(Formerly Winrock Resources Inc.)

(A Development Stage Company)

Condensed Interim Consolidated Financial Statements

For the nine month periods ended April 30, 2014 and 2013

(Expressed in Canadian Dollars)

(Prepared by Management)
(Unaudited)

Index | **Page**

Financial Statements

Index	Page
Statements of Financial Position	1
Statements of Loss and Comprehensive Loss	2
Statements of Changes in Shareholders’ Equity	3
Statements of Cash Flows	4
Notes to Financial Statements	5 – 21

Notice of no Review by Auditor

In accordance with National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators **WE HEREBY GIVE NOTICE THAT** the condensed financial statements that follow this notice have not been reviewed by the Company's auditors.

NEWNOTE FINANCIAL CORP. **(Formerly Winrock Resources Inc.)**
(A Development Stage Company)

Condensed Interim Consolidated Statement of Financial Position

As at

(Expressed in Canadian Dollars)
(unaudited)

	Note	April 30, 2014 $	July 31, 2013 $
Assets			
Current			
Cash		111,479	6,604
Advances and prepaid expenses		4,260	2,760
HST receivable		7,141	3,997
		122,880	13,361
Fixed Assets	6	119,799	-
Mineral Property Interest	7	50,000	50,000
		292,679	63,361
Liabilities			
Current			
Accounts payable and accrued liabilities		19,300	20,850
Due to related parties	9	1,400	21,900
		20,700	42,750
Shareholders' Equity			
Share Capital	8	848,559	400,414
Reserves	8(d)	172,860	105,360
Deficit		(749,440)	(485,163)
		271,979	20,611
		292,679	63,361

Approved on Behalf of the Board:

"Paul Dickson" (signed)
___________________________ Director

"Harvey D. Dick" (signed)
___________________________ Director

See notes to financial statements.

NEWNOTE FINANCIAL CORP. **(Formerly Winrock Resources Inc.)**
(A Development Stage Company)

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)
(unaudited)

	Note	For the three months ended April 30, 2014 $	For the three months ended April 30, 2013 $	For the nine months ended April 30, 2014 $	For the nine months ended April 30, 2013 $
Operating Expenses					
Bank charges and interest		584	-	743	-
Consulting fees		4,500	-	4,500	1,000
Exploration expenses		-	(30)	134	31,641
Investor relations		35,585	1,877	36,276	1,877
Management compensation		38,660	19,625	77,560	59,650
Office and miscellaneous		2,483	395	3,505	953
Professional fees		28,614	8,135	29,825	11,377
Regulatory fees		19,206	3,012	28,073	6,409
Rent		4,500	3,450	11,400	10,050
Stock-based compensation	8(d) & 9(c)	57,000	-	67,500	-
Travel and Entertainment		4,761	1,234	4,761	1,234
Net Loss and Comprehensive Loss For The Year		195,893	37,698	264,277	124,191
Basic and Diluted Loss per Common Share		0.02	0.01	0.02	0.02
Weighted Average Number of Common Shares Outstanding		12,085,713	7,491,500	11,062,501	7,063,661

See notes to financial statements.

NEWNOTE FINANCIAL CORP. **(Formerly Winrock Resources Inc.)**
(A Development Stage Company)

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)
(unaudited)

	Common Shares				
	Number	Amount $	Contributed Surplus $	Deficit $	Total Shareholders' Equity $
Balance, July 31, 2012	9,354,000	336,430	105,360	(309,206)	132,584
Shares issued for mineral property interest	150,000	15,000	-	-	15,000
Shares issued for flow-through placement	500,000	50,000	-	-	50,000
Share issuance costs	-	(1,016)	-	-	(1,016)
Net loss for the period	-	-	-	(124,191)	(124,191)
Balance, April 30, 2013	10,004,000	400,414	105,360	(433,397)	72,377
Net loss for the period	-	-	-	(51,766)	(51,766)
Balance, July 31, 2013	10,004,000	400,414	105,360	(485,163)	20,611
Shares issued for private placement	9,500,000	415,463	-	-	415,463
Shares issued on exercise of options	505,222	43,022	-	-	43,022
Shares issued on exercise of warrants	75,000	7,500	-	-	7,500
Share issuance costs	-	(17,840)	-	-	(17,840)
Stock-based compensation	-	-	67,500	-	67,500
Net loss for the period	-	-	-	(264,277)	(264,277)
Balance, April 30, 2014	20,084,222	848,559	172,860	(749,440)	271,979

See notes to financial statements.

NEWNOTE FINANCIAL CORP. (Formerly Winrock Resources Inc.)
(A Development Stage Company)
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(unaudited)

	For the nine month period ended April 30, 2014 $	For the nine month period ended April 30, 2013 $
Operating Activities		
Net loss	(264,277)	(124,191)
Items not involving cash		
Stock-based compensation	67,500	-
Changes in non-csh working capital		
HST receivable	(3,144)	2,379
Advances and prepaids	(268)	-
Accounts payable and accrued liabilities	(1,550)	(40,541)
Due to related parties	(20,500)	(1,300)
Cash Used in Operating Activities	(222,239)	(163,653)
Investing Activities		
Purchase of fixed assets	(119,799)	-
	(119,799)	-
Financing Activities		
Proceeds from issuance of common shares	464,753	-
Proceeds from issuance of flow-through shares	-	50,000
Share issuance costs	(17,840)	(1,015)
Cash Provided by Financing Activities	446,913	48,985
Inflow of Cash	104,875	(114,668)
Cash, Beginning of Period	6,604	132,127
Cash, End of Period	111,479	17,459

See notes to financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Newnote Financial Corp. (the "Company") was incorporated as Winrock Resources Inc. under the *Business Corporations Act* of British Columbia on August 16, 2010. The Company was engaged in the acquisition, exploration and development of mineral properties. The Company was listed on the Canadian Securities Exchange ("CSE") and started trading on May 28, 2012 under the symbol "WR". On April 8, 2014, the Company changed its name to Newnote Financial Corp. and started trading on the CSE under the symbol "NEU". The Company also changed its business from resource exploration to the provision of crypto currency financial services.

The address of the Company's registered office is Suite 709 - 700 West Pender Street, Vancouver, British Columbia V6C 1G8.

These financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business for the foreseeable future.

The Company reported a net loss of $264,277 for the period ended April 30, 2014 (2013 - $124,191) and has an accumulated deficit of $749,440 as at April 30, 2014 (2013 - $433,397). The Company has an ongoing requirement for capital investment for its administrative overhead, and accordingly, the Company will need to raise additional capital through equity financing to accomplish its business plan over the next several years. There can be no assurance as to the availability or terms upon which such financing might be available.

The Company's wholly-owned subsidiary, Newnote Networks Inc. ("Newnote") a software and hardware development company specializing in the development and acquisition of cryptocurrency related products and services was started during the period.

These financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

(a) Statement of Compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). The unaudited condensed interim financial statements follow the same accounting policies and methods of application as our most recent annual financial statements and do not include all of the information required for full annual financial statements. Accordingly, they should be read in conjunction with our IFRS financial statements for the fiscal year ended July 31, 2013. The accounting policies applied in these unaudited condensed interim financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as of June 30, 2014, the date the Board of Directors approved these unaudited condensed interim financial statements and they are consistent with those disclosed in the annual financial statements.

(b) Basis of preparation

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss ("FVTPL"),

which are stated at their fair values. In addition, these financial statements have been prepared using the accrual basis of accounting. The financial statements are presented in Canadian dollars, which is also the Company's functional currency, and all values are rounded to the nearest dollar, unless otherwise indicated.

(c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Newnote Networks Inc. Inter-company balances and transactions are eliminated on consolidation.

(d) Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses during the reporting period. In particular, significant judgments made by management in the application of IFRS during the preparation of the financial statements and estimates with a risk of material adjustment are as follows:

(i) Environmental

Environmental legislation is becoming increasingly stringent and the costs of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company’s operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development, the potential for production on the property may be diminished or negated.

The Company is subject to laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation.

Future obligations to retire an asset, including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations, are initially recognized and recorded as a liability based on estimated future cash flows discounted at a credit-adjusted risk-free rate.

At April 30, 2014, the Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

(ii) Impairment assessment

At each financial position reporting date, the carrying amounts of the Company’s assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset

does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

At April 30, 2014, there are no indicators that suggest that the Company's assets are impaired.

(iii) Valuation of share-based payments

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions could materially affect the fair value estimate and the Company's earnings and equity reserves.

While management believes these judgments and estimates are reasonable, actual results could differ from those estimates and could impact future results of comprehensive income and cash flows. The estimates and underlying assumptions are reviewed on an ongoing basis.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Mineral property interests

The Company defers all costs related to acquisition of mineral property interests on a property-by-property basis, net of any recoveries, and expenses all mineral property exploration expenditures as incurred. The costs incurred to date do not necessarily reflect present or future values. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed or the Company's mineral rights are allowed to lapse.

All deferred mineral property acquisition costs are reviewed quarterly, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the interest for an amount exceeding the deferred costs, provision is made for the impairment in value.

From time to time the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, option payments are recorded as property costs or recoveries when the payments are made or received.

(b) Financial instruments

Financial assets

All financial assets are initially recorded at fair value and classified upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or as FVTPL.

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings.
Financial assets classified as loans and receivables and held-to-maturity are measured at amortized cost.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss), except for losses in value that are considered other than temporary.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and classified upon inception as FVTPL or other financial liabilities. Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives, are also classified as held-for-trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through net income (loss).

Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has 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 then reduced by the amount of the impairment and the amount of the loss is recognized in comprehensive income (loss).

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in comprehensive income (loss).

In relation to trade and other receivables, a provision for impairment is made and an impairment loss is recognized in profit or loss when there is objective evidence (such as the

probability of insolvency or significant financial difficulties of the debtor) that the group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

(c) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(d) Share-based payment

The Company accounts for share-based payment using a fair value based method with respect to all stock-based payments measured and recognized, to directors, employees and non-employees. For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the options are recorded at the fair value of the goods or services received. When the value of the goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured using the Black-Scholes option pricing model. The fair value of the options is accrued and charged either to profit or loss or mineral property interests, with the offset credit to reserves.

For directors and employees the options are recognized over the vesting period, and for non-employees the options are recognized over the related service period. If and when the stock options are ultimately exercised, the applicable amounts of share-based payment are transferred to share capital.

(e) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

(f) Unit offerings

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first

allocates value to common shares issued in the private placements at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the warrants. Any fair value attributed to the warrants is recorded in shareholders' equity.

(g) Flow-through shares

The Company will, from time to time, issue flow-through common shares to finance a portion of its exploration. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company allocates the flow-through shares into (i) share capital and (ii) a flow-through share premium equal to the estimated premium, if any, which is recognized as a liability. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax recovery.

(h) Fair Value Measurement

The Company has adopted the fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

(i) New accounting standards and interpretations not yet adopted

The Company will be required to adopt certain standards and amendments issued by the IASB, as described below, for which the Company is currently assessing the impact on its financial statements. As at April 30, 2014, the impact of these new accounting standards to the Company was not known.

Accounting standards issued, but not yet effective are:

IFRS 9 *Financial Instruments*

IFRS 9 is part of the IASB's wider project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 retains, but simplifies, the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for the Company beginning August 1, 2015. The Company is in the process of evaluating the impact of the new standard.

IFRS 11 *Joint Arrangements*

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-*

monetary Contributions by Venturers. The Company is yet to assess the full impact of IFRS 11 and intends to adopt the standard beginning August 1, 2013.

IFRS 13 *Fair Value Measurement*

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The Company is yet to assess the full impact of IFRS 13 and intends to adopt the standard beginning August 1, 2013.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments have been designated as follows: cash, as held-for-trading; and accounts payable and accrued liabilities and due to related parties, as other financial liabilities.

The carrying values of accounts payable and accrued liabilities and due to related parties approximate their fair values due to the short-term maturity of these financial instruments, therefore, disclosure is not made of their level in the fair value hierarchy.

(a) Credit risk

The Company manages credit risk, in respect of cash, by holding it at a major Canadian financial institution in accordance with the Company's investment policy. The Company's concentration of credit risk and maximum exposure is for cash at April 30, 2014 in the amount of $111,479 (2013 - $17,459).

The credit risk associated with cash is managed by ensuring that it is placed with major Canadian financial institutions with strong investment-grade ratings by a primary ratings agency.

(b) 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's approach to mitigating liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company has cash of $111,479 at April 30, 2014 (2013 - $17,459), accounts payable and accrued liabilities of $19,300 (2013 - $5,920) and due to related parties of $1,400 (2013 - $3,700) payable on demand.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

i. Interest rate risk

The Company is not exposed to significant interest rate risk, as all its cash is held in bank accounts and the effect of interest rate fluctuations will be minimal.

ii. Foreign currency risk

The Company is not exposed to foreign currency risk.

iii. Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

5. CAPITAL MANAGEMENT

The Company is an exploration stage company and currently does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of share capital. The Company does not use other sources of financing that require fixed payments of interest and principal and is not subject to any externally imposed capital requirements.

The Company defines its capital as shareholders' equity. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals.

The Company's capital management objective is to maximize investment returns to its equity-linked stakeholders within the context of relevant opportunities and risks associated with the Company's operating segment. Achieving this objective requires management to consider the underlying nature of exploration activities, availability of capital, the cost of various capital alternatives and other factors. Establishing and adjusting capital requirements is a continuous management process. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this financing due to uncertain economic conditions.

The Company does have sufficient funds to meet its working capital requirements for the coming year but will need to generate additional capital through equity financing to expand its crypto currency financial services.

6. FIXED ASSETS

In changing the direction of the Company, Newnote has started to purchase bitcoin machines.

	Cost $	Accumulated Amortization $	Net Book Value $
Bitcoin machines	119,799	-	119,799
	119,799	-	119,799

7. MINERAL PROPERTY INTEREST

Acquistion costs	Ecstall River Project $
Balance at July 31, 2011	21,680
Additions during the year - issuance of capital stock	20,000
Mineral property expenditure	(6,680)
Balance at July 31, 2012	35,000
Additons during the year - issuance of capital stock	15,000
Balance at April 30, 2014 and July 31, 2013	**50,000**

Ecstall River Project

The Company has acquired a 100% interest in the Ecstall River area west of Kitimat, British Columbia. The project includes three target areas, Horsefly, Steelhead and Packsack.

On October 12, 2010, the Company signed an agreement to acquire a 100% undivided interest in claims located on the Horsefly property.

Under the terms of the agreement, the Company would earn its interest by making the following payments:

(a) Cash payment of $15,000 (paid); and
(b) Issuing 200,000 common shares at $0.10 per share at listing date (issued).

On October 22, 2012, the Company acquired additional claims in the Ecstall River area by issuing 150,000 common shares at $0.10 per share.

Realization of assets

The investment in mineral property interests comprises a substantial portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

The amounts shown for acquisition costs represent costs incurred to date and do not necessarily reflect present or future values.

Title to mineral property interests

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties,

these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation.

The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral property interests, the potential for production on the property may be diminished or negated.

8. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value

(b) Issued

During April 2014, there were 334,222 options exercised at prices of $0.05 and $0.10 per share.

During March 2014, there were 66,000 agent options exercised at a price of $0.10 per share.

On February 28, 2014, the Company issued 7,680,000 shares at a price of $0.05 per share.

On December 18, 2013, the Company issued 480,000 shares at a price of $0.025 per share.

On December 4, 2013, the Company issued 1,520,000 shares at a price of $0.025 per share.

On October 25, 2012, the Company issued 500,000 units at a price of $0.10 per unit. Each unit consists of one flow-through share and one-half of one warrant of non-flow-through common shares at an exercise price of $0.12 for a twelve-month period.

On October 22, 2012, the Company issued 150,000 common shares at a price of $0.10 per share for the acquisition of additional claims in the Ecstall River area.

On May 28, 2012, the Company completed its initial public offering ("IPO") and issued 3,164,000 units, at a price of $0.10 per unit, for gross proceeds of $316,400. Each unit consists of one common share and one-half of one share purchase warrant, where each whole share purchase warrant entitles the holder to acquire one common share for a period of twelve months from the closing of the IPO at a price of $0.12.

As part of the agency agreement, the Company issued 60,000 common shares with a fair value of $6,000, 198,000 units with a fair value of $19,800 (the "Commission Units") and 316,400 options with a fair value of $21,990 (the "Agent Options").

Each Commission Unit consists of one common share and one-half of one share purchase warrant, where each whole share purchase warrant entitles the holder to acquire one common share for a period of twelve months from the closing of the IPO at a price of $0.12. Each Agent Option entitles the holder to acquire one unit (the "Agent Unit") until May 25, 2015 at a price of $0.10. Each Agent Unit consists of one common share and one-half of one share purchase warrant, where each whole share purchase warrant entitles the holder to acquire one common share for a period of twelve months from the closing of the IPO (expiring May 28, 2013) at a price of $0.12.

On May 28, 2012, the Company issued 200,000 common shares with a fair value of $20,000, as part of the purchase consideration for the acquisition of the Horsefly property.

On August 16, 2010, an incorporation share was issued for no proceeds and surrendered on October 1, 2010. During the period from August 16, 2010 (date of incorporation) to July 31, 2011, the Company issued 1,500,000 common shares at $0.005 per share, 2,450,000 common shares at $0.02 per share, 762,000 common shares at $0.05 per share and 1,020,000 common shares at $0.10 per share, for gross proceeds of $196,600.

(c) Escrowed shares

As at April 30, 2014, there were 1,507,500 (2013 - 2,512,500) common shares held in escrow.

(d) Stock options

The Company has adopted an incentive stock option plan (the "Plan"), which reserves for issuance a maximum of 10% of the Company's issued and outstanding share capital at the time of a grant of options under the Plan. The Plan will be administered by the Board of Directors and provides for grants of options to directors, executive officers, employees, consultants, management company employees or their permitted assigns (collectively, the "Optionees") of the Company at the discretion of the Board of Directors.

The term of any options granted under the Plan will be fixed by the Board of Directors and may not exceed ten years. The exercise price of options granted under the Plan will be determined by the Board of Directors and, if the common shares are listed on an exchange, the exercise price must not be lower than the last closing sale price for such common shares as quoted on the exchange for the market trading day immediately prior to the date of grant of the option, less any discount permitted by the CNSX.

A summary of the Company's outstanding and exercisable stock options and changes during the years then ended is as follows:

	Outstanding Stock Options	Exercisable Stock Options	Weighted Average Exercise Price
Balance July 31, 2011	550,000	550,000	$ 0.20
Granted	275,000	275,000	$ 0.10
Balance July 31, 2012 and 2013	825,000	825,000	$ 0.17
Granted	400,000	400,000	$ 0.05
Granted	225,000	225,000	$ 0.10
Granted	750,000	750,000	$ 0.16
Cancelled	(250,000)	(250,000)	$ 0.20
Balance April 301, 2014	1,950,000	1,950,000	$ 0.13

In February 2014, the Company granted 750,000 options to officers, directors and consultants at an exercise price of $0.16 per share, exercisable for a period of eighteen months from the grant date. The total fair value of these options was calculated at $48,000, which has been recognized as share-based compensation for the period ended April 30, 2014.

In February 2014, the Company granted 225,000 options to consultants at an exercise price of $0.10 per share, exercisable for a period of eighteen months from the grant date. The total fair value of these options was calculated at $9,000, which has been recognized as share-based compensation for the period ended April 30, 2014.

In December 2013, the Company granted 400,000 options to directors, officers and consultants at an exercise price of $0.05 per share, exercisable for a period of two years from the grant date. The total fair value of these options was calculated at $10,500, which has been recognized as share-based compensation for the period ended April 30, 2014.

In July 2012, the Company granted 275,000 options to three of its directors at an exercise price of $0.10 per share, exercisable for a period of two years from the grant date. The total fair value of these options was calculated at $9,000, of which $9,000 has been recognized as share-based payment for the year ended July 31, 2012.

In January 2011, the Company granted 550,000 options to four of its directors at an exercise price of $0.20 per share. The options will be exercisable for a period of three years from the date the Company's common shares are listed for trading on the CNSX and will vest immediately upon commencement of trading. The total fair value of these options was calculated at $74,370, of which $30,042 has been recognized as share-based payment during the year ended July 31, 2012 and $44,328 during the period ended July 31, 2011.

The fair value of stock options granted was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2014	**2013**
Risk-free interest rate	1.01%	N/A
Expected dividend yield	0.00%	N/A
Expected stock price volatility	200%	N/A
Expected life in years	1.5	N/A
Expected forfeiture rate	0.00%	N/A
Fair value at grant date	$0.05	N/A

The expected volatility is determined based on the historical share price of peer group companies over the estimated lives of the options.

The weighted average remaining contractual life of the stock options is 1.36 (2013 - 2.04) years.

(e) Agent options

A summary of the Company's outstanding agent options and changes during the years then ended is as follows:

	Outstanding Agent Options	Weighted Average Exercise Price $
Balance July 31, 2011	-	-
Granted May 28, 2012	316,400	0.10
Exercised	175,222	0.10
Balance April 30, 2014	141,178	0.10

The fair value of agent options granted was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: a risk-free interest rate of 1.10%, expected dividend yield of 0%, expected stock price volatility of 87%, expected life of 3 years and an expected forfeiture rate 0%.

The following summarizes information on the number of agent options outstanding at April 30, 2014 and 2013:

Expiry Date	Exercise Price	**2014**	**2013**
May 25, 2015	$ 0.10	141,178	316,400

(f) Warrants

As at April 30, 2014, the Company had 3,840,000 warrants outstanding at a price of $0.10 per share.

9. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the year:

- Payments totaling $19,402 (2013 - $Nil) for reimbursement of capital expenditures were paid to a director.

Compensation of key management

Key management comprises directors and executive officers. Compensation awarded to key management is as follows:

	For the nine months ended April 30, 2014 $	For the nine months ended April 30, 2013 $
Management compensation	77,560	59,650
Share-based compensation	40,500	-
	118,060	59,650

The Company incurred no post-employment benefits, no other long-term benefits and no termination benefits.

10. SEGMENTED INFORMATION

The Company has one industry segment, the exploration and development of mineral property interests, and operates in one geographic segment, British Columbia, Canada.

11. SUBSEQUENT EVENTS

(a) On May 26, 2014, the Company announced the signing of a Cloud Hashing Agreement with CryptX for the consignment of 100 Terahashes of computing power from CryptX.

(b) On June 10, 2014, the Company announced the granting of 200,000 stock options at a price of $0.36 per share for 18 months to officers, directors and consultants of the Company. Also, on this day the Company announced the settlement of outstanding indebtedness of $81,000 through the issuance of common shares of the Company at a deemed price of $0.36 per common share.