

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. See Note 4 for Use of Estimates and Judgments made by management in the application of IFRS.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements set out below have been applied consistently in all material respects.

Short Term Investments

Short term investments include investments that are convertible to known amounts of cash and where management has the intent to hold the amount for short investment purposes rather than the purpose of meeting short term cash commitments.

Earnings (loss) per Share

Basic earnings (loss) per share is computed by dividing the earnings (loss) available to common shareholders by the weighted average number of sharesoutstanding during the year. The Company calculates diluted earnings (loss) per share whereby, the weighted average number of common shares outstanding used for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the year. In the Company's case, diluted loss per share presented is the same as basic loss per share as the effect of outstanding options and warrants, if any, would be anti-dilutive.

Exploration and Evaluation Assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation costs for mineral properties

Once the legal right to explore a property has been acquired, exploration and evaluation expenditures are recognized and capitalized. Mineral exploration costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned.

Once the technical feasibility and commercial viability of extraction of the mineral resources has been determined, the property is considered to be a property under development and is reclassified as such after being assessed for any impairment. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the ore reserves, while those costs for the prospects abandoned are written off.

When impairment indicators arise, the Company evaluates the future recoverability of its mineral property costs. Impairment losses or write-downs are recorded in the event the net book value of such assets exceeds the estimated indicated future cash flows attributable to such assets.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The recoverability of the amounts capitalized for the undeveloped mineral property is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to its mineral properties and, to the best of its knowledge, the title to its properties are in good standing.

Equipment

Equipment is recorded at cost and amortized over its estimated useful lives at the following rates:

Office equipment	20% declining balance method
Vehicles	30% declining balance method

The cost of an item includes the purchase price and directly attributable costs to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment.

Amortization methods, useful lives and residual values are reviewed at each financial year end and are adjusted if appropriate.

Share-Based Payments

Equity-settled share based payments for directors, officers and employees are measured at fair value at the date of grant and recorded as an expense in the financial statements with a corresponding increase in equity. The fair value determined at the grant date of the equity-settled share based payments is expensed using the graded vesting method over the vesting period based on the Company's estimate of the amount of shares that will eventually vest. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share based payments is credited to share capital. Shares are issued from treasury upon the exercise of equity-settled share - based instruments.

Compensation expense on stock options granted to non-employees is measured at the earlier of the completion of performance and the date the options are vested using the fair value method and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by the use of a Black-Scholes valuation model.

Income Tax

Income tax expense comprises of current and deferred tax. Current and deferred tax is recognized in the statement of operations except to the extent that it relates to a business combination or items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current income taxes are the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax (Continued)

Deferred tax assets and liabilities are recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred income tax assets and liabilities are presented as non-current.

Impairment of Long-lived Assets

The Company's tangible and intangible assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in the statement of operations for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determine, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

Financial Instruments

Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the company classifies its financial assets in the following categories depending on the purpose for which the instruments were acquired.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Financial assets are classified into one of four categories: Financial assets at fair value through profit or loss ("FVTPL"), Held-to-maturity investments, available for sale ("AFS") and loans and receivable.

The Company has classified cash and short term investments as FVTPL and receivable as loans and receivable.

The Company has classified its investments as AFS. Available for sale financial assets are measured at fair value, with unrealized gains and losses recorded in other comprehensive income or loss until the asset is realized, at which time they will be recorded in net income or loss. The Company's investments consist entirely of marketable securities that are quoted in an active market.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. Financial assets are impaired when one or more events that occurred after the initial recognition of the financial asset have been impacted.

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 assetsis directly reduced by the impairment loss.

Impairment losses on loans and receivables carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available-for-sale equity instruments are not reversed.

Financial liabilities are classified as financial liabilities at FVTPL, or as other financial liabilities, as appropriate. The Company classifies its accounts payable and accrued liabilities as other financial liabilities.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value.

Rehabilitation Provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of tangible long-lived assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates is capitalized to the amount of the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Provisions are determined by discounting the risk-adjusted expected future cash flows to take into consideration risks and uncertainties involving the transaction. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as the related asset. The liability is progressively increased each period as the effect of discounting unwinds, creating an expense recognition in the statement of operations.

The Company's estimates of reclamation costs are reviewed at each reporting date for changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation provision.

The Company has no significant rehabilitation provisions as at July 31, 2013 and 2012.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Translation of Foreign Currencies

The financial statements are presented in Canadian dollars which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the Company's functional currency using exchange rates approximating those in effect at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined and not subsequently restated.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the statement of operations in the period in which they arise.

Share Capital

Share issue costs

Costs directly identifiable with the issuance of equity instruments are charged against share capital. Share issue costs incurred in advance of the issuance of equity are recorded as non-current deferred assets. Share issue costs related to uncompleted share subscriptions are charged to operations.

Flow-through shares

The Company provides certain share subscribers with a flow-through component for tax incentives available on qualifying Canadian exploration expenditures. The increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. Any premium, being the excess of the proceeds over the market value of the common shares, is recorded as a liability. At the later of both the renouncing and the incurrence of the expenditure, the Company de-recognizes the liability, and the premium amount is recognized as other income in the statement of operations.

Accounting Standards Issued But Not Yet Applied

International Financial Reporting Standard 9, Financial Instruments ("IFRS 9"), was issued in November 2009. It addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and Fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely. This standard was required to be applied for accounting periods beginning on or after January 1, 2015, with earlier adoption permitted. However, the effective date has been deferred.

The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

The following new standards, amendments and interpretations, which have not been early adopted in these interim financial statements, will not have an effect on the Company's future results and financial position:

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Standards Issued But Not Yet Applied (Continued)

- IFRS 10 Establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities (Effective for annual periods beginning on or after January 1, 2013)
- IFRS 11 Establishes principles for financial reporting by parties to a joint arrangement (Effective for annual periods beginning on or after January 1, 2013)
- IFRS 12 Applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity (Effective for annual periods beginning on or after January 1, 2013)
- IFRS 13 Defines fair value, sets out in a single IFRS framework for measuring value and requires disclosures about fair value measurements (Effective for annual periods beginning on or after January 1, 2013)
- IAS 27 Contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements (Effective for periods beginning on or after January 1, 2013)
- IAS 28 Sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures (Effective for periods beginning on or after January 1, 2013)
- Amendments to IAS 1, Presentation of Financial Statements (Effective July 1, 2012 and may be early adopted)

4. USE OF ESTIMATES AND JUDGEMENTS

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

Information about critical judgments and significant estimates in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

i) Impairment

At each reporting period, assets, specifically in exploration and evaluation are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. The assessment of the carrying amount often requires estimates and assumptions such as discount rates, exchange rates, commodity prices, future capital requirements and future operating performance.

Information about assumptions and estimation uncertainties that have a significant risk in resulting in material adjustments

i) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 10.

4. USE OF ESTIMATES AND JUDGEMENTS (Continued)

ii) 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, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

5. EQUIPMENT

	OFFICE EQUIPMENT	VEHICLE	TOTAL
Cost			
Balance, August 1, 2012	$ 3,317	$ 7,000	$ 10,317
Additions	-	-	-
Disposals	-	(7,000)	(7,000)
Balance July 31, 2013	$ 3,317	$ -	$ 3,317
Amortization			
Balance, August 1, 2012	$ 1,704	$ 3,916	$ 5,620
Charge for the period	404	-	404
Disposals	-	(3,916)	(3,916)
Balance July 31, 2013	$ 2,108	$ -	$ 2,108
Net Book Value, July 31, 2013	**$ 1,209**	**$ -**	**$ 1,209**

	OFFICE EQUIPMENT	VEHICLE	TOTAL
Cost			
Balance, August 1, 2011	$ 3,317	$ 7,000	$ 10,317
Additions	-	-	-
Disposals	-	-	-
Balance July 31, 2012	$ 3,317	$ 7,000	$ 10,317
Amortization			
Balance, August 1, 2011	$ 1,300	$ 2,592	$ 3,892
Charge for the year	404	1,324	1,728
Disposals	-	-	-
Balance July 31, 2012	$ 1,704	$ 3,916	$ 5,620
Net Book Value, July 31, 2012	$ 1,613	$ 3,084	$ 4,697

6. INVESTMENTS

	JULY 31 2013	JULY 31 2012
Driven Capital Corp. ("Driven") – 3,000,000 common shares* (2012 – 400,000 common shares)	**$ 15,000**	$ 28,000
Great Bear Resources Ltd. ("Great Bear") – 92,000 common shares** (2012 – 500,000 common shares)	**7,820**	20,000
Entourage Mining Ltd. ("Entourage") – 300,000 common shares***	**6,196**	18,000
	$ 29,016	$ 66,000

* The Driven common shares were received pursuant to a mineral property option agreement as follows:
200,000 common shares at a value of $50,000 (Note 8(a)).
200,000 common shares at a value of $16,000 (Note 8(a)).
400,000 common shares at a value of $4,000 (Note 8(a)).
2,200,000 common shares at a value of $22,000 (Note 8(a)).

** The Great Bear common shares were received pursuant to a mineral property option agreement at a value of $95,000 (Note 8(d)). During the year ended July 31, 2013, the Company sold 40,000 shares for proceeds of $1,910 resulting in a loss of $5,690. The remaining balance of Great Bear common shares held were consolidated on a 5:1 basis. Accordingly at July 31, 2013 the Company holds 92,000 common shares.

*** The Entourage common shares were received at a value of $15,000.

7. ADVANCE

The Company advanced $100,000 towards the costs of drilling an oil and gas well in Alberta. The Company had agreed to fund 33% of the costs in order to acquire a 25% interest in the well.

The Company determined the well was not viable and accordingly wrote-off the advance as at July 31, 2013. Subsequent to July 31, 2013 the Company advanced a further $118,500.

8. EXPLORATION AND EVALUATION ASSETS

Mineral property costs for the year ended July 31, 2013 are as follows:

	BALANCE JULY 31 2012	ADDITIONS	COST RECOVERY	WRITE OFFS	**BALANCE JULY 31 2013**
Property Acquisition Costs					
Kuyakuz, Canada (a)	$ 5,250	$ -	$ (5,250)	$ -	**$ -**
Charlotte, Canada (b)	4,840,000	-	-	-	**4,840,000**
Dal, Canada (c)	284,969	-	-	-	**284,969**
Etzel, Canada (d)	250,000	-	(250,000)	-	**-**
	5,380,219	-	(255,250)	-	**5,124,969**
Deferred Exploration Expenditures					
Kuyakuz, Canada (a)	-	-	-	-	**-**
Charlotte, Canada (b)	2,546,211	314,158	-	-	**2,860,369**
Dal, Canada (c)	135,329	16,161	-	-	**151,490**
Etzel, Canada (d)	-	-	-	-	**-**
	2,681,540	330,319	-	-	**3,011,859**
Total	$ 8,061,759	$ 330,319	$ (255,250)	$ -	**$ 8,136,828**

Mineral property cost for the year ended July 31, 2012 are as follows:

	BALANCE JULY 31 2011	ADDITIONS	COST RECOVERY	WRITE OFFS	BALANCE JULY 31 2012
Property Acquisition Costs					
Kuyakuz, Canada (a)	$ 10,043	$ -	$ (4,793)	$ -	$ 5,250
Charlotte, Canada (b)	4,340,000	500,000	-	-	4,840,000
Dal, Canada (c)	225,719	59,250	-	-	284,969
Discovery Creek, Canada	230,250	-	-	(230,250)	-
Etzel, Canada (d)	835,000	-	(195,000)	(390,000)	250,000
	5,641,012	559,250	(199,793)	(620,250)	5,380,219
Deferred Exploration Expenditures					
Kuyakuz, Canada (a)	31,207	-	(31,207)	-	-
Charlotte, Canada (b)	1,012,372	1,533,839	-	-	2,546,211
Dal, Canada (c)	-	135,329	-	-	135,329
Discovery Creek, Canada (e)	-	57,758	-	(57,758)	-
Etzel, Canada (d)	-	-	-	-	-
	1,043,579	1,726,926	(31,207)	(57,758)	2,681,540
Total	$ 6,684,591	$ 2,286,176	$ (231,000)	$ (678,008)	$ 8,061,759

Write-offs of $678,008 consist of a write-off of $647,758 recorded in the statement of operations and comprehensive loss and $30,250 reversal of obligation to issue shares through equity.

8. EXPLORATION AND EVALUATION ASSETS (Continued)

a) Kuyakuz Mountain Project, British Columbia, Canada

The Company acquired, for the cost of staking, certain mineral tenures located in the Province of British Columbia.

During the year ended July 31 2011, the Company entered into an option agreement amended May 2013, with Driven Capital Corp. ("Driven"), whereby Driven was granted the option to acquire an undivided 70% interest in the Company's Kuyakuz Mountain property.

In order for Driven to earn its 70% interest in the property the Company will receive consideration aggregating $160,000 cash and 3,000,000 shares of Driven in staged tranches, and Driven has an obligation to incur aggregate exploration expenditures of $1,000,000 in staged tranches as follows:

i) Cash consideration;

$15,000 as a refundable deposit, (received)
$20,000 within five days of the approval date (being April 2011), (received)
$20,000 on April 4, 2012 (received)
$30,000 on October 4, 2012 (received)
$ 5,000 on May 6, 2013 (received)
$70,000 on June 7, 2013 (received)

ii) Stock consideration

200,000 shares within 5 days of approval date, (received at a value of $50,000)
200,000 shares on or before the first anniversary of the approval date (received at a value of $16,000)
400,000 shares on or before the second anniversary of the approval date(received at a value of $4,000)
2,200,000 shares on or before June 7, 2013 (received at a value of $22,000).

iii) Property exploration commitment aggregating $1,000,000 as follows:

$ 100,000 in aggregate on or before the first anniversary of the approval date
$ 300,000 in aggregate on or before the second anniversary of the approval date
$ 584,164 in aggregate on or before the third anniversary of the approval date
$1,000,000 in aggregate on or before October 31, 2014.

Driven has the further option to acquire the remaining 30% undivided interest in the property by issuing an additional 2,200,000 shares to the Company on or before June 7, 2015.

The Company will retain a 2% net smelter return royalty ("NSR") upon commercial production. Driven also has the right to acquire the entire NSR by paying the Company $1,000,000 on or before the sixth anniversary of the approval date.

Consideration received from Driven in excess of capitalized costs are recorded as a recovery in the statement of operations.

8. EXPLORATION AND EVALUATION ASSETS (Continued)

b) Charlotte Property, Yukon Territory, Canada

In March 2011, the Company entered into an option agreement with Eagle Trail Properties Inc. ("Eagle Trail") and Guinness Exploration, Inc. ("Guinness") to acquire up to an 85% undivided interest in the Charlotte project in the Yukon Territory (the "property").

The Company can acquire a 49% interest by paying Eagle Trail $1,000,000, issuing 12,000,000 units to Eagle Trail and spending $5,000,000 on expenditures on the property over 3 years, of which $2,000,000 is to be spent in the first year. Of the cash consideration, $500,000 is payable on the effective date and the remainder is payable 14 months thereafter. The 12,000,000 units are issuable on the effective date.

Each unit consisted of one common share and 0.67 share purchase warrants with one full warrant being exercisable to purchase one additional common share of the Company at a price of $0.35 for two years. During the year ended July 31, 2011, the Company had issued 12,000,000 units valued at $3,840,000 and made cash payments aggregating $500,000 pursuant to the agreement. During the year ended July 31, 2012, the Company made an additional cash payment of $500,000.

The Company is the operator of the project.

The Company can increase its interests to 85% of which 26% can be earned by the Company delivering to Eagle Trail and Guinness a bankable Feasibility Study on the property within five years of obtaining its 49% interest and the final 10% can be earned by arranging for the production financing to place the property into commercial production.

The property is encumbered with a 3% NSR due and payable to Eagle Trail of which 1% can be purchased by the Company for $1,500,000 provided the Company has first acquired a 75% undivided interest in and to the Property.

The agreement also gives Eagle Trail and Guinness the right, until the Company acquires a 75% interest, to elect to include any properties acquired from Aurchem Exploration Ltd. ("Aurchem"), including the Discovery Creek and Etzel properties, as part of the properties subject to this agreement.

c) Dal Property, Yukon Territory, Canada

In March 2011, the Company entered into an option agreement (as amended) with Shawn Ryan and Wildwood Exploration Inc. to aquire mining claims located in the Yukon Territory.

In order to earn its 100% interest in the property, according to the amended agreement the Company will pay the vendors in staged payments $440,000 cash, 2,000,000 common shares and incur expenditures on the property of $2,150,000 by October 2017 as follows:

i) Cash consideration;

$125,000 on the effective date, (paid);
$30,000 on or before May 1, 2012, (paid)
$35,000 on or before May 1, 2014;
$75,000 on or before May 1, 2015;
$75,000 on or before May 1, 2016;
$100,000 on or before May 1, 2017;

8. EXPLORATION AND EVALUATION ASSETS (Continued)

c) Dal Property, Yukon Territory, Canada (Continued)

ii) Stock consideration

300,000 on the effective date, (issued at a value of $90,000);
150,000 shares on or May 1, 2012 (issued at a value of $19,500)
150,000 shares on or May 1, 2014
300,000 shares on or May 1, 2015
300,000 shares on or May 1, 2016
300,000 shares on or May 1, 2017
250,000 shares upon incurring cumulative exploration expenditures $4,000,000
250,000 shares upon incurring cumulative exploration expenditures $7,500,000

iii) Property exploration expenditures

$150,000 on or before October 15, 2011
$75,000 on or before October 15, 2012
$75,000 on or before October 15, 2014
$75,000 on or before October 15, 2015
$75,000 on or before October 15, 2016
$1,700,000 on or before October 15, 2017

From 2016 until commercial production, the Company must make annual advance royalty payments of $30,000. The interest is subject to a 2% NSR of which the Company can purchase 1% for $2,500,000 upon commercial production.

Finders fees are also payable by the Company in staged payments comprising an aggregate of $26,375 cash ($11,000 paid) and the issuance of 65,938 shares (issued 27,500 shares at a value of $9,469).

d) Etzel Property, Yukon Territory, Canada

June 2011, the Company entered into a Mineral Property purchase agreement with Aurchem to acquire up to a 100% interest in certain mineral claims in the Yukon Territory for $835,000 (paid).

The property is subject to 1.5% NSR upon commercial production.

In August 2011, the Company entered into an Option and Joint Venture Agreement with Great Bear Resources Ltd, (“Great Bear”) whereby Great Bear would acquire up to a 65% undivided interest in the Etzel mineral claims.

In order for Great Bear to earn its 65% interest in the property the Company is to receive consideration aggregating $500,000 cash and 2,500,000 shares of Great Bear in staged tranches, and Great Bear has an obligation to incur aggregate exploration expenditures of $9,750,000.

During the year ended July 31, 2012, prior to Great Bear giving notice to terminate the agreement, the Company received $100,000 and 500,000 common shares of Great Bear with a value of $95,000 pursuant to the agreement. The Company also recorded a property impairment of $390,000.

During the year ended July 31, 2013, the Company sold the property for $250,000 to Rockhaven Resources Ltd.

8. EXPLORATION AND EVALUATION ASSETS (Continued)

e) Discover Creek Property, Yukon Territory, Canada

In May 2011, the Company entered into an option agreement with Aurchem to acquire up to a 100% interest in certain claims in the Yukon Territory. The Company abandoned the project during fiscal 2012 and wrote-off accumulated costs of $288,008.

9. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value

b) Issued

As at July 31, 2013, there were 57,537,532 (July 31, 2012 – 57,525,344) common shares outstanding.

During the year ended July 31, 2013, the Company issued 12,188 common shares pursuant to a finder's fee agreement on the Dal property with a value of $4,875.

During the year ended July 31, 2012 the Company had the following share transactions:

i) Issued 250,000 common shares pursuant to the exercise of stock options at $0.10 per share for aggregate proceeds of $25,000, The Company also recorded a reallocation of share-based payment reserve to share capital of $15,993 as a result of the options being exercised.

ii) Issued 150,000 common shares with a fair value of $19,500 pursuant to the Dal property agreement (Note 8c).

c) Shares held in escrow

As at July 31, 2013 and July 31, 2012, no common shares were subject to escrow arrangements.

d) Share purchase warrants

As at July 31, 2013, no share purchase warrants were outstanding:

A summary of changes in share purchase warrants for the years ended July 31, 2013 and 2012 is presented below:

	YEAR ENDED JULY 31, 2013		YEAR ENDED JULY 31, 2012	
	NUMBER	**WEIGHTED AVERAGE EXERCISE PRICE**	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of year	**16,527,500**	**$ 0.43**	19,662,500	$ 0.38
Granted	**-**	**-**	-	-
Exercised	**-**	**-**	-	-
Expired	**(16,527,500)**	**(0.43)**	(3,135,000)	(0.35)
Balance, end of year	**-**	**$ -**	16,527,500	$ 0.43

9. SHARE CAPITAL (Continued)

e) Brokers' warrants

As at July 31, 2013, no brokers warrants were outstanding:

A summary of changes in broker's warrants for the years ended July 31, 2013 and 2012 is presented below:

	YEAR ENDED JULY 31, 2013		YEAR ENDED JULY 31, 2012	
	NUMBER	**WEIGHTED AVERAGE EXERCISE PRICE**	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of year	**-**	**$ -**	257,500	$ 0.20
Exercised	**-**	**-**	-	-
Expired	**-**	**-**	(257,500)	(0.20)
Balance, end of year	**-**	**$ -**	-	$ -

f) Agents' warrants

As at July 31, 2013, no agents' warrants were outstanding:

A summary of changes in agent's warrants for the years ended July 31, 2013 and 2012 is presented below:

	YEAR ENDED JULY 31, 2013		YEAR ENDED JULY 31, 2012	
	NUMBER	**WEIGHTED AVERAGE EXERCISE PRICE**	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of year	**1,093,873**	**$ 0.50**	1,093,873	$ 0.40
Expired	**(1,093,873)**	**(0.50)**	-	-
Balance, end of year	**-**	**$ -**	1,093,873	$ 0.50

g) Flow through shares

In April 2011, the Company issued 1,875,000 flow through units and recognized a liability on issuance of $150,000. During the year ended July 31, 2012, the Company renounced the expenditures and de-recognized the liability, resulting in a credit to other income.

10. SHARE - BASED PAYMENTS

The Company has a Stock Option Plan under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company.

10. SHARE - BASED PAYMENTS (Continued)

The options can be granted for a maximum of 5 years and vest as determined by the board of directors. Options granted for investor relations services vest over a 12 month period with no more than ¼ of any grant vesting in a three month period. The exercise price of each option may not be less than the fair market value of the common shares.

As July 31, 2013 the following stock options are outstanding:

NUMBER OF STOCK OPTIONS	PRICE PER SHARE	NUMBER EXERCISABLE AT JULY 31, 2013	EXPIRY DATE
275,000	$ 0.12	275,000	May 14, 2014
50,000	$ 0.40	50,000	December 2, 2013
200,000	$ 0.40	200,000	March 4, 2014
800,000	$ 0.38	800,000	June 17, 2016
1,325,000		1,325,000	

A summary of changes in stock options for the years ended July 31, 2013 and 2012 is presented below:

	YEAR ENDED JULY 31, 2013		YEAR ENDED JULY 31, 2012	
	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of year	**2,125,000**	**$ 0.33**	2,475,000	$ 0.30
Granted	**-**	**-**	100,000	0.40
Exercised	**-**	**-**	(250,000)	(0.10)
Expired	**(800,000)**	**(0.33)**	(200,000)	(0.25)
Balance, end of year	**1,325,000**	**$ 0.33**	2,125,000	$ 0.33

During the year ended July 31, 2013, the Company recorded $nil (July 31, 2012 - $27,775) in share based payments for options granted and vested during the period.

The fair value of each option granted is estimated on the grant date using the Black-Scholes option pricing model. The weighted average assumptions used in calculating fair value of options granted are as follows:

	YEARS ENDED JULY 31	
	2013	2012
Risk free interest rate	**-**	1.48%
Expected life	**-**	2.9 years
Expected volatility	**-**	120%
Expected dividend yield	**-**	-
Weighted average of fair value per option granted	**-**	$0.19

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

IFRS 7 establishes a fair value hierarchy that priorities the input to valuation techniques used to measure fair value as follows:

Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

Level 3 – Applies to assets or liabilities for which there are unobservable market data.

Due to the relatively short term nature of receivables and accounts payable and accrued liabilities, the fair value of these instruments approximates their carrying value. The Company measures the fair value of its cash, short term investments and investments using Level 1 inputs.

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

a) Credit risk

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

The Company's cash and short term investments are primarily held in large Canadian financial institutions. The Company's receivables consist mainly of GST/HST receivable due from the Federal Government of Canada. Management believes that the credit risk with respect to cash, short term investments and receivables is remote.

b) Liquidity risk

The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account the Company's holdings of cash. As at July 31, 2013, the Company had cash and short term investments totaling $1,515,739 (2012 - $2,070,878) to settle current liabilities of $76,726 (2012 - $284,453). All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company believes that its sources of financing will be sufficient to cover the expected short term cash requirements.

c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

c) Market risk (Continued)

i) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

ii) Foreign currency risk

The Company's functional currency and the reporting currency is the Canadian dollar ("CDN$"). Periodically the Company incurs charges on its operations for settlement in currencies other than its functional currency and any gain or loss arising on such transactions is recorded in operations for the year.

The Company does not participate in any hedging activities to mitigate any gains or losses which may arise as a result of exchange rate changes.

As at July 31, 2013, the Company held no material financial assets or liabilities which were denominated in currencies other than the Canadian dollar.

iii) Commodity Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. To mitigate price risk, the Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

12. CAPITAL MANAGEMENT

The Company defines its capital as shareholder's equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

13. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and includes both executive and non-executive directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel.

Except as disclosed elsewhere in these financial statements, related party transactions are detailed below.

As at July 31, 2013, included in accounts payable and accrued liabilities are amounts owing to a company controlled by an officer of $8,788 (July 31, 2012 - $11,684) for accounting fees; amounts owing to three companies controlled by individual directors for fees of $37,513 (July 31, 2012–one company - $2,856) and an amount owing to a director for expense reimbursement of $2,230 (July 31, 2012 - $3,002).

Amounts capitalized into exploration and evaluation assets during the year ended July 31, 2013 including fees charged by companies controlled by directors aggregated $21,750 (2012- $51,000).

During the years ended July 31, 2013 and 2012, the Company also incurred the following expenses charged by key management personnel or companies controlled by them.

a) Paid or accrued management fees of $72,000 (2012 - $72,000) to a company controlled by a director.

b) Received rent recoveries of $88,700 (2012 - $98,900) from companies with directors and officers in common.

c) Paid or accrued professional fees of $13,400 (2012 - $25,100) to a company controlled by an officer of the Company.

d) Paid or accrued wages of $48,600 (2012 - $48,600) to a director and the secretary of the Company.

e) Paid or accrued consulting fees of $96,000 (2012 - $96,000) to a company controlled by a director of the Company.

f) Incurred share based payments upon the granting and vesting of stock options to key management personnel amounting to $nil (2012 - $27,775).

14. INCOME TAXES

A reconciliation of income taxes at statutory rates to the Company's effective income tax expense is as follows:

	YEARS ENDED 2013	2012
Loss for the year	**(379,903)**	(997,516)
Expected tax recovery based on statutory Canadian combined federal and provincial tax rates	**$ (96,000)**	$ (256,000)
Non-deductible expenditures and non-taxable revenues	**2,000**	(30,000)
Impact of future tax rates versus current tax rates	**(39,000)**	7,000
Change in unrecognized temporary differences	**133,000**	279,000
Income tax (recovery)	**$ -**	$ -

The Canadian income tax rate increased during the year due to changes in the law that reduced corporate income tax rates in Canada.

Significant components of temporary differences and unused tax losses that have not been recognized on the statement of financial position are as follows:

	YEARS ENDED 2013	Expiry Dates	2012
Investments and other assets	**$ 170,000**	No expiry	$ 116,000
Investment tax credit	**$ 212,000**	2031 - 2033	$ 202,000
Non-capital losses carried forward	**$ 2,732,000**	2028 - 2033	$ 2,058,000
Share issuance costs	**$ 249,000**	2013 - 2015	$ 408,000
Exploration and evaluation assets	**$ 412,000**	Not applicable	$ 561,000

15. SEGMENTED INFORMATION

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. All of the Company's operations are located in Canada.

16. SUPPLEMENTARY CASH FLOW INFORMATION

	YEARS ENDED JULY 31	
	2013	2012
Supplementary disclosure for non-cash investing and financing activities		
Transfer from share-based payment reserve to deficit on expiry of options	**$ 126,439**	$ -
Transfer from share-based payment reserve to share capital on expiry of warrants	**$ 288,500**	$ -
Exploration and evaluation expenditures included in accounts payable	**$ 12,245**	$ 207,113
Exploration advances applied to exploration and evaluation assets	**$ 70,000**	$ -
Obligation to issue shares for exploration and evaluation finders fee	**$ (4,875)**	$ (25,375)
Fair value of shares received pursuant to granting option on exploration and evaluation assets	**$ 26,000**	$ 126,000
Transfer from share-based payment reserve to share capital on exercise of options and brokers warrants	**$ -**	$ 15,933
Stock issued for exploration and evaluation assets	**$ -**	$ 19,500