# ALDRIN RESOURCE CORP.

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

## FOR THE SIX MONTHS ENDED MAY 31, 2013

## UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed interim financial statements for the period ended May 31, 2013.

**ALDRIN RESOURCE CORP.**
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)
AS AT

| | May 31, 2013 | November 30, 2012 (Audited) |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents (Note 3) | $ 502,892 | $ 982,612 |
| Receivables (Note 5) | 20,851 | 63,421 |
| Prepaid expenses | 2,900 | 2,900 |
| **Total current assets** | 526,643 | 1,048,933 |
| **Non-current assets** | | |
| Exploration and evaluation assets (Note 4) | 179,267 | - |
| Furniture and equipment (Note 6) | 19,257 | 21,397 |
| **Total non-current assets** | 198,524 | 21,397 |
| **Total assets** | $ 725,167 | $ 1,070,330 |
| **LIABILITIES AND EQUITY** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities (Note 7) | $ 127,612 | $ 49,872 |
| **Equity** | | |
| Share capital (Note 8) | 10,265,965 | 10,265,965 |
| Reserves (Note 8) | 227,534 | 227,534 |
| Deficit | (9,895,944) | (9,473,041) |
| **Total equity** | 597,555 | 1,020,458 |
| **Total liabilities and equity** | $ 725,167 | $ 1,070,330 |

**Nature, continuance of operations, and going concern** (Note 1)
**Subsequent event** (Note 14)

**Approved and authorized on July 30, 2013 on behalf of the Board:**

| | |
|---|---|
| *"Johnathan More"* Director | *"Cyrus Driver"* Director |
| Johnathan More | Cyrus Driver |

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

**ALDRIN RESOURCE CORP.**
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

| | Three Months Ended May 31, 2013 | Three Months Ended May 31, 2012 | Six Months Ended May 31, 2013 | Six Months Ended May 31, 2012 |
|---|---|---|---|---|
| **EXPENSES** | | | | |
| Depreciation | $ 1,070 | $ 1,181 | $ 2,140 | $ 2,272 |
| Consulting (Note 11) | 49,125 | 52,006 | 88,047 | 97,631 |
| Filing fees | 9,248 | 3,997 | 15,644 | 10,562 |
| Management fees (Note 11) | 67,500 | 97,530 | 164,809 | 175,044 |
| Office and miscellaneous (Note 11) | 31,143 | 32,490 | 56,277 | 48,525 |
| Professional fees (Note 11) | 55,500 | 24,199 | 78,580 | 80,599 |
| Promotion and travel | 19,229 | 9,522 | 20,956 | 21,840 |
| Property investigation | - | 4,454 | - | 5,875 |
| Rent | - | - | - | 7,434 |
| **Loss before other item** | (232,815) | (225,379) | (426,453) | (449,782) |
| **OTHER ITEM** | | | | |
| Interest income | 1,507 | 9,141 | 3,550 | 13,489 |
| **Loss and comprehensive loss for the period** | $ (231,308) | $ (216,238) | $ (422,903) | $ (436,293) |
| **Basic and diluted loss per common share** | $ (0.01) | $ (0.01) | $ (0.01) | $ (0.01) |
| **Weighted average number of common shares outstanding** | 40,600,000 | 40,600,000 | 40,600,000 | 40,600,000 |

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

**ALDRIN RESOURCE CORP.**
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

| | Six Months Ended May 31, 2013 | Six Months Ended May 31, 2012 |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Loss for the period | $ (422,903) | $ (436,293) |
| Items not affecting cash: | | |
| Depreciation | 2,140 | 2,272 |
| Accrued interest income | (246) | - |
| Changes in non-cash working capital items: | | |
| Decrease in accounts receivable | 42,816 | 83,637 |
| Increase in prepaid expenses | - | (25,000) |
| Increase in accounts payable and accrued liabilities | 70,240 | 45,915 |
| Net cash used in operating activities | (307,953) | (329,469) |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Acquisition of furniture and equipment | - | (3,812) |
| Exploration and evaluation expenditures (Note 4) | (171,767) | - |
| Net cash used in investing activities | (171,767) | (3,812) |
| **Change in cash and cash equivalents for the period** | (479,720) | (333,281) |
| **Cash and cash equivalents, beginning of period** | 982,612 | 1,747,289 |
| **Cash and cash equivalents, end of period** | $ 502,892 | $ 1,414,008 |
| **Cash paid (received) during the year for interest** | $ - | $ - |
| **Cash paid (received) during the year for taxes** | $ - | $ - |

**Supplemental disclosures with respect to cash flows** (Note 9)

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

**ALDRIN RESOURCE CORP.**
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

| | Share Capital | | | | |
|---|---|---|---|---|---|
| | Common Shares | Amount | Reserves | Deficit | Total Equity |
| Balance, November 30, 2011 | 40,600,000 | $ 10,265,965 | $ 1,298,849 | $ (9,718,105) | $ 1,846,709 |
| Options expired | - | - | (427,173) | 427,173 | - |
| Loss and comprehensive loss for the period | - | - | - | (436,293) | (436,293) |
| Balance, May 31, 2012 | 40,600,000 | $ 10,265,965 | $ 871,676 | $ (9,727,225) | $ 1,410,416 |
| Balance, November 30, 2012 | 40,600,000 | $ 10,265,965 | $ 227,534 | $ (9,473,041) | $ 1,020,458 |
| Loss and comprehensive loss for the period | - | - | - | (422,903) | (422,903) |
| Balance, May 31, 2013 | 40,600,000 | $ 10,265,965 | $ 227,534 | $ (9,895,944) | $ 597,555 |

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

## 1. NATURE, CONTINUANCE OF OPERATIONS AND GOING CONCERN

Aldrin Resource Corp. ("the Company") is incorporated under the British Columbia Business Corporations Act and its common shares are listed on the TSX Venture Exchange ("the Exchange") under the symbol "ALN". The principal business of the Company is the acquisition, exploration and evaluation of resource properties.

The Company's head office address is 4104 – 1011 West Cordova Street, Vancouver, British Columbia, Canada, V6C 0B2. The Company's registered and records office address is 400 – 570 Granville Street, Vancouver, BC, V6C 3P1.

The Company is considered to be in the exploration stage with respect to its interests in exploration and evaluation assets. The recoverability of the amounts comprising exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development and upon future profitable production.

These unaudited condensed interim financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at May 31, 2013, the Company had an accumulated deficit of $9,895,944 and has incurred losses since inception. The continuing operations of the Company are dependent upon obtaining necessary financing to meet the Company's commitments as they come due and to finance future exploration and development of potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties and upon future profitable production. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values. Management is of the opinion that sufficient working capital will be obtained through the issuance of additional common shares to meet the Company's liabilities and commitments as they come due.

## 2. BASIS OF PRESENTATION

### Statement of compliance

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

### Basis of presentation

The unaudited condensed interim financial statements have been prepared on historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The unaudited condensed interim financial statements are presented in Canadian dollars, which is the functional currency of the Company, unless otherwise noted.

### Significant accounting judgments and critical accounting estimates

The preparation of these unaudited condensed interim financial statements in conformity with IFRS requires estimates and assumptions that affect the amounts reported in these unaudited condensed interim financial statements.

## 2. BASIS OF PRESENTATION (cont'd…)

**Significant accounting judgments and critical accounting estimates** (cont'd…)

Significant accounting judgments

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the unaudited condensed interim financial statements include, but are not limited to, the determination of categories of financial assets and financial liabilities which has been identified as an accounting policy which involves assessments made by management.

Critical accounting estimates

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

i) Deferred income taxes - The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives.

ii) Share-based payment – The fair value of share-based payment is determined using a Black-Scholes Option pricing model. Such option pricing models require the input of subjective assumptions including the expected price volatility, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant.

## 3. SIGNIFICANT ACCOUNTING POLICIES

**Cash and cash equivalents**

Cash and cash equivalents include cash and all highly liquid investments. Due to low credit and investment risks associated with cash equivalents their carrying amounts approximate their fair value. As at May 31, 2013, cash equivalents are $400,000 of cashable Guaranteed Investment Certificates, at an interest rate of prime less 1.75% per annum, maturing May 13, 2014 (November 30, 2012 – $800,000 of cashable Guaranteed Investment Certificates, at an interest rate of prime less 1.95% per annum maturing May 14, 2013).

**Furniture and equipment**

Furniture and equipment is recorded at cost and is being amortized using the declining balance method at 20% per year.

**Exploration and evaluation assets**

*i) Pre-exploration expenditures:*

Costs incurred prior to obtaining the legal rights to explore an area are recognized in profit or loss as incurred.

**3. SIGNIFICANT ACCOUNTING POLICIES** (cont'd…)

**Exploration and evaluation assets** (cont'd…)

ii) *Exploration and evaluation expenditures:*

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activities, and the acquisition date fair value of exploration and evaluation assets acquired in a business combination or an asset acquisition. Costs associated with exploration and evaluation activities include such costs as materials used, surveying costs, drilling costs, payments made to contractor and depreciation on plant and equipment during the exploration phase.

Once the legal right to explore a property has been acquired, all exploration and evaluation expenditures are capitalized by the area of interest or property. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are recognized in profit or loss as incurred.

Exploration and evaluation assets are assessed for impairment only when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount and when the Company has sufficient information to reach a conclusion about technical feasibility and commercial viability.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

**Impairment of long-lived assets**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

**Share-based payments**

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods and services received in the profit or loss, unless they are related to the issuance of shares. Amount related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioral considerations.

All equity-settled share-based payments are reflected in reserves until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled and settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

**Share capital**

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are valued using residual value method which involves comparing the selling price of the units to the Company's share price on the announcement date of the financing. The market value is then applied to the common share, and any residual amount is assigned to the warrants. Warrants that are issued as payment for agency fee or other transaction costs are accounted for as share-based payments.

In situations where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received, or given up is not readily determinable, the fair market value (as defined) of the shares is used to record the transaction. The fair market value of the shares issued, or received, is based on the trading price of those shares on the appropriate Exchange on the date of the agreement to issue shares as determined by the Board of Directors.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

### Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Temporary differences are not provided for goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

### Loss per share

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 loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the years presented this calculation proved to be anti-dilutive.

Basic loss per share is calculated using the weighted-average number of common shares outstanding during the reporting period.

### Provision for environmental rehabilitation

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

Decommissioning obligations:

The Company's activities give rise to dismantling, decommissioning and site disturbance re-mediation activities. Provision is made for the estimated cost of site restoration and capitalized in the relevant asset category.

Decommissioning obligations are measured at the present value of management's best estimate of expenditure required to settle the present obligation at the reporting date. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases/decreases due to changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

**Financial instruments**

Financial assets

The Company does not have any decommissioning obligations.

The Company classifies its financial assets into one of the following categories as follows:

*Fair value through profit or loss ("FVTPL")* - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

*Loans and receivables ("LAR")* - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment.

*Held-to-maturity investments ("HTM")* - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment.

*Available-for-sale ("AFS")* - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in profit or loss.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Transaction costs associated with fair value through profit or loss financial assets are expensed as incurred while transaction costs associated with all other financial assets are included in initial carrying amount of the assets.

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

*Fair value through profit or loss ("FVTPL")* - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

*Other financial liabilities ("OFL")* - This category consists of liabilities carried at amortized cost using the effective interest method. These financial liabilities are initially recognized at fair value less directly attributable transaction costs.

Refer to Note 10 for classification of the Company's financial instruments.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

**New accounting pronouncements**

Certain new accounting standards and interpretations have been published that are not mandatory for the May 31, 2013 reporting period. These standards and interpretations have not been adopted and are yet to be assessed by the Company unless otherwise stated:

- Amendments to IFRS 7, Financial Instruments: Disclosures, to require information about all recognized financial instruments that are set off in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation. This standard is effective for years beginning on or after January 1, 2013.

- New standard IFRS 9, Financial Instruments, classification and measurement is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, "Financial Instruments: Recognition and Measurement." IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit and loss. This standard is effective for years beginning on or after January 1, 2015.

- New standard IFRS 10, Consolidated Financial Statements, replaces the guidance on control and consolidation in IAS 27, Consolidated and Separate Financial statements, and SIC-12, Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control under IFRS so that the same criteria are applied to all entities to determine control. This standard is effective for years beginning on or after January 1, 2013.

- New standard IFRS 11, Joint arrangements, requires a venture 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 joint operation, the venture will recognize its share of assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionally consolidate or equity account for interest in joint ventures. IFRS 11 supersedes IAS 31 – Interest in Joint Ventures and SIC 13 – Jointly Controlled Entities – Non-monetary Contributions by Venturers. This standard is effective for years beginning on or after January 1, 2013.

- New standard IFRS 12, Disclosure of Interests in Other Entities, provides the disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and consolidated structured entities. This standard is effective for years beginning on or after January 1, 2013.

- New standard IFRS 13, Fair Value Measurement, defines fair value and sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. The standard does not determine when an asset, a liability or an entity's own equity instrument is measured at fair value. Rather, the measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value (with limited exceptions). This standard is effective for years beginning on or after January 1, 2013.

- Reissued IAS 27, Separate Financial Statements, requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with IFRS 9 Financial Instruments. This standard is effective for years beginning on or after January 1, 2013.

(Unaudited - Expressed in Canadian Dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

**New accounting pronouncements** (cont'd…)

- Reissued IAS 28, Investment in Associates and Joint Ventures, supersedes IAS 28 Investments in Associates and defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment. This standard is effective for years beginning on or after January 1, 2013.

- Amendments to IAS 32, Financial Instruments: Presentation, to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

  - the meaning of 'currently has a legally enforceable right of set-off';
  - the application of simultaneous realization and settlement;
  - the offsetting of collateral amounts; and
  - the unit of account for applying the offsetting requirements.

  The amended standard is effective for annual periods beginning on or after January 1, 2014.

## 4. EXPLORATION AND EVALUATION ASSETS

The following exploration expenses were incurred on the exploration and evaluation assets:

| | Triple M Uranium Property |
|---|---|
| **Acquisition costs** | |
| Balance, November 30, 2012 | $ - |
| Additions – cash | 100,000 |
| Balance, May 31, 2013 | 100,000 |
| **Exploration costs** | |
| Balance, November 30, 2012 | - |
| Aircraft rentals | 50,691 |
| Geological and consulting | 28,576 |
| Balance, May 31, 2013 | 79,267 |
| Total balance, May 31, 2013 | $ 179,267 |

(Unaudited - Expressed in Canadian Dollars)

## 4. EXPLORATION AND EVALUATION ASSETS (cont'd…)

During the period ended May 31, 2013, the Company entered into an option agreement to acquire an undivided 70% interest in the Triple M Uranium Property, Patterson Lake Area, Saskatchewan, upon the completion of the following:

a) payment of $100,000 upon signing of the option agreement (paid);

b) payment of $300,000 paid upon approval of the TSX Venture Exchange (paid subsequent to May 31, 2013);

c) payment of $500,000 after six months;

d) payment of $500,000 after one year;

e) issuance of 12,500,000 shares of the Company upon the approval of the TSX Venture Exchange (shares issued subsequent to May 31, 2013); and

f) issuance of 1,052,500 common shares and 588,680 warrants exercisable at $0.18 per share for 12 months from closing as a finder's fee in connection with the acquisition of the property (issued subsequent to May 31, 2013); and

g) incurring an aggregate of $4,000,000 of property expenditures after the approval of the TSX Venture Exchange over the next four years, as follows:

   i) $250,000 in year 1;
   ii) $500,000 in year 2;
   iii) $1,500,000 in year 3; and
   iv) $1,750,000 in year 4.

The optionors will retain a 3% Net Smelter Royalty respecting the sale of ore concentrate from the property and a 3% Gross Overriding Royalty respecting any diamonds found on the property. The Company may elect at any time to repurchase 1% of the Net Smelter Royalty for $2,000,000. In addition, the optionors shall retain a 30% free carried interest in the property.

## 5. RECEIVABLES

The Company's receivables are as follows:

| | May 31, 2013 | November 30, 2012 |
|---|---|---|
| HST/GST receivable | $ 20,525 | $ 57,888 |
| Interest receivable | 246 | 5,453 |
| Other receivable | 80 | 80 |
| | $ 20,851 | $ 63,421 |

(Unaudited - Expressed in Canadian Dollars)

## 6. FURNITURE AND EQUIPMENT

| | | Furniture and equipment |
|---|---|---|
| **Cost** | | |
| Balance, November 30, 2012 and May 31, 2013 | $ | 32,070 |
| **Accumulated depreciation** | | |
| Balance, November 30, 2012 | $ | 10,673 |
| Depreciation | | 2,140 |
| **Balance, May 31, 2013** | $ | 12,813 |
| **Carrying amounts** | | |
| As at November 30, 2012 | $ | 21,397 |
| As at May 31, 2013 | $ | 19,257 |

## 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

| | | May 31, 2013 | | November 30, 2012 |
|---|---|---|---|---|
| Trade payables | $ | 17,240 | $ | 2,169 |
| Accrued liabilities | | 9,100 | | 29,703 |
| Due to related parties (Note 11) | | 101,272 | | 18,000 |
| Total | $ | 127,612 | $ | 49,872 |

## 8. SHARE CAPITAL AND RESERVES

a) Authorized share capital as at May 31, 2013:

Unlimited number of voting common shares without par value
Unlimited number of preferred shares with no par value

b) Issued share capital

During the period ended May 31, 2013 and 2012 there were no share activities.

At May 31, 2013 and November 30, 2012, the Company had Nil shares in escrow.

c) Stock options

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 10 years and vest as determined by the board of directors.

(Unaudited - Expressed in Canadian Dollars)

**8. SHARE CAPITAL AND RESERVES** (cont'd…)

During the period ended May 31, 2013 and 2012, the Company did not grant any stock options.

The number of share options outstanding are summarized as follows:

| | Number of Options | Weighted Average Exercise Price |
|---|---|---|
| Balance, November 30, 2012 and May 31, 2013 | 1,220,000 | $ 0.22 |
| Number of options currently exercisable | 1,220,000 | $ 0.22 |
| Weighted average remaining life of options outstanding | 1.24 years | |

As at May 31, 2013, the following incentive stock options are outstanding:

| Number of Shares | Exercise Price | Expiry Date |
|---|---|---|
| 1,220,000* | $ 0.22 | August 25, 2014 |

*Cancelled subsequent to the period ended May 31, 2013.

**9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

During the period ended May 31, 2013, the Company included $7,500 related to exploration and evaluation expenditures in accounts payable. During the period ended May 31, 2012, the Company did not have any significant non-cash transactions.

**10. FINANCIAL INSTRUMENTS AND RISK**

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 and liabilities;

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

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

The Company's primary financial instruments are classified as follows:

| Financial instruments | Classifications |
|---|---|
| Cash and cash equivalents | LAR |
| Receivables | LAR |
| Accounts payable and accrued liabilities | OFL |

## 10. FINANCIAL INSTRUMENTS AND RISK (cont'd…)

The fair value of these assets and liabilities approximates their respective carrying amounts due to their short term nature. The Company does not currently hold any financial instruments that would be included in the classification of available-for-sale.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. As at May 31, 2013, the Company's receivables consisted of $20,525 (November 30, 2012 – $57,888) in sales tax receivable from government authorities in Canada, $80 (November 30, 2012 - $80) of receivables from other parties and $246 (November 30, 2012 - $5,453) of interest receivable. The Company believes it has no significant credit risk.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at May 31, 2013, the Company had a cash and cash equivalent balance of $502,892 (November 30, 2012 – $982,612) to settle current liabilities of $127,612 (November 30, 2012 – $49,872). All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

*Market risk*

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

a) Interest rate risk

The Company has cash balances, $400,000 of short-term cashable GIC's and no interest-bearing debt. The Company is satisfied with the credit ratings of its banks. As of May 31, 2013, the Company did not hold any investments. The Company believes it has no significant interest rate risk.

b) Foreign currency risk

As at May 31, 2013, the Company has a minimal balance of cash in US dollars and does not believe that the foreign currency risk related to the balance is significant.

c) Price risk

The Company has no contractual commodity price risk. The recoverability of the Company's deferred exploration costs is indirectly related to the market price of precious and base metals. The Company's ability to continue with its exploration program is also indirectly subject to commodity prices. Commodity price risk is significant to the Company. Much of this is out of the control of management and will be dealt with based on circumstances at any given time.

(Unaudited - Expressed in Canadian Dollars)

## 11. RELATED PARTY BALANCES AND TRANSACTIONS

Transactions with related parties and key management personnel are as follows:

| | Nature of transactions | Six Months Ended May 31, 2013 | Six Months Ended May 31, 2012 |
|---|---|---|---|
| **Key management personnel:** | | | |
| CEO and Director | Management | $ 90,000 | $ 90,000 |
| Former President and Director | Management | 29,809 | 40,044 |
| A company controlled by CFO and Director | Management | 45,000 | 45,000 |
| Director and Chairman | Consulting | 30,000 | 30,000 |
| Total | | $ 194,809 | $ 205,044 |
| **Related parties:** | | | |
| Spouse of the CEO and Director | Consulting | $ 14,250 | $ 14,250 |
| A firm of which the CFO and Director is a partner | Professional | 69,850 | 69,600 |
| A company controlled by CEO and Director | Rent and office | 36,269 | 29,660 |
| Total | | $ 120,369 | $ 113,510 |

The amounts due to related parties and key management personnel included in accounts payable and accrued liabilities are as follows:

| | May 31, 2013 | November 30, 2012 |
|---|---|---|
| Due to a firm of which the CFO and Director is a partner | $ 90,943 | $ 18,000 |
| Due to Director and Chairman | 5,250 | - |
| Due to a company controlled by the CEO and Director | 5,079 | - |
| | $ 101,272 | $ 18,000 |

## 12. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern.

In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (ie. share capital, reserves and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements.

No changes were made to capital management during the period ended May 31, 2013.

## 13. SEGMENTED INFORMATION

As at May 31, 2013, all of the Company's assets are held in Canada.

## 14. SUBSEQUENT EVENT

Subsequent to the period, the Company:

a) closed a private placement financing of 11,973,500 units at a price of $0.08 per unit. Each unit is comprised of one common share and one half warrant. Each whole warrant is exercisable into one common share at $0.18 per share for 12 months from closing; and

b) granted 6,000,000 options exercisable at $0.10 for a period of five years.