

VISCOUNT MINING CORP.
(FORMERLY FAITH SPRING VENTURE INC.)

FINANCIAL STATEMENTS

May 31, 2013

(Expressed in Canadian Dollars)

JAMES STAFFORD

INDEPENDENT AUDITOR'S REPORT

James Stafford, Inc.
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To the Shareholders of Viscount Mining Corp. (formerly Faith Spring Venture Inc.)

We have audited the accompanying financial statements of Viscount Mining Corp. (formerly Faith Spring Venture Inc.) which comprise the statements of financial position as at 31 May 2013 and the statements of loss and comprehensive loss, cash flows and changes in equity for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Viscount Mining Corp. as at 31 May 2013 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Viscount Mining Corp. to continue as a going concern.

Other Matter

The financial statements of Viscount Mining Corp. for the period from the date of incorporation on 26 October 2011 to 31 May 2012 were audited by another auditor who expressed an unmodified opinion on those statements in their report dated 26 July 2012.



Chartered Accountants

Vancouver, Canada
18 October 2013

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

VISCOUNT MINING CORP.
(FORMERLY FAITH SPRING VENTURE INC.)
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Notes	May 31, 2013	May 31, 2012
ASSETS			
Current assets			
Cash and cash equivalents		\$ 80,441	\$ 42,734
Amounts receivable		-	2,006
Prepaid expenses		-	15,000
Total Assets		\$ 80,441	\$ 59,740
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	4	\$ 28,853	\$ 6,819
SHAREHOLDERS' EQUITY			
Share capital	5	233,000	100,000
Share subscriptions received in advance	5	30,000	-
Reserves	5	60,000	-
Accumulated deficit		(271,412)	(47,079)
Total shareholders' equity		51,588	52,921
Total Shareholders' Equity and Liabilities		\$ 80,441	\$ 59,740

Nature of Operations and Ability to Continue as a Going Concern – Note 1
Events Occurring After the Reporting Date – Note 10

These financial statements are authorized for issuance by the Board of Directors on October 18, 2013

On behalf of the Board:

"James MacKenzie"
Director

"William Macdonald"
Director

VISCOUNT MINING CORP.**(FORMERLY FAITH SPRING VENTURE INC.)****STATEMENTS OF LOSS AND COMPREHENSIVE LOSS****FOR THE YEAR ENDED MAY 31, 2013****AND FROM THE DATE OF INCORPORATION ON OCTOBER 26, 2011 TO MAY 31, 2012****(Expressed in Canadian dollars)**

	Notes	Year Ended May 31, 2013	From October 26, 2011 to May 31, 2012
EXPENSES			
Accounting and auditing		\$ 56,115	\$ 18,380
Bank charges and interest		206	226
Consulting fees	5	30,000	-
Filing fees		41,873	12,745
Professional fees		56,533	15,918
Stock-based payments	5	40,000	-
Total expenses		224,727	47,269
Other income		(394)	(190)
Net loss and comprehensive loss for the period		\$ 224,333	\$ 47,079
Basic and diluted loss per common share	5	\$ (0.14)	\$ (0.05)

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

VISCOUNT MINING CORP.
(FORMERLY FAITH SPRING VENTURE INC.)
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2013
AND FROM THE DATE OF INCORPORATION ON OCTOBER 26, 2011 TO MAY 31, 2012
(Expressed in Canadian dollars)

	Notes	Year Ended May 31, 2013	From October 26, 2011 to May 31, 2012
OPERATING ACTIVITIES			
Loss for the period		\$ (224,333)	\$ (47,079)
Adjust for non-cash items:			
Stock-based payments		40,000	-
Shares issued for consulting fees	5	30,000	-
Change in non-cash working capital items:			
Accounts payable and accrued liabilities		22,034	6,819
Amounts receivable		2,006	(2,006)
Prepaid expenses		15,000	(15,000)
Cash used in operating activities		(145,293)	(57,266)
FINANCING ACTIVITIES			
Common shares issued, net of share issue cost	5	153,000	100,000
Cash provided by financing activities		183,000	100,000
Change in cash for the period		37,707	42,734
Cash, beginning of period		42,734	-
Cash, end of period		\$ 80,441	\$ 42,734

Supplemental cash flow information (Note 8)

VISCOUNT MINING CORP.
(FORMERLY FAITH SPRING VENTURE INC.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED MAY 31, 2013
AND FROM THE DATE OF INCORPORATION ON OCTOBER 26, 2011 TO MAY 31, 2012
(Expressed in Canadian dollars)

	Notes	Common Shares		Reserves		Share Subscriptions Received in Advance	Deficit	Total
		Number of Shares	Share Capital	Warrants Reserve	Option Reserve			
			\$	\$	\$	\$	\$	\$
Balance – October 26, 2011 (incorporation)								
Common shares issued for cash	5	1,000,000	100,000	-	-	-	-	100,000
Net loss for the period		-	-	-	-	-	(47,079)	(47,079)
Balance – May 31, 2012		1,000,000	100,000	-	-	-	(47,079)	52,921
Common shares issued for cash	5	1,000,000	200,000	-	-	-	-	200,000
Shares issue costs	5	-	(47,000)	-	-	-	-	(47,000)
Agent's warrants issued	5	-	(20,000)	20,000	-	-	-	-
Stock options issued	5	-	-	-	40,000	-	-	40,000
Share subscriptions received in advance	5	-	-	-	-	30,000	-	30,000
Net loss for the year		-	-	-	-	-	(224,333)	(224,333)
Balance – May 31, 2013		2,000,000	233,000	20,000	40,000	30,000	(271,412)	51,588

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

1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

Viscount Mining Corp (formerly Faith Spring Venture Inc.) (the "Company") was incorporated under the British Columbia Business Corporations Act on October 26, 2011 and was classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange ("TSXV").

On July 23, 2013, the Company completed a share exchange (the "Share Exchange") with Viscount Mining Resources Ltd. ("Viscount") and all of the shareholders of Viscount. Concurrently with the Share Exchange, the Company also changed its name to Viscount Mining Corp. and completed a consolidation of its common shares on the basis of one post-consolidation share for every two pre-consolidation shares. The Company's registered office is located at Suite 400 – 570 Granville Street, Vancouver, BC, V6C 3P1. The Company is an exploration stage company and its principal business activity is natural resource exploration, focusing on resources located in the state of Nevada in the USA.

On July 23, 2013, the TSXV approved a share consolidation on a one new common share without par value for every two existing common shares without par value basis. All common shares and per share amounts have been restated to give retroactive effect to the share consolidation (Notes 5 and 10).

The financial statements are prepared on a going concern basis, which contemplates that the Company will continue to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these financial statements do not give effect to any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

For the year ended May 31, 2013, the Company had no source of operating revenues, incurred an operating loss of \$224,333 (from October 26, 2011 to May 31, 2012 - \$47,079) and, as at that date, had an accumulated deficit of \$271,412 (2012 - \$47,079). The Company's ability to continue as a going concern is dependent on its ability to secure additional financing to fund planned exploration and its ongoing administrative expenditures, and, while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

Mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue, and has significant cash requirements to conduct its planned exploration, meet its administrative overhead and maintain its resource interests.

The recoverability of the Company's investment in and expenditures on resource properties is dependent on several factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of resource interests.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements of the Company, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended May 31, 2013.

Basis of Preparation

These financial statements have been prepared on the historical cost basis. The presentation and functional currency of the Company is the Canadian dollar.

The 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 statements are disclosed below.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for decommissioning liabilities, the recoverability and measurement of deferred tax assets and liabilities, and ability to continue as a going concern. Actual results may differ from those estimates and judgments.

Financial Assets

Financial assets are classified as loans and receivables, available-for-sale financial assets, financial assets at fair value through profit or loss ("FVTPL"), or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognized initially at fair value. The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. Amounts receivable are included in this category of financial assets.

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are not classified as loans and receivables. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognized within other comprehensive income. Accumulated changes in fair value are recorded as a separate component of equity until the investment is derecognized or impaired.

The fair value is determined by reference to bid prices at the close of business on the reporting date. Where there is no active market, fair value is determined using valuation techniques. Where fair value cannot be reliably measured, assets are carried at cost.

Financial assets at FVTPL

Financial assets are classified as held for trading and are included in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives, other than those designated as effective hedging instruments, are also categorized as held for trading. These assets are carried at fair value with gains or losses recognized in profit or loss. Cash and cash equivalents are included in this category of financial assets.

Derivatives designated as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

Impairment of Financial Assets

Financial assets, other than financial assets at fair value through profit or loss, are assessed for indicators of impairment at each period end.

Loans and receivables

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost have been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognized in profit or loss.

Available-for-sale

If an available-for-sale financial asset is impaired, the cumulative loss previously recognized in equity is transferred to profit or loss. Any subsequent recovery in the fair value of the asset is recognized within other comprehensive income.

Financial Liabilities

Financial liabilities are classified as financial liabilities at FVTPL, derivatives designated as hedging instruments in an effective hedge, or as financial liabilities measured at amortized cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification, as follows:

Financial liabilities at FVTPL

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated by management on initial recognition. These liabilities are carried at fair value with gains or losses recognized in profit or loss.

Derivatives designated as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

Financial liabilities measured at amortized cost

All other financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest, other revenues and finance costs. Trade payables are included in this category of financial liabilities.

Impairment

The carrying amount of the Company's assets is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's 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 determined, net of depreciation, if no impairment loss had been recognized.

Per Share Information

Basic per share amounts are calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted per share amounts are determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which consist of warrants and stock options.

Share-based Payments

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the stock options reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

Income Taxes

Deferred tax is provided, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the statement of financial position date.

Comparative Figures

Certain comparative figures have been reclassified in accordance with the current year's presentation.

Change in Accounting Policy

The Company adopted IAS 1 (Amendment), '*Presentation of Financial Statements*', effective July 1, 2012, which includes amendments regarding presentation of items of other comprehensive income. The adoption of IAS 1 did not result in a significant impact on the Company's financial statements.

3. NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS

At the date of authorization of these financial statements, the IASB and IFRIC have issued the following new and revised standards, amendments and interpretations which are not yet effective during the year ended May 31, 2013.

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

- IFRS 10 '*Consolidated Financial Statements*' replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation — Special Purpose Entities by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee, that is whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities. This standard is applicable for annual periods beginning on or after January 1, 2013 but is available for early adoption. The Company is currently assessing the impact that the adoption of this standard may have on its financial statements.
- IFRS 11 '*Joint Arrangements*' introduces new accounting requirements for joint arrangements, replacing IAS 31 Interests in Joint Ventures. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures. This standard is applicable for annual periods beginning on or after January 1, 2013 but is available for early adoption. The Company is currently assessing the impact that the adoption of this standard may have on its financial statements.

- IFRS 12 '*Disclosure of Interests in Other Entities*' requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to require information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of consolidated entities. This standard is applicable for annual periods beginning on or after January 1, 2013 but is available for early adoption. The Company is currently assessing the impact that the adoption of this standard may have on its financial statements.
- IFRS 13 '*Fair Value Measurement*' includes defining fair value, setting out in a single standard framework for measuring fair value, and specifying certain disclosure requirements about fair value measurements. The Company is currently assessing the impact that the adoption of this standard may have on its financial statements.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at May 31, 2013	As at May 31, 2012
Falling due within one year:		
Accounts payable and accrued liabilities	\$ 28,853	\$ 6,819

5. SHARE CAPITAL AND RESERVES

On July 23, 2013, the TSXV approved a share consolidation on a one new common share without par value for every two existing common shares without par value basis. All common shares and per share amounts have been restated to give retroactive effect to the share consolidation (Notes 1 and 10).

Authorized

At May 31, 2013, the authorized share capital consists of an unlimited number of common shares without par value and without special rights or restrictions attached and an unlimited number of preferred shares without par value and with special rights or restrictions.

Issued and Outstanding

As at May 31, 2013, the total issued and outstanding share capital is 2,000,000 common shares with no par value.

Share capital transactions of the Company during the period from the date of incorporation on October 26, 2011 to May 31, 2013, are summarized as follows:

On October 26, 2011, the Company issued its Initial seed shares of 1,000,000 common shares for gross proceeds of \$100,000.

On December 7, 2012, the Company entered into a Consulting Agreement, as amended on March 28, 2013, (the "Consulting Agreement") with Dynamic China Investments Limited (the "Consultant") pursuant to which the Consultant was engaged to help the Company identify and evaluate a potential share exchange transaction (the "Transaction"). The total consulting fee will be \$30,000 payable through the issuance of common shares of the Company at a deemed price of \$0.20 per common share for a total of 150,000 common shares issuable within 5 business days of the closing of the Transaction (Notes 8, 9 and 10).

On October 26, 2012, the Company offered, through its agent Canaccord Genuity Corp. (the “Agent”), 1,000,000 common shares at \$0.20 per share for aggregate gross proceeds of \$200,000, representing the Company’s Initial Public Offering (“IPO”). The shares of the Company commenced trading on the TSXV on October 28, 2012 under the symbol FSR.P. The Agent received a cash commission of \$20,000, which equals to 10% of the gross proceeds of the IPO, of which \$15,000 was paid during the period ended May 31, 2012; a non-refundable administration fee of \$10,000; and 200,000 agent’s warrants to purchase 100,000 common shares at \$0.20 per share, which will expire 24 months following the date the shares were listed and called to trade on the TSXV. These warrants have been valued at \$20,000 using the Black-Scholes option pricing model. The residual \$17,000 of share issuance costs constitutes legal and filing expenses related directly to the IPO.

On February 13, 2013, the Company entered into a definitive share exchange agreement (the “Share Exchange Agreement”) for the acquisition of all the issued and outstanding shares of Viscount Mining Ltd. (“Viscount Mining”), a private British Columbia corporation, which proposed transaction (the “Proposed Transaction”) is intended to constitute the Company’s Qualifying Transaction under the policies of the TSXV.

Pursuant to the terms of the Share Exchange Agreement, the Company will acquire all of the issued and outstanding shares of Viscount Mining (the “Viscount Shares”) in exchange for common shares of Faith Spring (the “Faith Spring Shares”) on a one-for-one basis. The Faith Spring shares issued to the shareholders of Viscount Mining will be subject to a seasoning period and resale restrictions as required by the TSXV. The Company shall complete a consolidation of its shares of its shares on a one new share for two existing shares basis. All of the currently issued and outstanding common shares of the Company, being 1,000,000 common shares, will be deposited escrow pursuant to the terms of the escrow agreement and will be released from escrow in stages over a period of up to three years after the date of the Final Exchange Bulletin.

Escrow shares

As at May 31, 2013, a total of 1,000,000 (May 31, 2012 - Nil) common shares of the Company were in escrow. Pursuant to the terms of the escrow agreement dated February 13, 2013, 10% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (the “Initial Release”) and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

Common Shares:	Number of Common Shares	Amount
Shares issued for Initial Seed Shares	1,000,000	\$ 100,000
Balance as at May 31, 2012	1,000,000	\$ 100,000
Shares issued at IPO	1,000,000	\$ 133,000
Balance as at May 31, 2013	2,000,000	\$ 233,000

Basic and Diluted Loss per Share

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

	Year Ended May 31, 2013	From October 26, 2011 to May 31, 2012
Loss attributable to common shareholders	\$ 224,333	\$ 47,079
Weighted average number of common shares	1,597,260	1,000,000
Basic loss per share	\$ (0.14)	\$ (0.05)

The basic and diluted loss per share are the same as there are no instruments, including 200,000 warrants, that have a dilutive effect on earnings.

Warrants

The Company granted non-transferable Agent's warrants to acquire up to 100,000 common shares at \$0.20 per share, exercisable for a period of 24 months from October 30, 2012, the date the common shares of the Company were listed on the TSXV.

The fair value of the warrants was \$0.20 per share and calculated using the Black-Scholes option pricing model and the following assumptions: Total charge is \$20,000 which was included in share capital.

Risk-free interest rate	1.43%
Expected volatility	100%
Expected life	2 years
Dividend yield	0%

The following is a summary of the changes in the Company's share purchase warrants for the periods ended May 31, 2013 and 2012:

Year ended 31 May	2013		2012	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Outstanding, beginning of year	-	-	-	-
Granted	100,000	0.20	-	-
Outstanding, end of year	100,000	0.20	-	-

The following table summarizes information regarding share purchase warrants outstanding as at May 31, 2013.

Date issued	Number of warrants	Exercise price \$	Expiry date
October 26, 2012	100,000	0.20	October 26, 2014
	100,000		

Reserves

Warrant reserve

The warrants reserve represents the fair value of warrants issued on their issue date until such time that they are exercised, at which time the corresponding amount will be transferred to share capital. If warrants expire unexercised, the amount recorded remains in the account.

Option reserve

The options reserve records the fair value of items recognized as stock-based compensation expense on their issue date until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If options expire unexercised, the amount recorded remains in the account.

Stock Option Plan

On April 4, 2012, the Company adopted a stock option plan (the “Plan”) that allows the Company to issue options to certain directors, officers, employees and consultants of the Company. Options issued under the Plan shall not exceed 10% of shares issued and outstanding at the time of granting of the options. Options granted under the Plan may have a maximum term of ten years. The exercise price of options granted under the Plan will not be less than the market price of the shares (defined as the last closing market price of the Company’s shares on the last day shares are traded prior to the grant date), less the applicable discount permitted by the TSXV rules. Stock options granted under the Plan vest immediately subject to vesting terms, which may be imposed at the discretion of the directors.

On October 26, 2012, the Company granted an aggregate of 200,000 ten year stock options at a purchase price of \$0.20 per share to its directors and officers.

The following is a summary of the changes in the Company’s stock option plan for the years ended May 31, 2013 and 2012:

Year ended 31 May	2013		2012	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding, beginning of year	-	-	-	-
Granted	200,000	0.20	-	-
Outstanding, end of year	200,000	0.20	-	-

The weighted average fair value of the options granted during the year ended May 31, 2013 was estimated at \$40,000 (2012: \$Nil) at the grant date using the Black-Scholes Option Pricing Model. The weighted average assumptions used for the calculation were:

Year ended 31 May	2013	2012
Risk free interest rate	1.43%	-
Expected life	10 years	-
Expected volatility	100%	-
Expected dividend per share	0%	-

The following table summarizes information regarding stock options outstanding and exercisable as at May 31, 2013:

Exercise price	Number of options outstanding	Weighted-average remaining contractual life (years)	Weighted average exercise price \$
Options outstanding			
\$0.20	200,000	9.41	0.20
Total options outstanding	200,000	9.41	0.20
Options exercisable			
\$0.20	200,000	9.41	0.20
Total options exercisable	200,000	9.41	0.20

6. FINANCIAL RISK MANAGEMENT

(a) Overview

	As at May 31, 2013	As at May 31, 2012
	\$	\$

FINANCIAL ASSETS

FVTPL, at fair value

Cash and cash equivalents	80,441	42,734
Total financial assets	80,441	42,734

FINANCIAL LIABILITIES

Other liabilities, at amortized cost

Trade payables	28,853	6,819
Total financial liabilities	28,853	6,819

The Company has exposure to credit risk, liquidity risk, foreign currency risk, and market risk from its use of financial instruments.

This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(b) Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and cash equivalents. The Company limits its exposure to credit risk on liquid financial assets through investing its cash and cash equivalents with high-credit quality financial institutions.

The carrying value of the Company's cash and cash equivalents represent the maximum exposure to credit risk.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company's cash and cash equivalents are currently invested in business and savings accounts with high-credit quality financial institutions which are available on demand by the Company for its programs. As at May 31, 2013, the Company had a cash and cash equivalents balance of \$80,441 to settle current liabilities of \$28,853. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.#

(d) Market Risk

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

(e) Interest Rate Risk

The Company is subject to interest rate risk with respect to its investments in cash. However, the Company does not hold any interest-bearing debt. The Company's current policy is to invest cash at floating rates of interest and cash reserves are to be maintained in cash in order to maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates when cash balances mature impact interest income earned.

(f) Foreign Currency Risk

As at May 31, 2013, the Company's expenditures are in Canadian dollars, any future equity raised is expected to be predominantly in Canadian dollars. The Company believes it has no significant foreign currency risk.

(g) Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit. The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. The Company manages its capital structure through the issuance of new shares, acquisition or disposition of assets or adjustment of cash. The Company does not have any major capital expenditures committed for the coming year. Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements other than disclosed in Note 1.

(h) Fair Value

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short term maturity of these instruments.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices 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 either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

As at 31 May 2013	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value				
Cash and cash equivalents	441	-	-	441
Short term investments	80,000	-	-	80,000
Long term investments	-	-	-	-
Total	80,441	-	-	80,441
As at 31 May 2012	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value				
Cash and cash equivalents	2,734	-	-	2,734
Short term investments	40,000	-	-	40,000
Long term investments	-	-	-	-
Total	42,734	-	-	42,734

7. INCOME TAXES

(a) Provision for current tax

No provision has been made for current income taxes, as the Company has no taxable income for the year ended May 31, 2013.

(b) Provision for deferred tax

The difference between tax expense for the year and the expected income taxes based on the statutory tax rate arises as follows:

	Year ended May 31, 2013	Period ended May 31, 2012
Loss for the period	\$ (224,333)	\$ (47,079)
Income taxed at local statutory rates – 25% (May 31, 2012: 13.50%)	\$ 56,457	\$ 6,400
Effect of change in statutory rate and other	1,762	5,000
Change in prior year provision to actual	(5,962)	-
Permanent differences	6,963	-
Change in unrecognized deferred tax assets	(59,220)	(11,400)
Deferred tax expense (recovery)	\$ -	\$ -

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Deferred Tax Assets and Liabilities

The significant components of the Company's deferred tax assets and liabilities are as follows:

	May 31, 2013	May 31, 2012
Tax losses carried forward	\$ 60,844	\$ 10,100
Permanent differences	9,776	1,300
Unrecognized deferred tax assets	(70,620)	(11,400)
Deferred tax liability	\$ -	\$ -

No deferred tax asset has been recognized in respect of the following losses and temporary differences as it is not considered probable that sufficient future taxable profit will allow the deferred tax to be recovered.

As at May 31, 2013, the Company has estimated non-capital losses for Canadian tax purposes of \$234,015 that may be carried forward to reduce taxable income derived in future years, as summarized below:

Non-capital Canadian tax losses expiring are as follows:

Year of Expiry	Taxable Losses
2032	\$ 40,282
2033	193,733
	<u>\$ 234,015</u>

8. SUPPLEMENTAL CASH FLOW INFORMATION

The Company made the following cash payments for interest and income taxes:

	May 31, 2013	May 31, 2012
Interest paid	\$ -	\$ -
Taxes paid	-	-
Total cash payment	<u>\$ -</u>	<u>\$ -</u>

On December 7, 2012, the Company entered into a Consulting Agreement, as amended on March 28, 2013, (the "Consulting Agreement") with Dynamic China Investments Limited (the "Consultant") pursuant to which the Consultant was engaged to help the Company identify and evaluate a potential share exchange transaction (the "Transaction"). The total consulting fee will be \$30,000 payable through the issuance of common shares of the Company at a deemed price of \$0.20 per common share for a total of 150,000 common shares issuable within 5 business days of the closing of the Transaction (Notes 5, 9 and 10).

9. COMMITMENTS

The Company is subject to certain outstanding and future commitments related to the Consulting Agreement (Notes 5, 8, and 10).

10. EVENTS OCCURRING AFTER THE REPORTING DATE

The following reportable events occurred from the date of the year ended May 31, 2013 to the date the financial statements were authorized for issuance by the Board of Directors on October 18, 2013:

- a) On July 23, 2013, the Company completed the Transaction with Viscount Mining Ltd. ("Viscount Mining") and all of the shareholders of Viscount Mining. Prior to the completion of the Transaction the Company carried out a consolidation of its common shares on the basis of one post-consolidation Common Share for every two pre-consolidation common shares. Pursuant to the Transaction, the Company acquired all of the issued and outstanding shares of Viscount Mining and issued to the shareholders of Viscount Mining an aggregate of 17,150,000 common shares, all in accordance with a Share Exchange Agreement dated February 13, 2013.

Since announcement of the Transaction in January, the Company and Viscount Mining have completed financings for total gross proceeds of \$765,000. The last portion of such financings, being the private placement closed concurrently with the Transaction (the "Concurrent Private Placement"), comprised the sale of a total of 225,000 common shares at a price of \$0.20 per common share.

The Company also issued 150,000 common shares at a price of \$0.20 per common share pursuant to the Consulting Agreement (Notes 5, 8, and 9).

All common shares issued pursuant to the Concurrent Private Placement are subject to a four month hold period which expires on November 24, 2013.

With the completion of the Transaction, the Company has 19,525,000 post rollback common shares issued and outstanding.

Prior to the Transaction, the Company's financial year-end was May 31. In conjunction with the Transaction, the Company will be changing its name to "Viscount Mining Corp." and adopt the financial year-end of Viscount Mining, being August 31.

- b) On July 23, 2013, the TSXV approved a share consolidation on a one new common share without par value for every two existing common shares without par value basis. All common shares and per share amounts have been restated to give retroactive effect to the share consolidation (Notes 1 and 5).
- c) On August 21, 2013, the Company granted 1,250,000 incentive stock options (the "Options") to directors of the Company. The Options will be exercisable at the price of \$0.20 for a period of five years from the grant date.
- d) On August 30, 2013, the Company granted 150,000 incentive stock options to a director of the Company. The Options will be exercisable at the price of \$0.20 for a period of five years from the grant date.