ALASKA PACIFIC ENERGY CORP.
(AN EXPLORATION STAGE COMPANY)
BALANCE SHEETS
(UNAUDITED)

	January 31, 2013	January 31, 2012
Current assets:		
Cash and cash equivalents	$ -	$ -
Prepaid expenses	-	213
Other receivables	-	8,576
Short term loan	-	36,000
Total current assets	**-**	**44,789**
Mining claims	**63,500**	**130,000**
Total assets	**$ 63,500**	**$ 174,789**
Liabilities and Shareholders' Deficit		
Current liabilities:		
Notes payable	$ 478,310	$ 235,819
Bank indebtedness	-	324
Accounts payable and accrued liabilities	15,090	101,046
Accrued interest	65,075	9,579
Total liabilities	**558,475**	**346,768**
Shareholders' deficit:		
Preferred stock, par value $.001, 1,000,000 and zero shares authorized, 1,000,000 shares and zero shares issued and outstanding as of January 31, 2013 and 2012, respectively	1,000	-
Common stock, par value $.00001 and $.001, 6 billion and 2 billion shares authorized, 1,138,786,968 and 295,286,968 issued and outstanding as of January 31, 2013 and January 31, 2012, respectively	11,388	295,287
Additional paid in capital	1,998,983	1,432,784
Deferred stock compensation	-	(124,999)
Share issuance costs	-	(15,000)
Accumulated other comprehensive loss	(2,518)	(2,518)
Retained deficit	(2,503,828)	(1,757,533)
Total shareholders' deficit	**(494,975)**	**(171,979)**
Total liabilities and shareholders' deficit	**$ 63,500**	**$ 174,789**

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

ALASKA PACIFIC ENERGY CORP.
(AN EXPLORATION STAGE COMPANY)
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED JANUARY 31, 2013 AND JANUARY 31, 2012
(UNAUDITED)

	2013	2012
Revenue	$ 4,700	$ -
Operating expenses:		
General and administrative	5,726	37,151
Professional fees	419,868	403,292
Investor relations	127,906	10,009
Total operating expenses	**553,500**	**450,452**
Interest	55,496	6,937
Impairment loss	141,999	-
Total expenses	**750,995**	**457,389**
Net loss	**$ (746,295)**	**$ (457,389)**

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

ALASKA PACIFIC ENERGY CORP.
(AN EXPLORATION STAGE COMPANY)
STATEMENT OF SHAREHOLDERS' DEFICIT
AS OF JANUARY 31, 2013
(UNAUDITED)

	Preferred stock		Common stock		Additional paid in Capital	Share issuance Costs	Deferred stock Compensation	other comprehensive Loss	Deficit	Total Equity (Deficit)
	Shares	Amount	Shares	Amount						
Balance at January 31, 2011	**-**	**$ -**	**24,175,857**	**$ 24,176**	**$ 1,519,645**	**$ (15,000)**	**$ (291,666)**	**$ (1,659)**	**$ (1,300,144)**	**$ (64,648)**
Shares issued for mining claims at $0.001 per share	-	-	30,000,000	30,000	-	-	-	-	-	
Shares issued for cash at $0.00233 per share	-	-	15,000,000	15,000	20,000	-	-	-	-	
Shares issued for cash at $0.00006975 per share	-	-	11,111,111	11,111	(3,361)	-	-	-	-	
Shares issued for mining claims at $0.001 per share	-	-	100,000,000	100,000	-	-	-	-	-	
Shares issued for service at $0.001 per share	-	-	115,000,000	115,000	(103,500)	-	-	-	-	
Amortization of deferred stock compensation	-	-	-	-	-	-	166,667	-	-	
Accumulated other comprehensive loss	-	-	-	-	-	-	-	(859)	-	
Net loss for the year	-	-	-	-	-	-	-	-	(457,389)	
Balance at January 31, 2012	**-**	**-**	**295,286,968**	**295,287**	**1,432,784**	**(15,000)**	**(124,999)**	**(2,518)**	**(1,757,533)**	**(171,979)**
Shares issued for cash at $0.00122 per share			25,000,000	25,000	5,500	(500)	-	-	-	
Shares issued for cash at $0.0006308 per share			32,500,000	32,500	(12,000)	(500)	-	-	-	
Shares issued for cash at $0.0004302 per share			31,000,000	31,000	(18,500)	-	-	-	-	
Shares issued for service at $0.001 per share			100,000,000	100,000	-	-	-	-	-	
Shares issued for cash at $0.0003625 per share			40,000,000	40,000	(25,000)	(500)	-	-	-	
Shares issued for cash at $0.0005 per share			50,000,000	50,000	(25,000)	-	-	-	-	
Shares returned to treasury and cancelled			(75,000,000)	(75,000)	-	-	-	-	-	
Shares issued for service at $0.002 per share			20,000,000	40,000	(20,000)	-	-	-	-	
Shares issued for cash at $0.0006154 per share			65,000,000	65,000	(25,000)	-	-	-	-	
Shares issued for cash at $0.0006462 per share			65,000,000	65,000	(22,500)	(500)	-	-	-	
Shares issued for cash at $0.0002833 per share			60,000,000	60,000	(43,000)	-	-	-	-	
Shares issued for cash at $0.0001700 per share			70,000,000	70,000	(58,100)	-	-	-	-	
Shares issued for cash at $0.0002786 per share			70,000,000	70,000	(50,500)	-	-	-	-	
Issuance of preferred stock	1,000,000	1,000	-	-	-	-	-	-	-	
Shares issued for services rendered	-	-	290,000,000	2,900	-	-	-	-	-	
Effect of par value change	-	-	-	(860,299)	860,299	-	-	-	-	
Amortizations	-	-	-	-	-	17,000	124,999	-	-	
Net loss for the year	-	-	-	-	-	-	-	-	(746,295)	
Balance at January 31, 2013	**1,000,000**	**$ 1,000**	**1,138,786,968**	**$ 11,388**	**$ 1,998,983**	**$ -**	**$ -**	**$ (2,518)**	**$ (2,503,828)**	**$ (494,975)**

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

ALASKA PACIFIC ENERGY CORP.
(AN EXPLORATION STAGE COMPANY)
STATEMENTS OF CASH FLOWS
FOR THEYEARS ENDED JANUARY 31, 2013 AND 2012
(UNAUDITED)

	2013	2012
Cash flow from operating activities:		
Net loss	$ (746,295)	$ (457,389)
Adjustments to reconcile net loss to net cash used in operating activities		
Bad debt	44,576	-
Impairment loss	141,999	-
Amortization of deferred compensation	-	166,667
Shares issued for mining claim option	-	42,750
Write down of mining claims	66,500	-
Shares issued for services rendered	59,124	-
Shares issued for debt settlement	-	11,500
Increase (decrease) in:		
Prepaid expense	213	114,490
Short term loan	-	(36,000)
(Decrease) increase in:	-	
Accounts payable and accrued liabilities	(30,784)	3,283
Due to related parties	-	152,819
Net cash used in operating activities	**(464,667)**	**(1,880)**
Cash flow from investing activities		
Cash paid for mining claims	-	-
Net cash used in investing activities	**-**	**-**
Cash flow from financing activities:		
Share issuance costs	2,000	-
Proceeds from issuance of common stock	220,500	17,800
Proceeds from notes payable	242,491	-
Repayment of notes payable	-	(17,000)
Cash provided by financing activities	**464,991**	**800**
Effect of exchange rate changes on cash	-	(859)
Net increase (decrease) in cash and cash equivalents	**324**	**(1,939)**
Cash and equivalents at beginning of period	(324)	1,615
Cash and equivalents at end of period	**$ -**	**$ (324)**
Supplemental schedule of non cash transactions:		
Interest	**$ -**	**$ 150**
Income taxes	**$ -**	**$ -**
Effect of par value change	**$ 860,299**	**$ -**

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

1. Basis of Presentation

The accompanying unaudited consolidated financial statements, expressed in US dollars, have been prepared in accordance with accounting principles generally accepted in the United States of America (USGAAP) and the rules and regulations of the United States Securities and Exchange Commission for unaudited financial information.

Organization

Alaska Pacific Energy Corp. (the "Company") is an exploration stage company and was incorporated under the laws of the State of Nevada on January 13, 2005. The Company is engaged in the acquisition, exploration and development of resource properties together with various consulting services relating to lease acquisitions. The Company has not yet determined whether their properties contain enough mineral reserves such that their recovery would be economically viable. On May 12, 2010, the Company incorporated its wholly owned subsidiary, Alaska Pacific Energy Canada Ltd. under the laws of Alberta, Canada.

On January 9, 2013 the Company changed its domicile from Nevada to Florida.

Going Concern

These unaudited consolidated financial statements have been prepared in accordance with USGAAP applicable to a going concern which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. The Company has minimal revenue sources and is dependent on financing to sustain operations and pay for future commitments related to any mineral options and might not have sufficient working capital for the next twelve months. As shown in the accompanying unaudited consolidated financial statements, the Company incurred a net loss of $746,295 for the year ended January 31, 2013 and the Company has an accumulated deficit of $2,503,828 at January 31, 2013. In addition, the Company's current liabilities exceeded its current assets by $558,475 at January 31, 2013. These factors create substantial doubt as to the ability of the Company to continue as a going concern. Realization values may be substantially different from the carrying values as shown in these financial statements should the Company be unable to continue as a going concern. Management is in the process of identifying sources for additional financing to fund the ongoing development of the Company's business. As a result, the accompanying financial statements do not include any adjustments related to the classification of assets or liabilities that might result from the outcome of this uncertainty. The Company will require additional funding during the next twelve months to finance the growth of its current operations and achieve its strategic objectives. Management is actively pursuing additional sources of financing sufficient to generate enough cash flow to fund its operations through January 31, 2014; however management cannot grant any assurances that such financing will be secured.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with USGAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and all highly liquid debt instruments purchased with a maturity of three months or less.

Exploration and Development Costs

Exploration costs are charged to operations as incurred.

When it has been established that a mineral deposit is commercially mineable and a decision has been made to formulate a mining plan, which occurs upon completion of a positive economic analysis of the mineral deposit, the costs subsequently incurred to develop the mine on the property prior to the start of the mining operations are capitalized. Capitalized amounts may be written down if future undiscounted cash flows, including potential sales proceeds, related to mineral property are estimated to be less than the carrying value of the property.

Stock Based Compensation

In December 2004, the Financial Accounting Standards Board (FASB) issued FASB ASC 718 (Prior authoritative literature: SFAS No. 123R, "Share Based Payment"). FASB ASC 718 establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. FASB ASC 718 focuses primarily on accounting for transaction costs relating to share-based payment transactions be recognized in the financial statements. That cost will be measured based on the fair value of the equity or liability instruments issued.

The Company's accounting policy for equity instruments issued to consultants and vendors in exchange for goods and services follows the provisions of FASB ASC 505-50 (Prior authoritative literature: EITF 96-18, "Accounting for Equity Instruments that are Issued to Other Than Employees for Acquiring, or in conjunction with Selling, Goods, Services" and EITF 00-18, "Accounting recognition for Certain Transactions Involving Equity Instruments Granted to Other Than Employees"). The measurement date for the fair value of the equity instruments issued is determined at

2. Summary of Significant Accounting Policies – continued

Stock Based Compensation - continued

the earlier of (i) the date at which a commitment for performance by the consultant or vendor is reached or (ii) the date at which the consultant or vendor's performance is complete. In the case of equity instruments issued to consultants, the fair value of the equity instrument is recognized over the term of the consulting agreement. Stock-based compensation related to non-employees is accounted for based on the fair value of the related stock or options or the fair value of the services, whichever is more readily determinable in accordance with FASB ASC 718.

The Company uses the Black-Scholes-Merton ("BSM") option-pricing model to determine the fair-value of stock-based awards under accounting pronouncements, consistent with that used for pro forma disclosures under previous guidance for Accounting for Stock-Based Compensation.

The Company has elected the modified prospective transition method as permitted by the accounting pronouncement and accordingly prior periods have not been restated to reflect the impact of the accounting pronouncement. The modified prospective transition method requires that stock-based compensation expense be recorded for all new and unvested stock options, restricted stock, restricted stock units, and employee stock purchase plan shares that are ultimately expected to vest as the requisite service. Stock-based compensation expense for awards granted prior to January 1, 2006 is based on the grant date fair-value as determined under the pro forma provisions of previous accounting pronouncement. As the Company incorporated on January 13, 2005 and did not grant any stock options, no pro forma information is provided.

Resource Properties

Resource property acquisition costs are capitalized until the viability of the mineral interest is determined. Capitalized acquisition costs are expensed in the period in which it is determined that the mineral property has no future economic value. Capitalized amounts may be written down if future cash flows, including potential sales proceeds, related to the property are estimated to be less than the carrying value of the property. Management of the Company reviews the carrying value of each resource property interest periodically and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Reductions in the carrying value of each property would be recorded to the extent the carrying value of the investment exceeds the estimated future net cash flows. The Company has been in the exploration stage since its formation on January 13, 2005 and has not yet realized any significant revenues from its planned operations. Mineral property acquisition and exploration costs are charged to operations as incurred. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs incurred to develop such property, are capitalized. Such costs will be amortized using the units-of-production method over the estimated life of the probable reserve.

2. Summary of Significant Accounting Policies – continued

Resource Properties - continued

In the event that facts and circumstances indicate that the costs of long-lived assets, other than mining properties, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset would be compared to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required. Impairment of mining properties is evaluated subject to the full cost ceiling as described under Mining Properties.

At January 31, 2013, the Company realized an impairment loss of $66,500 related to the capitalized mining claim costs established as of January 31, 2012.

Foreign Currency Translation

The Company's subsidiary functional currency is Canadian dollars. Transactions in other currencies are recorded in Canadian dollars at the rates of exchange prevailing when the transactions occur. Monetary assets and liabilities denominated in other currencies are translated into Canadian dollars at rates of exchange in effect at the balance sheet dates. Exchange gains and losses are recorded in the statements of operations.

At the period end, the subsidiary's assets and liabilities are translated into the U.S. dollars at exchange rates at the balance sheet date, equity accounts are translated at historical exchange rates and revenues and expenses are translated by using the average exchange rates. Accumulated translation adjustments are reported as a separate component of other comprehensive income (loss) in the consolidated statements of stockholders' equity (deficit).

Income Taxes

The Company has adopted SC740, "Income Taxes", which requires the Company to recognize deferred tax liabilities and assets for the expected future tax consequence of events that have been recognized in the Company's financial statements or tax returns using the liability method. Under this method, deferred tax liabilities and assets are determined based on the temporary differences between the financial statements and tax bases of assets and liabilities using enacted tax rates in effect in the year in which the differences are expected to reverse.

Net Income (Loss) per Common Share

Basic income (loss) per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the year. Diluted income (loss) per share is calculated using the treasury stock method and reflects the potential dilution of securities by including stock options, special warrants, and contingently issuable shares, if any, in

2. Summary of Significant Accounting Policies – continued

Net Income (Loss) per Common Share - continued

the weighted average number of common shares outstanding for a year, if dilutive. In a loss year, potential dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. Accordingly, basic and diluted loss per share is the same for the loss year.

Fair Value Measurements and Financial Instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities; and

Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – inputs that are not based on observable market data.

The Company's financial instruments include cash and cash equivalents, other receivables, accounts payable and accrued liabilities, due to related party, promissory notes payable and accrued interest. Fair values were assumed to approximate carrying values for these financial instruments due to their short-term nature. Management is of the opinion that the Company is not exposed to significant interest, credit or currency risks arising from these financial instruments.

3. Recent Accounting Pronouncements

The Company has reviewed the implemented and proposed accounting pronouncements issued by the various regulatory authorities as of January 31, 2013 and has determined that the guidance provided therein is either not applicable to the Company nor will they have a significant impact on the financial statements presented herein.

4. Mining Claims

The Company entered into an option agreement dated June 26, 2008 to acquire a 100% interest in three groups of mineral claims with 21, 28 and 12 claims, respectively, in Whitton Township and Gayhurst Township, Province of Quebec, Canada. Pursuant to the agreement, the Company paid $16,600 and issued 250,000 common shares at $0.10 per share on July 15th 2008 for the first payment. The second cash payment in amount of $16,600 and 250,000 common shares issuance was to be executed on or before July 15, 2009. The Company signed an extension for the second payment to July 15, 2010 pursuant to the agreement to purchase the claims.

During the year ended January 31, 2011, the Company did not make the second option payment and the related mining claims had also lapsed and expired. The Company wrote off the related capitalized cost of $41,660.

On January 12, 2011 the Company signed an Option Agreement between the Company and Sundance Gold Ltd., ("SUN") to acquire an 80% legal and beneficial interest in certain primary mining and prospecting licenses (the "Property") located in the Handeni area of the Republic of Tanzania.

Pursuant to the Option Agreement with SUN, the Option may be exercised, at the sole discretion of the Company, to acquire an undivided 100% of SUN's 80% legal and beneficial interest in the Property, free and clear of all encumbrances for the full price and consideration of payment to SUN of the sum of $3,150,000 (the "Payment"), the expenditure by the Company of a total of $3,500,000 in exploration work on the Property (the "Work") and the issuance to SUN of 30,000,000 common shares (issued) of $0.001 par value in the capital stock of the Company as constituted as of January 11th, 2011 (the "Shares"). Upon the completion of the Payments, the payment of the Shares and the completion of the Work, the Company may exercise the Option by delivering to SUN written notice of the Company's intention to exercise the Option.

The Payment shall be made to SUN as follows:

(a) $75,000 upon the execution of this Agreement (not paid);

(b) $75,000 as soon as possible after all regulatory filings have been completed and in any case no later than March 1, 2011(not paid)

(c) A further payment of $250,000 on or before 6 months after March 31, 2011(not paid);

(d) A further payment of $500,000 on or before 12 months after March 31, 2011 (not paid);

(e) A further payment of $750,000 on or before 24 after March 31, 2011 (not paid);

(f) A further payment of $1,500,000 on or before 36 months after March 31, 2011;

The Work on the Property shall be carried out and paid for, to a minimum value, as follows:

4. Mining Claims - continued

(a) a work program of $500,000 on or before the first anniversary of this agreement;

(b) a further $1,000,000 on or before the second anniversary of this agreement for development expenses;

(c) and a further $2,000,000 on or before the third anniversary of this agreement for development expenses.

Any excess in the amount of Work required to be incurred by the end of a particular period may be carried forward and credited towards future cumulative aggregate work requirements.

The Shares shall be issued to SUN as follows:

(a) 10,000,000 Shares on or before January 31st 2011(issued);

(b) A further 20,000,000 Shares on or before February 14th 2011(issued).

Should the Option Agreement not be exercised by either Party, all 30,000,000 common shares that have been granted to SUN shall be returned to the Company within 7 days, for cancellation. On January 25, 2011, the Company issued 30,000,000 common shares of the Company at $0.001 or valued at $30,000. However, the acquisition agreement was not closed and Sundance Gold Ltd. has agreed to return the shares for cancellation.

On June 22, 2011, the Company executed an Assignment Agreement with Kouzelne Mesto Ltd., ("KzM") whereby the Company will acquire ownership of an 80% legal and beneficial interest in certain primary mining and prospecting licenses located in the Lillooet Mining Division in the Province of British Columbia, Canada (the "Property"). The original Owner BCT Mining Corp. has granted KzM the sole and exclusive option (the "Option") which may be exercised at the sole discretion of KzM to acquire an undivided 100% of the Owner's 80% legal and beneficial interest in and to the Property (the "Interest") free and clear of all encumbrances for the full price and consideration of payment to the Owner, the sum of $1,150,000 (the "Payment"), the expenditure by the KzM or it's Assignee, the Company, of a total of $1,500,000 in exploration work on the Property (the "Work") and the transfer by KzM of 75,000,000 common shares of $0.001 par value in the capital stock of the Company as constituted as of June 22nd, 2011 (the "Shares"), out of a total of 100,000,000 shares granted to KzM, by the Company. The Company has undertaken to exercise the Option by delivering to BCT Mining Corp., written notice of the Company's intention to exercise the Option. On April 1, 2012 BCT Mining Corp. agreed to accept cash to be paid out over time for the exercise of the Option and KzM returned the 75,000,000 shares which were subsequently cancelled. Subsequent to April 2012, both parties have agreed to cancel the Option Agreement.

5. Short Term Loans

During the fiscal year ended January 31, 2012, the Company signed loan agreements with John Nava (the "Borrower") and a total of $36,000 was advanced to the Borrower. In January 2013, the Company determined that this loan was uncollectible and accordingly charged bad debt expense for $36,000.

The Company signed loan agreements with a director of the Company and the CEO of the Company to borrow $5,000 and $16,000, respectively, and forwarded these amounts to the Borrower. The Company paid back $5,000 to a director of the Company and $16,000 to the CEO of the Company, respectively. These loans were unsecured, non-interest-bearing and were due on demand.

6. Notes Payable

On January 9, 2010, the Company received $10,000 from Ms. Sally Alston ("the lender') pursuant to a promissory note payable. The note bore interest at 6% per annum, and was due on demand. On January 31, 2010, the Company entered into an additional promissory note with Ms. Sally Alston in an amount of $2,000 which bore interest of 6% per annum and was due on demand. On February 1, 2010, the Company received $2,000 from Ms. Sally Alston pursuant to this promissory. On June 11, 2010, the Company paid back $2,000 of principal plus $150 accrued interests on demand to this lender. On February 25, 2010, the Company entered into another additional convertible promissory note with Ms. Sally Alston and received $5,000. The note bore interest of 10% per annum and was unsecured. The promissory note and interest were due and payable on demand. Under the agreement when demand for payment is presented to the Company, providing 10 clear days notice written notice to the Company, the lender has the option to convert this loan outstanding at a deemed price of $0.15 into Company's common stock. On April 27, 2010, the Company paid back $15,000 of principal on demand to this lender; therefore, at January 31, 2013 all amounts due the lender have been paid.

On February 22, 2010, the Company entered into a convertible promissory note with Mike Moustakis in amount of $4,200 bearing interest of 6% per annum. The promissory note and interest are due and payable on demand.

Under the agreement when demand for payment is presented to the Company, providing 15 clear days notice in writing are given to the Company, the lender has the option to convert this loan outstanding at a deemed price of $0.15 per share of Company's common shares. The Company received $4,200 (CAD$4,340) from the lender pursuant to the promissory note. On April 22, 2011, the Company received an additional $800 from lender pursuant to the promissory note. As of January 31, 2013, the amounts due under this note where $5,000 in principal and $74 in accrued interest and the Company is currently in default under the provisions of this note.

The Company did not incur beneficial conversion charges for the above convertible promissory note because the conversion price is great than the fair value of the Company's equity at the date of the convertible promissory note was issued.

6. Notes Payable – continued

On August 2, 2010, the Company entered into a convertible debenture with Asher Enterprises, Inc. in the amount of $53,000 bearing interest of 8% per annum and was due on April 1, 2011. The note is unsecured and is convertible into the shares of common stock of the Company during the term of the promissory note at the variable conversion price which equals to 58% multiplied by the market price. Market price means the average of the lowest three trading prices for the common stock during the ten trading day period ending one trading day prior to the date of conversion notice.

The Company is currently in default of this note and as of January 31, 2013, the current amount due is $53,000 in principal and $10,221 in accrued interest.

On December 2, 2010, the Company entered into a second convertible debenture with Asher Enterprises, Inc. in the amount of $25,000 bearing interest of 8% per annum and was due on August 1, 2011. The note is unsecured and is convertible into the shares of common stock of the Company during the term of the promissory note at the variable conversion price which equals to 58% multiplied by the market price. Market price means the average of the lowest three trading price for the common stock during the ten trading day period ending one trading day prior to the date of conversion notice.

The Company is currently in default of this note and as of January 31, 2013, the current amount due is $25,000 in principal and $4,158 in accrued interest.

Since inception, the Company issued to its former president a total of $391,250 in notes payable for services rendered. The notes are unsecured, bear interest at various rates and are due on demand.

In October 2012, the president agreed to the assignment of $176,973 in principal together with accrued interest thereon of $36,934 to an unrelated third party, Sonny Boyd Williams, LLC, in exchange for certain consulting services.

As a result, the amount due the former president of the Company at January 31, 2013 is a principal balance of $214,277 and accrued interest of $6,105.

Additionally, as stated above, Sonny Boyd Williams LLC (SBW) acquired $176,973 of the debt due from the former president together with the accrued interest thereon of $36,934.

Further, in January 2013, SBW loaned the Company an additional $635.

All of the notes due SBW are due on demand, bear interest at various rates and are unsecured.

As a result of the above, the amount due SBW is $177,608 in principal and $43,093 in accrued interest.

6. Notes Payable – continued

Also, in January 2013 the Company issued notes payable to private investors in the amount of $3,425. The notes are unsecured, bear interest at the rate of 12% per annum and are due on demand. At January 31, 2013, the principal balance of these notes amounted to $3,425 and the accrued interest thereon was $1,424.

As a result of the above, the total notes payable and accrued interest reflected in the accompanying financial statements as of January 31, 2013, amount to $478,310 and $65,075, respectively.

7. Capital Stock

The Company has two classes of equity securities: preferred stock at a par value of $0.01 per share and common stock at par value $0.00001 per share.

As of January 31, 2012 there were no preferred shares issued or outstanding.

On December 7, 2012 the Company authorized and issued to a single individual 1,000,000 shares of Series A preferred stock. The Series A preferred stock has a 10,000 to 1 voting right per share on all matters submitted to shareholders for a vote. The individual holding the Series A preferred stock represents a control block.

As of January 31, 2013, the Company is authorized to issue 6 billion shares of common stock at a par value of $0.00001 and the total issued and outstanding amounted to 1,138,786,968.

As of January 31, 2012, the Company was authorized to issue 2 billion shares of common stock at a par value of $0.01 and the total issued and outstanding was 295,286,968.

The change in the common share structure was made effective on December 18, 2012.

Issued and Outstanding

In May 2006 the Company issued 2,000,000 shares of the common stock for cash at $0.001 per share.

In September 2007 the Company issued 10,000,000 shares of the common stock for cash at $0.001 per share.

In October 2007 the Company issued 1,000,000 shares of the common stock for services, valued at $0.001 per share or $1,000.

In October 2007 the Company issued 3,000,000 shares of the common stock for cash at $0.001 per share.

7. Capital Stock – continued

Issued and Outstanding - continued

In February and March 2008 the Company issued 1,053,000 shares of the common stock for cash at $0.10 per share.

In July 2008 the Company issued 250,000 shares of the common stock for a mining claim option, valued at $0.10 per share or $25,000. The Company is a private entity and is currently going public. Due to this reason, they do not have stock trading history with which to value the share issuance for the mining claim option. However, the Company issued some common shares for cash at a price of $0.10 per share during 2008 and has used this same value for the share issuance for the mining claim option.

On November 1, 2009, the Company issued 2,000,000 shares of the common stock upon the signing of the business advisory consulting valued at $0.10 per share or $200,000.

On December 1, 2009, the Company issued additional 1,000,000 shares of the common stock for service, valued at $0.10 per share or $100,000, upon the business advisory consulting agreement made on November 1, 2009.

On February 6, 2010, the Company issued 1,000,000 shares of common stock of the Company valued at $0.10 per share or $100,000, pursuant to a business advisory consulting agreement dated November 1, 2009.

On February 6, 2010, the Company issued 1,000,000 shares of common stock of the Company valued at $0.10 per share or $100,000, pursuant to a business advisory consulting agreement dated November 1, 2009.

On February 26, 2010, Nanita Holding Ltd., George Skrivanos, and Anastasios Koutsoumbos authorized to affect the share cancellation of 2,000,000, 1,000,000 and 1,000,000 common stocks of the Company, respectively which were originally issued in 2007.

On March 11, 2010, the board of directors of the Company approved the issuance of 1,000,000 shares of common stock of the Company to a director and officer of the Company for services provided to the Company. The shares were issued in accordance with Regulation S of the Securities Act of 1933 and valued at $0.10 per share or $100,000.

On March 18, 2010, pursuant to the License Agreement, the Company issued 15,000,000 restricted common shares of the Company to ENTEC at a deemed price of $0.05 per share or $750,000. On October 31, 2010, the Company canceled the 15,000,000 shares due to termination of the Agreement.

7. Capital Stock – continued

Issued and Outstanding - continued

On April 1, 2010, the Company issued 25,000 shares of common stock of the Company for cash valued at $0.15 per share or $3,750.

On April 16, 2010, the Company issued 1,333,333 shares of common stock of the Company for cash valued at $0.15 per share or $200,000.

On May 14, 2010, the Company issued 35,000 shares of common stock of the Company for cash valued at $0.15 per share or $5,250.

On May 17, 2010, the Company issued 20,000 shares of common stock of the Company for cash valued at $0.15 per share or $3,000.

On October, 2010, the Company issued 1,316,667 shares of common stock of the Company for cash valued at $0.15 per share or $197,500.

On October 2010, the Company issued 142,857 shares of common stock of the Company for services provided valued at $0.35 per share or $50,000.

On January 25, 2011, the Company issued 30,000,000 common shares of the Company for mining property at $0.001 or valued $30,000.

On June 26, 2011, the Company issued 100,000,000 common shares of the Company for mining claim options valued at $0.001 per common share or $100,000.

In July 2011, the Company issued 45,000,000 common stocks of the Company valued at $0.0001 per common stock or $4,500 for the settlement of the debts transferred from Anna Skokan to Surf Financial Group, LLC. In September, the Company issued 70,000,000 shares of the common stocks of the Company valued at $0.0001 per common stock or $7,000 for additional debts settlement. There were 5,000,000 shares of which were over issued.

In December, the Company issued 20,000,000 common shares of the Company for additional debts valued at $0.0001 per share or $2,000 and then the 20,000,000 shares were canceled on February 16, 2011.

On December 20, 2011, the Company issued 15,000,000 common share of the Company for cash valued at $0.00233 per common share or $35,000.

On January 11, 2012, the Company issued 11,111,111 commons shares of the Company for cash valued at $0.0006975 per share or $7,750.

7. Capital Stock – continued

Issued and Outstanding - continued

On February 3, 3012, the Company issued 25,000,000 common shares of the Company for cash valued at $0.00122 per common share or $30,500.

On February 22, 2012, the Company issued 32,500,000 common shares of the Company for cash valued at $0.0006308 per common share or $20,500.

On February 29, 2012, the Company issued 31,000,000 common shares of the Company for cash valued at $0.0004032 per common share or $12,500.

On March 8, 2012, the Company issued 100,000,000 common shares of the Company for services at $0.001 per common share or $100,000. These shares are restricted for a period of one year.

On March 8, 2012, the Company issued 40,000,000 common shares of the Company for cash valued at $0.0003625 per common share or $15,000.

On March 15, 2012, the Company issued 50,000,000 common shares of the Company for cash valued at $0.0005 per common share or $25,000.

On April 4, 2012, the Company issued 20,000,000 common shares of the Company for services valued at $0.002 per common share or $40,000. These shares are restricted for a period of one year.

On April 9, 2012, the Company issued 65,000,000 common shares of the Company for cash valued at $0.0006154 per common share or $40,000.

On April 9, 2012, the Company issued 65,000,000 common shares of the Company for cash valued at $0.0006462 per common share or $42,500.

On April 19, 2012, the Company cancelled 75,000,000 common shares of the Company, originally issued for mining claims, valued at $0.001 per common share or $75,000

On April 23, 2012, the Company issued 60,000,000 common shares of the Company for cash valued at $0.0002833 per common share or $17,000.

On April 30, 2012, the Company issued 70,000,000 common shares of the Company for cash valued at $0.0001700 per common share or $11,900.

On May 6, 2012, the Company issued 70,000,000 common shares of the Company for cash valued at $0.0002786 per common share or $11,900.

7. Capital Stock - continued

Issued and Outstanding - continued

On December 12, 2012, the Company issued 100,000,000 common shares for services rendered valued at $.00001 per share or $1,000;

On January 23, 2013, the Company issued 100,000,000 common shares for services rendered valued at $0.00001 per share or $1,000;

On January 24, 2013, the Company issued 90,000,000 common shares for services rendered valued at $0.00001 per share or $900.

Deferred Stock Compensation

On November 1, 2009, the Company entered into a business advisory consulting agreement with James Andrews. The Company agreed to issue the consultant a total of 5,000,000 restricted common shares of the Company vesting as follows: 2,000,000 restricted Common Shares upon the signing of this agreement, 1,000,000 restricted Common Shares on December 1, 2009, 1,000,000 restricted Common Shares on January 1, 2010, and the balance of 1,000,000 restricted Common Shares on February 6, 2010 for his services over 3 years, commencing on November 1, 2009. The Company used the straight-line amortization method to amortize the entire 5 million shares over the three-year service period. As of January 31, 2012 the Company recorded deferred stock compensation of $124,999. As of January 31, 2013, the Company recognized the full amortization of this deferred stock compensation.

On July 27, 2010, the Company signed an Investor Relations/Media Consulting Agreement with Longview Communications Corp (“Consultant”) for the services effective from July 27, 2010 through August 27, 2010. The Company agreed to pay $50,000 for consultants work in the form of cash, and 142,857 restricted shares (rule 144) of its common stock, as total and complete consideration for the services to be provided by the consultant to the Company. Payment in full shall be due no later than July 27, 2010. The Company paid $50,000 in cash and committed to issue 142,857 common shares of the Company. At January 31, 2011, the Company credited additional paid-in capital and charged deferred stock based compensation of $50,000 and $50,000, respectively, for the above noted 142,857 common shares committed to be issued. As of October 31, 2012, the Company issued 142,857 commons share and amortized $50,000.

The balance of the deferred compensation was amortized effective January 31, 2013; therefore, as of said date the amount of deferred compensation amounted to $0.

8. Related Party Transactions

Related party transactions are in the normal course of operations occurring on terms and conditions that are similar to those transactions with unrelated parties and are measured at the applicable exchange amount.

In October 2012, the Company was charged $90,000 for consulting services by the former President and CEO of the Company, and $1,534 for consulting services by a senior officer of the Company.

In lieu of cash compensation due to the former President and CEO of the Company, convertible promissory notes were issued as follows:

- On February 1, 2010, a note in the amount of $11,250 was issued bearing interest at 18% per annum. The note is unsecured and is due on demand;
- On June 1, 2010, a note in the amount of $20,000 was issued bearing interest at 18% per annum. The note is unsecured and is due on demand;
- On June 1, 2011, a note in the amount of $180,000 was issued bearing interest at 8% per annum. The note is unsecured and is due on demand;
- On June 1, 2012, a note in the amount of $180,000 was issued bearing interest at 8% per annum. The note is unsecured and is due on June 1, 2013.

All of the above notes are convertible into common stock of the Company in accordance with the provisions outlined in each note.

Further, on September 21, 2012 the note holder, with the approval of the Company, assigned all of the February 1, 2010 and June 1, 2010 notes together with all interest accrued thereon to an unrelated third party, Sonny Boyd Williams LLC. Also, portions of the June 1, 2011 and June 1, 2012 notes together with accrued interest were also assigned to Sonny Boyd Williams LLC. The result of these assignments amounted to $176,973 in principal and $36,934 in accrued interest to Sonny Boyd Williams LLC. The principal amount of the assignment is included in notes payable and the interest is included in accrued interest on the accompanying consolidated financial statements presented herein.

As a result of the above, the principal amount due to the former President and CEO at January 31, 2013 amounted to $214,277 and, due to the change in control of the Company; this amount was reclassified to notes payable as of said date.

9. Income Taxes

The Financial Accounting Standards Board (FASB) has issued FASB ASC 740-10 (Prior authoritative literature: Financial Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - An Interpretation of FASB Statement No. 109 (FIN 48)). FASB ASC 740-10 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with prior literature FASB Statement No. 109, Accounting for Income Taxes. This standard requires a company to determine whether it is more likely than not that a tax position will be sustained upon examination based upon the technical merits of the position. If the more-likely-than- not threshold is met, a company must measure the tax position to determine the amount to recognize in the financial statements. As a result of the implementation of this standard, the Company performed a review of its material tax positions in accordance with recognition and measurement standards established by FASB ASC 740-10. Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company has adopted FASB ASC 740-10 to account for income taxes. The Company currently has no issues creating timing differences that would mandate deferred tax expense. Net operating losses would create possible tax assets in future years. Due to the uncertainty of the utilization of net operating loss carry forwards, an evaluation allowance has been made to the extent of any tax benefit that net operating losses may generate. A benefit from income taxes has not been made due to the uncertainty of the realization of net operating loss carry-forwards of approximately $2,503,828 as of January 31, 2013.

10. Commitments

As of January 31, 2013 and as a result of the change in control of the Company, current management does not believe that the Company has any commitments; however, current management continues to evaluate the past activities of the Company to determine the existence of any commitments.

Management's Discussion and Analysis or Plan of Operations

Our business activities to date have not provided any cash flow. During the next twelve months we anticipate incurring costs and expenses related to filing of exchange act reports, exploratory work on our claims as well as costs related to the management of a public company if we are successful in bringing the Company to trade. Management will fund the costs and expenses to be incurred as a result of such activities through further investment in the Company primarily from additional equity financing by private investors. Based on our history, it is difficult to predict our future results of operations. Our operations may never generate significant revenues or any revenues whatsoever, and we may never achieve profitable operations.

Forward Looking Statements

The foregoing statements and the following Management's Discussion and Analysis and Plan of Operations and comments included herein may contain "forward looking statements" within the meaning of Rule 175 under the Securities Act of 1933, as amended, and Rule 3b-6 under the Securities Act of 1934, as amended, or may be amended, including statements regarding, among other items, business strategies, continued growth in markets, projections, and anticipated trends in business and the industry in which it operates. The words "believe," "expect," "anticipate," "intends," "forecast," "project," and similar expressions identify forward-looking statements. These forward – looking statements are based largely on expectations and are subject to a number of risks and uncertainties, certain of which are beyond management's control. The Company cautions that these statements are further qualified by important factors that could cause actual results to differ materially from those in the forward looking statements, including, among other things, viable mining claims, reduced or lack of increase in demand for products, competitive pricing pressures, expense management conditions, the successful integration of future acquisitions into the Company's business plan and capital availability. In light of these risks and uncertainties, there can be no assurance that the forward-looking information contained herein will in fact transpire or prove to be accurate. We disclaim any intent or obligation to update "forward looking statements.

Plan of Operations

The Company will continue to manage its operations and cash resources in a manner consistent with its expectation that it will be able to satisfy cash requirements through January 31, 2014. The main operating costs for the Company include professional fees and administrative costs. The Company will consider an additional equity offering within the next 12 months.

Year ended January 31, 2013 compared to the year ended January 31, 2012

For the year ended January 31, 2013, the Company had a net loss of $746,295 as compared to a net loss of $457,389 for the year ended January 31, 2012. The $288,906 increase in loss is primarily attributable to the impairment loss of $141,999, an increase in interest expense of $48,559 and an

Year ended January 31, 2013 compared to the year ended January 31, 2012 - continued

increase in professional fees and investor relations of $134,473 offset in part by a decrease in general and administrative expenses of $31,425 and an increase in revenue of $4,700.

Liquidity and Capital Resources

Working capital, which is current assets less current liabilities, was a deficit of $558,475 at January 31, 2013 compared to a working capital deficit of $301,979 at January 31, 2012.

The decrease in working capital of $256,496 is primarily attributable to a decrease in accounts and loans receivable of $44,576, a decrease in accounts payable of $86,280 and a decrease in prepaid expenses of $213 offset by an increase in notes payable and accrued interest of $297,987.

Cash Used in Operating Activities

The Company's cash flow used by operating activities for the year ended January 31, 2013 amounted to $464,667 as compared to a cash use for the year ended January 31, 2012 of $1,880.

The increase in cash used in operating activities of $462,787 is primarily the result of the increase in the net loss of Company of $288,906, the transfer of related party payables to notes payable in the amount of $152,819 and other net changes of $21,062.

Cash Used in Investing Activities

For the years ended January 31, 2013 and 2012 there was no cash used for investing activities.

Cash from Financing Activities

Cash from financing activities amounted to $464,991 for the year ended January 31, 2013 as compared to $800 for the year ended January 31, 2012.

The increase of $464,191 primarily relates to the increase in proceeds received from the sale of common stock and the issuance of notes payable in the amount of $445,191 together with a reduction in payments of debt and share issuance costs amounting to $19,000.

Future Financings

We anticipate continuing to rely on equity sales of our common shares in order to continue to fund our business operations. Issuances of additional shares will result in dilution to our existing shareholders. There is no assurance that we will achieve any additional sales of our equity securities or arrange for debt or other financing to fund our planned exploration activities.

There are no assurances that we will be able to achieve further sales of our common stock or any other form of additional financing. If we are unable to achieve the financing necessary to continue our

Future Financings - continued

plan of operations, then we will not be able to continue our exploration of the prospect lease and our venture will fail.

Off Balance Sheet Arrangements

To the best of managements knowledge, there are no significant off balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.