JIULIAN RESOURCES INC.

FINANCIAL STATEMENTS

For the Year Ended February 28, 2013

Expressed in Canadian Dollars

JAMES STAFFORD

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Jiulian Resources Inc.

We have audited the accompanying financial statements of **Jiulian Resources Inc.** which comprise the statements of financial position as at 28 February 2013 and 29 February 2012 and the statements of loss and comprehensive loss, changes in equity and cash flows for the years ended 28 February 2013 and 29 February 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Jiulian Resources Inc. as at 28 February 2013 and 29 February 2012 and the results of its operations and its cash flows for the years ended 28 February 2013 and 29 February 2012 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Jiulian Resources Inc. to continue as going concern.

James Stafford

Chartered Accountants

Vancouver, Canada
19 June 2013

Jiulian Resources Inc.

Canadian Funds

Statements of Financial Position

	Note	February 28, 2013 $	February 29, 2012 $
ASSETS			
Current Assets			
Cash and cash equivalents		15,644	2,472
Term deposit	6	726,846	947,527
Prepaid expenses		-	339
Amounts receivable	5	26,419	23,222
Total Current Assets		768,909	973,560
Non-Current Assets			
Equipment	7	8,014	11,713
Exploration and evaluation properties	8	451,059	357,932
Total Non-Current Assets		459,073	369,645
Total Assets		1,227,982	1,343,205
EQUITY AND LIABILITIES			
Current Liabilities			
Trade payables and accrued liabilities	9	8,123	7,917
Equity			
Share capital	11	2,202,200	2,202,200
Contributed surplus	12	100,171	100,171
Accumulated deficit		(1,082,512)	(967,083)
Total Equity		1,219,859	1,335,288
Total Equity and Liabilities		1,227,982	1,343,205

APPROVED BY THE BOARD ON JUNE 19, 2013:

"X. Charlie Cheng"
X. Charlie Cheng, Director

"Yinbing Ian He"
Yinbing Ian He, Director

Jiulian Resources Inc.

Canadian Funds

Statements of Loss and Comprehensive Loss

	Note	Year Ended February 28, 2013	Year Ended February 29, 2012
Administrative Expenses			
Accounting		$ 17,860	$ 22,950
Administration fees		5,175	-
Amortization	7	3,699	5,006
Automobile		-	91
Bank charges and interest		71	185
Consulting Fees	10	42,373	92,525
Filing and transfer agent fees		21,428	23,759
Legal	10	6,201	14,808
Licenses, dues and subscriptions		-	500
Meals and entertainment		1,155	2,045
Office and administration		1,996	2,565
Rent		12,000	10,777
Salary and benefits		11,823	26,117
Share-based payments	12	-	27,612
Telephone and internet		923	806
Travel		2,595	1,794
Loss Before Other Items		$ (127,299)	$ (231,540)
Other Items			
Interest income		$ 11,870	$ 14,809
Consulting income		-	27,900
Net and Comprehensive Loss for the year		$ (115,429)	$ (188,831)
Loss Per Share - Basic and Diluted	13	$ (0.01)	$ (0.02)
Weighted Average Number of Common Shares Outstanding – Basic and Diluted		11,595,000	10,906,644

Jiulian Resources Inc.

Canadian Funds

Statements of Changes in Equity

	Share Capital		Contributed	Deficit Accumulated During the	Total
	Shares	Amount	Surplus	Exploration Stage	Equity
		$	$	$	$
Balance, February 28, 2011	**9,720,000**	**1,995,950**	**72,559**	**(778,252)**	**1,290,257**
Shares issued for exploration and evaluation properties	1,875,000	206,250	-	-	206,250
Share-based payments	-	-	27,612	-	27,612
Net Loss for the year	-	-	-	(188,831)	(188,831)
Balance, February 29, 2012	**11,595,000**	**2,202,200**	**100,171**	**(967,083)**	**1,335,288**
Net Loss for the year	-	-	-	(115,429)	(115,429)
Balance, February 28, 2013	**11,595,000**	**2,202,200**	**100,171**	**(1,082,512)**	**1,219,859**

Jiulian Resources Inc.

Canadian Funds

Statements of Cash Flows

	Year Ended February 28, 2013	Year Ended February 29, 2012
	$	$
Cash Used in Operating Activities		
Net loss for the year	(115,429)	(188,831)
Items not affecting cash:		
Accrued interest on term deposit	11,870	6,027
Amortization	3,699	5,006
Share-based payments	-	27,612
Change In Non-cash Working Capital		
Decrease in prepaid expenses	339	5,083
Increase in amounts receivable	(3,197)	(4,768)
Increase (decrease) in trade payables and accrued liabilities	206	(5,620)
Decrease deferred income	-	(27,900)
	(102,512)	(183,391)
Cash From Investing Activities		
Redemption of term deposit	208,811	339,793
Purchase of equipment	-	(608)
Acquisition and exploration of exploration and evaluation properties	(93,127)	(151,682)
	115,684	187,503
Increase In Cash and Cash Equivalents	13,172	4,112
Cash and Cash Equivalents (Bank Indebtedness), Beginning of Year	2,472	(1,640)
Cash and Cash Equivalents, End of Year	15,644	2,472

Supplemental Cash Flow Information (Note 18)

1. Corporate Information

Jiulian Resources Inc. (the "Company") was incorporated on October 17, 2006 under the laws of British Columbia. The Company was a capital pool Company as defined in the TSX Venture Exchange (the "Exchange") Policy 2.4. On July 28, 2009, the Exchange accepted for filing the Company's Qualifying Transaction, as a result, the Company resumed trading as a Tier 2 mining company under the symbol "JLR", on August 26, 2009. The Company is now pursuing opportunities in the acquisition, exploration and development of mineral resource properties.

The Company is in the process of exploring its exploration and evaluation properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for mineral property and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the reserve, the achievement of profitable production, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. In addition, although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such property, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

The Company's exploration activities are subject to various federal, provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The head office, principal address and registered and records office is located at Suite 900-595 Howe Street, Vancouver, B.C. V6C 2T5.

2. Basis of Preparation

a) Basis of Presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in Note 17, and are prepared in Canadian dollars except where otherwise indicated.

b) Statement of Compliance

The financial statements of the Company have been prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

c) Going Concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

There are several adverse conditions that cast significant doubt upon the soundness of this assumption. The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of resource property expenditures is dependent upon several factors. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation properties.

Consistent with other companies, in the sector of mineral exploration, the Company has incurred operating losses since inception, has no stable source of revenue, is unable to self-finance operations and has significant cash requirements to meet its overhead and maintain its mineral interests. The Company incurred a net loss of $115,429 (February 29, 2012: $188,831) during the year-ended February 28, 2013 and, as of that date the Company's deficit was $1,082,512 (February 29, 2012: $967,083). However, the Company has sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration and evaluation properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and the development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. There is, however, no assurance that any such initiatives will be sufficient and, as a result, there is significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

d) New and revised standards and interpretations

At the date of authorization of these financial statements, the IASB and IFRIC have issued the following new and revised standards, amendments and interpretations which are not yet effective during the year ended February 28, 2013.

- IFRS 9 '*Financial Instruments: Classification and Measurement*' is a new financial instruments standard effective for annual periods beginning on or after January 1, 2015 that replaces IAS 39 and IFRIC 9 for classification and measurement of financial assets and financial liabilities.

- IFRS 7 (Amendment) '*Financial Instruments: Disclosures'* is effective for annual periods beginning on or after 1 January 2015 and requires modification of associated disclosures upon application of IFRS 9 'Financial Instruments: Classification and Measurement'.

- IFRS 11 '*Joint Arrangements*' is a new standard effective for annual periods beginning on or after January 1, 2013 that replaces IAS 31 and SIC-13.

- IFRS 12 '*Disclosure of Interests in Other Entities*' is a new standard effective for annual periods beginning on or after January 1, 2013 that replaces disclosure requirements in IAS 27 (as amended in 2008), IAS 28 (as revised in 2003) and IAS 31.

- IFRS 13 '*Fair Value Measurement*' is a new standard effective for annual periods beginning on or after January 1, 2013 that replaces fair value measurement guidance in other IFRSs.

- IAS 1 (Amendment) '*Presentation of Financial Statements'* is effective for annual periods beginning on or after 1 July 2012 and 1 January 2013, and includes amendments regarding presentation of items of other comprehensive income and clarification of the requirements for comparative information, respectively.

- IAS 27 (Amendment) '*Separate Financial Statements*' is effective for annual periods beginning on or after January 1, 2013 that prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

- IAS 28 (Amendment) '*Investments in Associates and Joint Ventures*' is effective for annual periods beginning on or after January 1, 2013 that prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

3. Summary of Significant Accounting Policies

a) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts.

b) Exploration and Evaluation Properties

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Option payments received are treated as a reduction of the carrying value of the related exploration and evaluation properties and deferred costs until the receipts are in excess of costs incurred, at which time they are credited to income. Option payments are at the discretion of the optionee, and accordingly, are recorded on a cash basis.

Exploration and evaluation properties are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation properties 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 properties is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

c) Equipment

Equipment is stated as cost less accumulated amortization and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item.

Amortization is provided at rates calculated to write off the cost of equipment, less their estimated residual value, using the declining-balance method over the following expected useful lives:

Vehicles	30%
Computer Equipment	45%

One-half of the above rates are taken in the year of the acquisition

d) Decommissioning, Restoration and Similar Liabilities

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of exploration and evaluation properties and retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future cost estimates arising from the decommissioning of plant, site restoration work and other similar retirement activities is added to the carrying amount of the related asset, and depreciated on the same basis as the related asset, along with a corresponding increase in the provision in the period incurred. Discount rates using a pre-tax rate that reflects the current market assessments of the time value of money are used to calculate the net present value.

The Company’s estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the provision.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period. The net present value of reclamation costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of reclamation projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation properties.

e) Financial Assets

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

Financial assets at FVTPL

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

Held-to-maturity and loans and receivables

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

Available-for sale

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

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

Derivatives designated as hedging instruments in an effective hedge

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

f) Impairment of Financial Assets

Financial assets, other than financial assets at FVTPL, are assessed for indicators of impairment at each period end.

Assets carried at amortized cost

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

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 profit or loss.

Available-for-sale

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

g) Financial Liabilities

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

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

Financial liabilities measure at amortized cost

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

Derivative designated as hedging instruments in an effective hedge

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

h) De-recognition of financial assets and liabilities

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset`s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity in profit or loss.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharge, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

i) Impairment of non-financial assets

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

Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or mat have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only is there has been a change in the estimates used to determine the asset`s recoverable amount. An impairment loss is reversed only to the extent that the asset`s carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

j) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

k) Foreign currencies

The Company`s presentation currency and the functional currency of all of its operations is the Canadian dollar as this is the principal currency of the economic environment in which they operate.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

l) Taxation

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

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

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

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

m) Share-based Payments

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

4. Significant Accounting Judgements, Estimates and Assumptions

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

(In Canadian dollars)

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

5. Amounts Receivable

The Company’s amounts receivable comprise of Goods and Services Tax / Harmonized Sales Tax (“GST/HST”) receivable due from the government taxation authorities.

6. Term Deposits

The term investments are Guaranteed Investment Certificates at a chartered Canadian Bank and interest is accrued at interest rates of 1.95%, 1.95% and 2.25% per annum, maturing on June 24, 2013, January 3, 2014 and March 18, 2013 respectively.

7. Equipment

	Vehicles	Computers	Total
COST OR DEEMED COST			
Balance at February 29,2012	$ 25,143	$ 3,751	$ 28,894
Balance at February 28, 2013	25,143	3,751	28,894
AMORTIZATION AND IMPAIRMENT			
Balance at February 29,2012	14,671	2,510	17,181
Amortization	3,142	557	3,699
Balance at February 28, 2013	17,813	3,067	20,880
CARRYING AMOUNTS			
At February 29, 2012	**$ 10,472**	**$ 1,241**	**$ 11,713**
At February 28, 2013	**$ 7,330**	**$ 684**	**$ 8,014**

(In Canadian dollars)

8. Exploration and Evaluation Properties

	Big Kidd Property $	Little Fort Property $	Total $
Balance at February 28, 2011	**-**	**-**	**-**
Exploration costs			
Assays	331	3,460	3,791
Automobile	1,395	1,131	2,526
Consulting fees	22,567	24,442	47,009
Field supplies	1,073	1,605	2,678
Geological	7,040	2,800	9,840
Storage fees	2,565	750	3,315
Telephone	314	2,505	2,819
Travel	4,704	-	4,704
Acquisition costs			
Cash	65,000	35,000	100,000
Common shares	134,063	72,187	206,250
Cost recovery	(25,000)	-	(25,000)
Balance at February 29, 2012	**214,052**	**143,880**	**357,932**
Exploration costs			
Assays	-	6,103	6,103
Automobile	120	2,228	2,348
Consulting fees (Note 10)	2,240	31,765	34,005
Field supplies	-	5,715	5,715
Geological	-	60,463	60,463
Storage fees	-	2,700	2,700
Telephone	-	924	924
Travel	85	5,784	5,869
Cost recovery	(25,000)	-	(25,000)
Balance at February 28, 2013	**191,497**	**259,562**	**451,059**

On January 25, 2011 and subsequently amended on March 30, 2011, the Company entered into a purchase, sale and option agreement to acquire the Big Kidd Property and Little Fort Property from Gunpoint Exploration Ltd. ("Gunpoint"). For consideration, the Company was required to make a cash payment of $100,000 (paid) and issue 1,875,000 common shares of the Company (issued) (Note 11). The Company prepared a work plan for the Big Kidd property and submitted the Notice of Work for an 18 km IP survey and 2,000 metre drilling on July 14, 2011 after compiling historical exploration data, inspecting the property and checking historic drill cores.

(In Canadian dollars)

On October 18, 2011, the Company has entered into an agreement with Xstrata Copper Canada, a business unit of Xstrata Canada Corporation, ("Xstrata") allowing Xstrata the option to earn up to a 75% interest in the Company's Big Kidd property, located in the Quesnel Trough region of southern British Columbia. The 4,055.77 ha property is road accessible and is located approximately 20 km southeast of the city of Merritt.

Under the terms of the agreement, Xstrata may earn an initial 51% interest by making staged cash payments to the Company totalling $180,000 ($50,000 received) and incurring cumulative exploration expenditures totalling $3 million over a four year period. Upon vesting at a 51% interest in the property, a joint venture will be formed and Xstrata will maintain the right to earn a further 24% interest (75% interest total) by funding the completion of a feasibility study or incurring $15 million in expenditures towards the completion of a prefeasibility study and a feasibility study on the property.

9. Trade Payables and Accrued Liabilities

The Company's trade payables and accrued liabilities are principally comprised of amounts outstanding for trade purchases relating to general and administrative expenses. The usual credit period taken for trade purchases is between 30 to 90 days. These are broken down as follows:

	As at February 28, 2013	As at February 29, 2012
	$	$
Trade payables	613	417
Accrued liabilities	7,510	7,500
Total trade payables and accrued liabilities	**8,123**	**7,917**

10. Related Party Transactions

The remuneration of directors and other members of key management were as follows:

	Year Ended February 28, 2013	Year Ended February 29, 2012
	$	$
Short-term benefits – Consulting and legal fees	31,694	90,673
Short-term benefits – Geological consulting	36,444	-
Share-based payments	-	23,930
Total key management personnel compensation	**68,138**	**114,603**

11. Share Capital

a) Common Shares

The Company is authorized to issue an unlimited number of shares, issuable in series, with no par value.

The holders of common shares are entitled to receive dividends which are declared from time to time, and are entitled to one vote per share at the meetings of the Company. All shares are ranked equally with regards to the Company’s residual assets.

On July 13, 2011, the Company issued 1,875,000 common shares valued at $206,250 ($0.11 per common share) to Gunpoint related to the Big Kidd and Little Fort properties (Note 8).

On August 25, 2010, the Company issued 100,000 common shares valued at $11,000 ($0.11 per common share) to Happy Creek Minerals related to the Hawk property.

b) Escrow Shares

As of February 28, 2013, the Company had $Nil (February 29, 2012: 405,000) common shares in escrow.

The shares are to be released from escrow upon issuance of a notice of final acceptance of a Qualifying Transaction by the Exchange. Such releases will either be over a period of 18 months or 3 years depending on the determination as to the Tier upon which the Company’s shares are listed. While escrowed, the escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the Exchange.

12. Share-Based Payments

Option Plan Details

The Board of Directors of the Company may from time to time, in its discretion, and in accordance with Exchange requirements, grant to directors and officers of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company, exercisable for a period of up to five years, from the date of grant. There are no vesting requirements under the stock option plan. The Board may, however, add such provisions in its discretion on a grant by grant basis.

(In Canadian dollars)

The following is a summary of changes in options from March 1, 2011 to February 28, 2013:

	Year Ended February 28, 2013		Year Ended February 29, 2012	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Outstanding, beginning of year	1,010,000	$0.14	920,000	$0.14
Granted	-	-	300,000	$0.15
Exercised	-	-	-	-
Forfeited	(320,000)	$0.13	(210,000)	$0.13
Outstanding, end of year	**690,000**	**$0.15**	**1,010,000**	**$0.14**
Exercisable, end of year	**690,000**	**$0.15**	**1,010,000**	**$0.14**

Fair Value of Options Issued During the Year

No options were granted during the year ended February 28, 2013 (February 29, 2012: 300,000 options were granted with a weighted average fair value of $0.092 per option at grant date).

Share-Based Payments

Share-based payments for the following options granted by the Company will be amortized over the vesting period, of which $Nil was recognized in the year ended February 28, 2013 (February 29, 2012: $27,612)

	Fair value	**Amount vested in 2013**	**Amount vested in 2012**
	$	**$**	**$**
Grant date			
April 21, 2010	37,059	-	-
November 14, 2011	27,612	-	27,612
Total	**64,671**	**-**	**27,612**

(In Canadian dollars)

The following table summarizes information regarding stock options outstanding and exercisable as at February 28, 2013.

Exercise price	Number of options outstanding	Weighted-average remaining contractual life (years)	Weighted average exercise price
Options outstanding and exercisable			
$0.15	690,000	0.82	$0.15
Total options outstanding and exercisable	**690,000**	**0.82**	**$0.15**

13. Loss Per Share

The calculation of basic and diluted loss per share is based on the following data:

	Year Ended February 28, 2013	Year Ended February 29, 2012
	$	$
Net loss for the year	(115,429)	(188,831)
Weighted average number of shares – basic and diluted	11,595,000	10,906,644
Loss per share, basic and diluted	**(0.01)**	**(0.02)**

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options, in the weighted average number of common shares outstanding during the year, if dilutive. All of the stock options were anti-dilutive for the years ended February 28, 2013 and February 29, 2012.

(In Canadian dollars)

14. Taxes

a) Provision for income taxes

	Year Ended February 28, 2013	Year Ended February 29, 2012
	$	$
Loss before tax	115,429	188,831
Statutory tax rate	25.00%	26.25%
Expected tax recovery	28,857	49,568
Non-deductible items	(143)	(7,517)
Change in future tax rates	-	(2,004)
Change in valuation allowance	(28,714)	(40,047)
Tax recovery for the year	-	-

b) Deferred tax balances

The tax effects of temporary differences that give rise to future income tax assets and liabilities are as follows:

	As at February 28, 2013	As at February 29, 2012
	$	$
Tax loss carry-forwards	196,525	168,737
Equipment	5,241	4,316
Exploration and evaluation properties	55,753	55,752
	257,519	228,805
Valuation allowance	(257,519)	(228,805)
Deferred tax assets	-	-

(In Canadian dollars)

c) Expiry dates

The Company's recognized and unrecognized deferred tax assets related to unused tax losses have the following expiry dates:

	As at February 28, 2013
	$
Non-capital losses	
2027	13,784
2028	94,885
2029	84,604
2030	126,460
2031	189,373
2032	165,841
2033	111,152
Total non-capital losses	**786,099**
Total resource-related deduction, no expiry	**674,069**

15. Segmental Reporting

The Company conducts its business as a single operating segment being the mining business in Canada. All assets are situated in Canada.

16. Capital Risk Management

The Company's objectives are to safeguard the Company's ability to continue as a going concern in order to support the Company's normal operating requirements, continue the development and exploration of its mineral properties.

The Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administration costs, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company is not subject to any externally imposed capital requirements. In order to maximize ongoing development efforts, the Company does not pay dividends. There were no significant changes in the Company's approach or the Company's objectives and policies for managing its capital.

(In Canadian dollars)

17. Financial Instruments

a) Categories of financial instruments

	As at February 28, 2013	As at February 29, 2012
	$	**$**
FINANCIAL ASSETS		
FVTPL, at fair value		
Cash and cash equivalents	15,644	2,472
Term deposits	726,846	947,527
Total financial assets	**742,490**	**949,999**
FINANCIAL LIABILITIES		
Other liabilities, at amortized cost		
Trade payables	196	-
Total financial liabilities	**196**	**-**

b) Fair value

The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short term maturity of these instruments.

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

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data. As at February 28, 2013, the Company does not have any Level 3 financial instruments.

(In Canadian dollars)

As at February 28, 2013	Level 1	Level 2	Total
	$	$	$
Financial assets at fair value		-	
Cash and cash equivalents	15,644	-	15,644
Term deposits	726,846	-	726,846
Total financial assets at fair value	**742,490**	**-**	**742,490**

As at February 29, 2012	Level 1	Level 2	Total
	$	$	$
Financial assets at fair value			
Cash and cash equivalents	2,472	-	2,472
Term deposits	947,527	-	947,527
Total financial assets at fair value	**949,999**	**-**	**949,999**

There were no transfers between Level 1 and 2 in the years ended February 28, 2013 and February 29, 2012.

c) Management of financial risks

The financial risk arising from the Company's operations are credit risk, liquidity risk, interest rate risk, currency risk and commodity price risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Company does not believe it is subject to any significant credit risk although cash is held in excess of federally insured limits, with major financial institutions. As at February 28, 2013, the total amount of financial assets subject to credit risk is $742,490.

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 manages liquidity risk by continuously monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. As at February 28, 2013, the Company had $768,909 to settle current liabilities of $8,123. As a result, liquidity risk is considered insignificant.

(In Canadian dollars)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the term deposits is limited.

Currency risk

The Company is exposed to currency risk by incurring certain expenditures and holding assets denominated in currencies other than the Canadian dollar. The Company does not use derivative instruments to reduce its currency risk. Assuming all other variables remain constant, a 1% change in the Canadian dollar against the US dollar would not result in a significant change to the Company's operations.

Commodity price risk

The Company is not exposed to commodity price risk as it is still in exploration stage.

18. Supplemental Cash Flow Information

	As at February 28, 2013	As at February 29, 2012
	$	$
Interest paid	-	-
Taxes paid	-	-
Total cash payments	**-**	**-**
Common share issued for exploration and evaluation properties	-	206,250
Total non-cash investment activities	**-**	**206,250**

19. Events After the Reporting Period

There are no reportable events for the period from February 28, 2013 to the date the financial statements were available to be issued.

20. Approval of the Financial Statements

The financial statements of the Company for the year ended February 28, 2013 were approved and authorized for issue by the Board of Directors on June 19, 2013.