

AURACLE RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited)

THREE MONTHS ENDED APRIL 30, 2014

These unaudited condensed consolidated interim financial statements of Auracle Resources Ltd. for the three months ended April 30, 2014 have been prepared by management and approved by the Board of Directors. These unaudited condensed consolidated interim financial statements have not been reviewed by the Company's external auditors.

AURACLE RESOURCES LTD.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian Dollars)

(Unaudited)

	Notes	April 30, 2014	January 31, 2014
ASSETS			
Current			
Cash		\$ 13,602	\$ 19,762
GST receivable		<u>4,074</u>	<u>3,465</u>
		\$ 17,676	\$ 23,227
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current			
Trade and other payables	5, 7	\$ <u>567,036</u>	\$ <u>523,746</u>
Shareholders' deficiency			
Share capital	6	4,886,825	4,886,825
Subscriptions receivable		(5,500)	(5,500)
Reserves	6	2,507,400	2,507,400
Deficit		<u>(7,938,085)</u>	<u>(7,889,244)</u>
		<u>(549,360)</u>	<u>(500,519)</u>
		\$ 17,676	\$ 23,227

Nature of operations and going concern (Note 1)**Subsequent event** (Note 10)

Approved and authorized by the Board on June 27, 2014:

"Jason Leikam" Director
 "Robin Forshaw" Director

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

AURACLE RESOURCES LTD.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

THREE MONTHS ENDED APRIL 30,

(Expressed in Canadian Dollars)

(Unaudited)

	Notes	2014	2013
Expenses			
Administrative, office and miscellaneous		\$ 452	\$ 2,510
Management fees	7	18,000	18,000
Professional fees	7	6,000	5,500
Shareholder communications		229	2,055
Transfer agent and filing fees		7,528	9,299
Travel and related costs		-	1,027
Write-off of exploration and evaluation asset	5	<u>16,632</u>	<u>-</u>
Loss and comprehensive loss for the period		\$ (48,841)	\$ (38,391)
Loss per common share – basic and diluted		\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding – basic and diluted		39,958,006	39,958,006

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

AURACLE RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED APRIL 30,
(Expressed in Canadian Dollars)
(Unaudited)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (48,841)	\$ (38,391)
Item not involving cash:		
Write-off of exploration and evaluation asset	16,632	-
Changes in non-cash working capital items:		
Decrease (increase) in receivables	(609)	736
Increase in prepaids	-	(150)
Increase in trade and other payables	<u>26,658</u>	<u>31,379</u>
Net cash used in operating activities	<u>(6,160)</u>	<u>(6,426)</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Exploration and evaluation asset	<u>-</u>	<u>(11,521)</u>
Net cash used in investing activity	<u>-</u>	<u>(11,521)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Related parties loan payable – proceeds	<u>-</u>	<u>13,412</u>
Net cash provided by financing activity	<u>-</u>	<u>13,412</u>
Decrease in cash during the period	(6,160)	(4,535)
Cash, beginning of period	<u>19,762</u>	<u>5,513</u>
Cash, end of period	\$ 13,602	\$ 978

Supplemental disclosure with respect to cash flows (Note 8)

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

AURACLE RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)
(Unaudited)

	<u>Share Capital</u>		Subscriptions receivable	Reserves	Deficit	Total
	Number	Amount				
Balance at January 31, 2013	39,958,006	\$ 4,886,825	\$ (5,500)	\$ 2,507,400	\$ (4,744,618)	\$ 2,644,107
Loss and comprehensive loss for the period	-	-	-	-	(38,391)	(38,391)
Balance at April 30, 2013	39,958,006	\$ 4,886,825	\$ (5,500)	\$ 2,507,400	\$ (4,783,009)	\$ 2,605,716
Balance at January 31, 2014	39,958,006	\$ 4,886,825	\$ (5,500)	\$ 2,507,400	\$ (7,889,244)	\$ (500,519)
Loss and comprehensive loss for the period	-	-	-	-	(48,841)	(48,841)
Balance at April 30, 2014	39,958,006	\$ 4,886,825	\$ (5,500)	\$ 2,507,400	\$ (7,938,085)	\$ (549,360)

The accompanying notes are an integral part of these condensed consolidated interim financial statements

AURACLE RESOURCES LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

APRIL 30, 2014

(Expressed in Canadian Dollars)

(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Auracle Resources Ltd. (the "Company") is incorporated under the Business Corporations Act of British Columbia and is in the exploration stage with respect to its mineral property. The Company is listed on the TSX Venture Exchange ("TSX-V").

The Company's head office, principal address and registered and records office is suite 302 - 675 West Hastings Street, Vancouver, British Columbia, Canada, V6B 1N2.

These unaudited condensed consolidated interim financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not generated any revenue and has incurred ongoing losses to date. These uncertainties may cast significant doubt about the Company's ability to continue as a going concern. A number of alternatives are being evaluated with the objective of funding ongoing activities and obtaining additional working capital. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

These unaudited condensed consolidated interim 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 continue in existence.

2. BASIS OF PREPARATION***Statement of compliance with International Financial Reporting Standards***

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee.

These unaudited condensed consolidated interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended January 31, 2014.

Approval of the financial statements

The unaudited condensed consolidated interim financial statements of the Company for the three months ended April 30, 2014 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on June 27, 2014.

AURACLE RESOURCES LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

APRIL 30, 2014

(Expressed in Canadian Dollars)

(Unaudited)

3. ADOPTION OF NEW ACCOUNTING STANDARDS

The following new standards, amendments and interpretations were adopted by the Company as of February 1, 2014:

- a) IFRIC 21 Levies (new; interpretations of IAS 37); and
- b) IAS 32 Financial Instruments (amended).

The adoption of the above mentioned standards did not have any impact on the financial statements of the Company.

4. EXPLORATION AND EVALUATION ASSET

	Balance January 31, 2014	Additions	Write-off	Balance April 30, 2014
Acquisition costs	\$ -	\$ 16,632	\$ (16,632)	\$ -

	Balance January 31, 2013	Additions	Write-off	Balance January 31, 2014
Acquisition costs:	\$ 409,180	\$ 76,361	\$ (485,541)	\$ -
Exploration costs:				
Administrative (Note 8)	360,017	24,000	(384,017)	-
Assaying	97,515	-	(97,515)	-
Drilling	826,757	-	(826,757)	-
Equipment rental	27,563	-	(27,563)	-
Field supplies	50,997	20,214	(71,211)	-
Geological consulting (Note 8)	922,047	23,095	(945,142)	-
Professional fees	12,000	-	(12,000)	-
Property maintenance	35,010	-	(35,010)	-
	2,331,906	67,309	(2,399,216)	-
	\$ 2,741,086	\$ 143,670	\$ (2,884,756)	\$ -

Mexican Hat Property

On May 15, 2009, the Company entered into an option agreement to acquire a 100% interest in certain claims comprising the Mexican Hat Gold Property (the "Property"), located in Arizona, USA, for consideration which included the payment of US\$25,000 (CDN \$25,057) and the issuance of 1,000,000 units (issued, with a fair value of \$100,000) which included 1,000,000 warrants (issued, with a fair value of \$10,155). The Company also paid a finder's fee of \$2,500 and issued 75,000 warrants (issued, with an immaterial fair value).

The Company was required to pay US\$3,500 per month plus expenses, as consulting fees until the sooner of the Company abandoning the Property or August 1, 2014. During the year ended January 31, 2014, the Company was required to pay US\$42,000 (2013 – US\$42,000) (CDN \$Nil (2013 – CDN \$31,500) paid and CDN \$58,690 (2013 – CDN \$10,500) recorded in trade payables and accrued liabilities).

AURACLE RESOURCES LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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4. EXPLORATION AND EVALUATION ASSETS (cont'd)**Mexican Hat Property (cont'd)**

The Property was further subject to an annual advance royalty, as amended as of October 1, 2009, prior to commercial production, of US\$24,000 (further increased to US\$32,000 as of March 31, 2011). The Company could have purchased 50% of the advance royalty for US\$1,500,000 and a further 66% of the remaining advance royalty on 2 claims for US\$750,000. During the year ended January 31, 2014, the Company was required to pay US\$32,000 (2013 – US\$32,000) (USD \$13,600 (2013 – CDN \$24,199) paid and CDN \$15,784 (2013 – CDN \$8,066) recorded in trade payables and accrued liabilities) in advance royalty payments.

During April, 2014, management chose to terminate the option agreement and write-off all associated costs of the property totaling \$2,884,757 to the statement of comprehensive loss during the year ended January 31, 2014. Additionally, the Company wrote-off costs incurred of \$16,632 during the three months ended April 30, 2014.

5. TRADE AND OTHER PAYABLES

Trade and other payables are as follows:

	April 30, 2014	January 31, 2014
Trade payables (Note 7)	\$ 429,414	\$ 427,056
Accrued liabilities	<u>131,322</u>	<u>96,690</u>
Total	<u>\$ 560,736</u>	<u>\$ 523,746</u>

6. SHARE CAPITAL AND RESERVES**a) Authorized share capital**

The authorized share capital of the Company is an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. All issued shares, consisting only of common shares, are fully paid.

b) Issued share capital

There were no share capital transactions during the year ended January 31, 2014 or the three months ended April 30, 2014.

AURACLE RESOURCES LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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6. SHARE CAPITAL AND RESERVES (cont'd)

c) Escrow shares

As at April 30, 2014, there are 2,139,601 (January 31, 2014 – 2,139,601) common shares subject to escrow restrictions. The escrow shares are being released as to 10% on the date of listing and 15% every six months thereafter.

d) Stock options

The Company has an incentive stock options plan in place under which it is authorized to grant options to directors and employees to acquire up to 10% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 5 years and vesting periods are determined by the Board of Directors.

As at April 30, 2014, the Company had outstanding stock options enabling the holders to acquire common shares as follows:

Number of Options	Exercise Price	Expiry Date
3,175,000	\$ 0.35	August 30, 2016

Stock option transactions are summarized as follows:

	Number of Options	Exercise Price
Balance, January 31, 2013, 2014 and April 30, 2014	3,175,000	\$ 0.35
Number of options currently exercisable	3,175,000	\$ 0.35

As at April 30, 2014, the remaining life of the options outstanding was 2.33 years.

There were no stock option transactions during the year ended January 31, 2014 and the three months ended April 30, 2014.

AURACLE RESOURCES LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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6. SHARE CAPITAL AND RESERVES (cont'd)

e) Warrants

Warrant transactions activity is summarized as follows:

	Number of Warrants	Exercise Price
Balance, January 31, 2013, 2014 and April 30, 2014	7,182,800	\$ 0.20

2014

No warrant transactions occurred during the year ended January 31, 2014 or the three months ended April 30, 2014.

At April 30, 2014, the Company has outstanding warrants entitling the holders to acquire additional common shares as follows:

Number of Shares	Exercise Price	Expiry Date
7,182,800	\$0.20	September 4, 2017

As at April 30, 2014, the remaining life of the warrants outstanding was 3.34 years.

f) Reserves

The reserves account consists of share-based payment reserve which records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

AURACLE RESOURCES LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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7. RELATED PARTY TRANSACTIONS

During the three months ended April 30, 2014, the Company entered into the following transactions with related parties:

- a) Incurred \$18,000 (2013 - \$18,000) for management fees to a company controlled by a director of the Company;
- b) Incurred \$6,000 (2013 - \$5,500) for professional fees to a company associated with the Chief Financial Officer of the Company; and
- c) Incurred \$nil (2013 - \$22,500) for administrative fees, recorded in exploration and evaluation asset, to a director and a company controlled by a former director of the Company.

At April 30, 2014, recorded in trade and other payables is \$305,345 (January 31, 2014 - \$281,045) due to directors and officers of the Company. These amounts owing are non-interest bearing, unsecured and do not have a fixed term of repayment.

During the three months ended April 30, 2013, the Company entered into a related party loan agreement for \$13,412. The loan was non-interest bearing and there were no fixed terms of repayment. The loan was repaid during the year ended January 31, 2014.

Key management personnel compensation (including senior officers and directors of the Company):

	April 30, 2014	April 30, 2013
Short-term benefits	\$ 24,000	\$ 46,000

8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the three months ended April 30, 2014, the Company incurred \$16,632 in exploration and evaluation asset expenditures that were included in trade and other payables, and written-off to the statement of loss and comprehensive loss.

During the three months ended April 30, 2013, the Company recorded \$23,275 in trade and other payables for exploration and evaluation assets.

9. FINANCIAL RISK AND CAPITAL MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash and trade payables approximate their fair value because of the short-term nature of these instruments.

AURACLE RESOURCES LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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9. FINANCIAL RISK AND CAPITAL MANAGEMENT (cont'd)

The following is an analysis of the Company's financial instruments measured at fair value:

	As at April 30, 2014		
	Level 1	Level 2	Level 3
Cash	\$ 13,602	\$ -	\$ -

	As at January 31, 2014		
	Level 1	Level 2	Level 3
Cash	\$ 19,762	\$ -	\$ -

Financial risk factors

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and receivables. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with one major bank in Canada. There is a concentration of credit risk, which is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. Management believes that the credit risk concentration with respect to financial instruments included in receivables is low because instruments are due primarily from government agencies and cash is held with reputable Canadian financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at April 30, 2014, the Company had a cash balance of \$13,602 (January 31, 2014 - \$19,762) to settle current liabilities of \$560,736 (January 31, 2014 - \$523,746). To maintain liquidity, the Company is continually investigating financing opportunities. There can be no assurance these efforts will be successful in the future. All of the Company's financial liabilities are subject to normal trade terms. Liquidity risk is assessed as high.

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. These fluctuations may be significant.

a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk on its cash balances as these instruments roll over daily.

AURACLE RESOURCES LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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9. FINANCIAL RISK AND CAPITAL MANAGEMENT (cont'd)**Financial risk factors (cont'd)****b) Foreign currency risk**

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not currently exposed to significant foreign currency risk. The fluctuations in foreign exchange gains or losses are nominal.

c) Price risk

The Company is exposed to price risk with respect to commodity prices. Changes in commodity prices will impact the economics of development of the Company's exploration and evaluation asset. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its exploration and evaluation assets, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

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

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

10. SUBSEQUENT EVENT

Subsequent to the three months ended April 30, 2014, the Company received proceeds totalling \$20,000 pursuant to a loan from a company controlled by a director of the Company. The loan bears interest at 10% per annum, and is to be repaid within five days from the completion of the Company's next private placement. In addition, the Company will issue a loan bonus payable in share purchase warrants at the maximum allowable amount pursuant to the policies of the TSX-V. This transaction is subject to regulatory approval.