PACIFIC IMPERIAL MINES INC.

Condensed Interim Consolidated Financial Statements (Unaudited)

For the Nine Months Ended March 31, 2014 and 2013

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed consolidated financial statements have not been reviewed by an auditor.

These unaudited condensed interim consolidated financial statements have been prepared by management of the Company and have not been reviewed by the Company's independent auditor.

PACIFIC IMPERIAL MINES INC.

Condensed Interim Consolidated Statements of Financial Position (Unaudited)

(Expressed in Canadian Dollars)

	Note	March 31, 2014 (Note 2(b))	June 30, 2013
ASSETS			
Current assets			
Cash and cash equivalents		$ 643,108	$ 334,641
Advances and sundry receivables		4,317	12,347
Prepaid expenses		1,117	5,133
		648,542	352,121
Equipment	3	705	910
Total assets		$ 649,247	$ 353,031
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		$ 2,840	$ 173,008
Due to related parties	5	3,828	4,158
Total liabilities		6,668	177,166
SHAREHOLDERS' EQUITY			
Share capital	6	2,852,673	2,852,673
Share subscriptions received		599,750	-
Contributed surplus		2,296,194	2,296,194
Deficit		(5,106,038)	(4,973,002)
Total shareholders' equity		642,579	175,865
Total liabilities and shareholders' equity		$ 649,247	$ 353,031

Nature of business and continuance of operation (Note 1)
Commitments (Notes 4 and 11(b))

These financial statements are approved and authorized for issue on behalf of the Board on May 29, 2014.
They are signed on the Company's behalf by:

"Roman Shklanka"
Roman Shklanka, Director

"Leo King"
Leo King, Director

(The accompanying notes are an integral part of these consolidated financial statements)

PACIFIC IMPERIAL MINES INC.

Condensed Interim Consolidated Statements of Comprehensive Loss (Unaudited)
For the Nine Months Ended March 31, 2014 and 2013
(Expressed in Canadian Dollars)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2014	2013	2014	2013
	(Noe 2(b))		(Noe 2(b))	
EXPLORATION COSTS	$ 818	$ -	$ 16,647	$ -
GENERAL AND ADMINISTRATIVE EXPENSES				
Accounting and audit	5,902	4,825	40,030	36,128
Depreciation	68	61	205	185
Legal	674	-	11,861	19,128
Management fees	1,500	9,450	1,500	26,100
Office and miscellaneous	11,047	4,900	24,247	13,530
Promotion	2,130	704	7,907	3,902
Property investigation	-	-	12,030	-
Transfer agent fees	873	1,722	3,036	4,516
Travel	-	8,645	-	26,616
Wages and benefits	-	32,231	-	92,231
LOSS BEFORE OTHER ITEMS	23,012	62,538	117,463	222,336
OTHER ITEMS				
Interest income	(324)	(228)	(1,805)	(3,322)
Foreign exchange loss (gain)	(944)	(7,021)	2,107	1,349
Loss on disposal of subsidiary	15,271	-	15,271	-
Net loss and comprehensive loss for the period	$ 37,015	$ 55,289	$ 133,036	$ 220,363
(Loss) per share, basic and diluted	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.01)
Weighted average number of shares outstanding	27,841,968	20,841,968	27,841,968	20,608,391

(The accompanying notes are an integral part of these consolidated financial statements)

PACIFIC IMPERIAL MINES INC.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
For the Nine Months Ended March 31, 2014 and 2013
(Expressed in Canadian Dollars)

	Share Capital		Share Subscriptions			Total Shareholders'
	Shares	Amount	Received	Deficit	Contributed Surplus	Equity
Balance, June 30, 2012	18,841,968	$ 2,332,385	$ -	$ (4,406,635)	$ 2,294,194	$ 219,944
Net loss for the period		-		(165,074)	-	(165,074)
Shares issued for cash						
Private placement		200,000	-	-	-	200,000
Balance, December 31, 2012	18,841,968	2,532,385	-	(4,571,709)	2,294,194	254,870
Net loss for the period		-		(55,289)	-	(55,289)
Shares issued for cash						
Private placement	7,000,000	350,000	-	-	-	350,000
Shares issuance cost		(23,412)	-	-	-	(23,412)
Balance, March 31, 2013	25,841,968	$ 2,858,973	$ -	$ (4,626,998)	$ 2,294,194	$ 526,169
Balance, June 30, 2013	27,841,968	$ 2,852,673	$ -	$ (4,973,002)	$ 2,296,194	$ 175,865
Net loss for the period		-		(96,021)		(96,021)
Balance, December 31, 2013	27,841,968	2,852,673	-	(5,069,023)	2,296,194	79,844
Net loss for the period				(37,015)	-	(37,015)
Subscriptions received		-	599,750	-	-	599,750
Balance, March 31, 2014	27,841,968	$ 2,852,673	$ 599,750	$ (5,106,038)	$ 2,296,194	$ 642,579

(The accompanying notes are integral part of these consolidated financial statements)

PACIFIC IMPERIAL MINES INC.

Condensed Interim Consolidated Statements of Cash Flows (Unaudited)
For the Nine Months Ended March 31, 2014 and 2013
(Expressed in Canadian Dollars)

		2014		2013
Cash flows from operating activities				
Net (loss) for the period	$	(133,036)	$	(220,363)
Adjustment for items not involving cash:				
Depreciation		205		185
		(132,831)		(220,178)
Changes in operating assets and liabilities				
Advances and sundry receivable		8,030		1,143
Prepaid expenses		4,016		(999)
Accounts payable and accrued liabilities		(170,168)		22,446
Net cash (used in) operating activities		(290,953)		(197,588)
Cash flows provided by (used in) financing activities				
Cash received from shares issued		-		550,000
Share subscriptions received		599,750		-
Share issuance costs		-		(23,412)
Advances to related parties		(330)		(9,527)
Net cash provided by financing activities		599,420		517,061
Increase in cash and cash equivalents		308,467		319,473
Cash and cash equivalents, beginning of period		334,641		209,429
Cash and cash equivalents, end of period	$	643,108	$	528,902
Supplemental disclosure of cash flow information:				
Interest paid	$	-	$	-
Interest earned	$	1,805	$	3,322
Income taxes paid	$	-	$	-

(The accompanying notes are an integral part of these consolidated financial statements)

1. Nature of Business and Continuance of Operation

Pacific Imperial Mines Inc. ("the Company") was incorporated under the British Columbia Business Corporations Act since September 18, 1987. The Company's shares are listed on the TSX Venture Exchange. The Company's principal office is located at Suite 550, 800 West Pender Street, Vancouver, BC V6C 1G8. The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired.

These unaudited condensed interim consolidated financial statements of the Company have been 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. These interim financial statements have been authorized for release by the Company's Board of Directors on May 29, 2014.

The Company has experienced losses since its inception amounting to $5,106,038 as of March 31, 2014 (June 30, 2013 - $4,973,002). The ability of the Company to meet its commitments as they become payable is dependent on the ability of the Company to acquire assets or a business or an interest therein, obtain the necessary financing, and develop assets or operations which will generate cash flows, either as a result of their disposal or from ongoing operations. The Company does not currently have assets or a business capable of generating ongoing cash flows. Although the Company has sufficient cash to meet its current administrative costs, there is no assurance that the Company will be successful in making an acquisition or in raising the necessary financing to do so. These conditions along with other matters indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. While the unaudited condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, adverse conditions may cast substantial doubt upon the validity of this assumption.

In the event the Company is unable to arrange appropriate financing, the carrying value of the Company's assets could be subject to material adjustment. Furthermore, certain market conditions may cast significant doubt upon the validity of the going concern assumption.

These unaudited condensed interim financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in the unaudited condensed interim consolidated financial statements.

2. Summary of Significant Accounting Policies

(a) Basis of presentation and statement of compliance with International Financial Reporting Standards

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB") and its interpretations. Accordingly, these unaudited condensed interim consolidated financial statements do not include all of the information and footnotes required by International Financial Reporting Standards ("IFRS") for complete financial statements for the year-end reporting purposes.

The unaudited condensed interim financial statements have been prepared on the historical costs, except for certain financial instruments which are recorded at fair value as described in Note 2(m). In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual method of accounting except for cash flow information.

2. Summary of Significant Accounting Policies (continued)

(b) Basis of Consolidation

The unaudited condensed interim consolidated statements of comprehensive loss include the operation result of its former wholly owned subsidiary, Pacific Imperial Mineração do Brasil Ltda. ("Pacific Imperial Brazil") for the period from July 1, 2013 to date of disposal on January 15, 2014. Accordingly, the Company's statements of financial positions as of March 31, 2014 do not include the assets and liabilities of Pacific Imperial Brazil.

(c) Use of estimates and judgments

Estimates

The preparation of these unaudited condensed interim consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the amounts reported in the financial statements and the related notes to the financial statements during the reporting period.

Significant areas requiring the use of management estimates include the decommissioning liabilities on mineral interests, recoverability and measurement of deferred tax assets and liabilities and the assumptions used in valuing options and warrants in share-based payment calculations. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Critical judgements

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgements or assessments with a significant risk of material adjustment in the next year. Critical accounting judgements are going concern and determination of functional currency.

(d) Cash equivalents

Cash equivalents consist of highly liquid investments which are readily convertible into known amounts of cash that have original maturities of three months or less when purchased.

(e) Equipment

Equipment is recorded at cost and amortized at the following rates per annum using the declining balance method:

Computer equipment and software	- 30%
Office equipment and furniture	- 20%

Additions during the period are amortized at one-half the normal rate in the period of acquisition.

2. Summary of Significant Accounting Policies (continued)

(f) Impairment

Non-financial assets with finite lives are tested for impairment when events or changes in circumstances indicate that their carrying amounts may not be recoverable. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment. Any impairment loss is recognized in earnings or the results of discontinued operations, as appropriate, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units" or "CGUs"). The Company evaluates impairment losses other than goodwill impairment, for potential reversals, when events or changes in circumstances warrant such consideration.

(g) Mineral interests

The Company follows the method of accounting for its mineral interests whereby costs for acquisition of mineral interest or rights to explore and costs related to exploration and evaluation of a property are expensed when incurred until such time that the technical feasibility and commercial viability of the project is demonstrable. Exploration and development costs incurred are capitalized after the technical feasibility and commercial viability of a project is demonstrated and a development decision has been made. The capitalized costs of the related property are depreciated using the units of production method on commencement of commercial production. If it is determined that capitalized costs are not recoverable, or management has determined impairment in value, the property is written down to its recoverable amount. Mineral properties capitalized are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

(h) Decommissioning liabilities

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities and may from time to time incur decommissioning liabilities and the associated retirement costs related to site reclamation and abandonment. The fair value of the liability for an asset retirement obligation is recorded when it is incurred and the corresponding expense is recorded to net loss in the period that it is recognized. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. As at March 31, 2014, the Company had not incurred any decommissioning liabilities related to the exploration and development of its mineral interests.

(i) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, 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, where appropriate, the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

2. Summary of Significant Accounting Policies (continued)

(j) Income taxes

Income tax expense comprises current and deferred income tax. Tax is recognized in the income statement except to the extent that it relates to items recognized directly into equity, in which case the related tax effect is recognized in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current expense tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period.

Deferred tax is accounted for using a temporary difference approach and is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable income. Deferred tax is calculated based on the expected manner in which temporary differences related to the carrying amounts of assets and liabilities, using tax rates that are expected to apply to the year of realization or settlement using tax rates and laws enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination and which do not affect accounting or taxable profit or loss at the time of the transaction. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

(k) Basic and diluted loss per share

Loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted earnings (loss) per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

(l) Share-based payment

The Company has a share-based payment plan as disclosed in Note 6, whereby stock options are granted in accordance with the policies of regulatory authorities. The Company uses a fair value based method of accounting for stock options to directors and employees. Stock options granted to non-employees are valued based on the fair value of the goods or services received, when fair value cannot be estimated reliably, the Company uses a fair value based method of accounting for stock options granted to non-employees. The fair value is determined using the Black-Scholes option pricing model with assumptions for risk-free interest rate, volatility, expected forfeiture and life of the options or warrants. For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. Stock options with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values. The cost is recognized over the applicable vesting period as an increase in share-based payment expense, with the offset credit to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

2. Summary of Significant Accounting Policies (continued)

(m) Financial instruments

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or financial assets at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash and cash equivalents are classified as financial assets at FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. The Company does not have any assets classified as held to maturity, loans and receivables or available for sale financial assets at this time.

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

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as financial liabilities at FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and due to related parties are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. The Company is not exposed to any derivative instruments and foreign exchange hedges in place at this time.

2. Summary of Significant Accounting Policies (continued)

(n) Foreign exchange

These unaudited condensed interim consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

The individual financial record of the Company's subsidiary is kept in the currency of the primary economic environment in which each entity operates (their "functional currency"). The functional currency of Pacific Imperial Brazil is the Canadian dollar.

The accounts recorded in foreign currencies have been translated into Canadian dollars on the following basis:

(a) monetary assets and liabilities at the rate of exchange in effect at the financial statement date;

(b) non-monetary assets and liabilities at the rates of exchange in effect on the respective dates of transactions; and

(c) revenue and expenses at the exchange rates prevailing as of the date of the transaction.

(o) Adoption of accounting standards

The Company adopted the following accounting policies effective July 1, 2013 and the Company has assessed that there are no impact to the Company's unaudited condensed interim consolidated financial statements in adoption of these standards.

IFRS 7, Financial Instruments: Disclosures

The amendments will increase disclosure required regarding the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions undertaken around the end of the reporting period, and the possible effects of any risks that may remain with the entity that transferred the asset.

IFRS 10, Consolidated Financial Statements

This standard requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

IFRS 11, Joint arrangements

The standard provides for accounting of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. This standard also eliminates the option to account for jointly controlled entities using the proportionate consolidation method.

IFRS 12, Disclosure of Interests in Other Entities

This standard establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles.

2. Summary of Significant Accounting Policies (continued)

(o) Adoption of accounting standards (continued)

IFRS 13, Fair value measurement

The standard sets out in a single IFRS a framework for measurement of fair value and related disclosures. The definition of fair value emphasizes that fair value is a market-based measurement, not an entity-specific measurement.

IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine

IFRIC 20 addresses the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. Stripping activity may result in two types of benefits: i) inventory produced and ii) improved access to ore that will be mined in the future. Stripping costs associated with inventory production should be accounted for as a current production cost in accordance with IAS 2 Inventories, and those associated with improved access to ore should be accounted for as an addition to, or enhancement of, an existing asset.

Amendments to other standards

Amendments have been made to IAS 27, Separate Financial Statements, and IAS 28, Investments in Associates and Joint Ventures. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

(p) Accounting standards issued but not yet applied

IFRS 9, Financial Instruments – Classification and Measurement

This new standard was originally issued in November 2009 with new requirements for classifying and measuring financial assets and liabilities. IFRS 9 replaces the multiple category and measurement models for debt instruments in IAS 39, Financial Instruments: Recognition and Measurement, with a new mixed measurement model with only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. Requirements for hedge accounting were added in November 2013. This policy is mandatory effective for annual periods beginning on and after January 1, 2018.

The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

(Expressed in Canadian Dollars)

2. Summary of Significant Accounting Policies (continued)

(p) Accounting standards issued but not yet applied (continued)

IAS 32 – Financial Instruments: Presentation

IAS 32 Financial Instruments: Presentation outlines the accounting requirements for the presentation of financial instruments, particularly as to the classification of such instruments into financial assets, financial liabilities and equity instruments. The standard also provides guidance on the classifications of related interest, dividends and gain/losses, and when financial assets and financial liabilities can be offset. In December 2011, the IASB extended the mandatory effective date to on or after January 1, 2015 with early adoption permitted. The Company has not yet assessed the impact of this standard.

3. Equipment

	Cost	Accumulated Amortization	Net Book Value
March 31, 2014			
Computer and software	$ 5,264	$ 4,559	$ 705
June 30, 2013			
Computer and software	$ 4,584	$ 3,674	$ 910

(Expressed in Canadian Dollars)

4. Mineral Interests

On January 17, 2013, the Company, through its newly incorporated wholly owned subsidiary Pacific Imperial Brazil entered into an agreement with Companhia Baiana de Pesquisa Mineral (CBPM), a state-owned mineral exploration company in Brazil, whereby the Company acquired an option to earn a 100% interest in the Marcionilio nickel-copper property, subject to a 3% net smelter return royalty retained by CBPM. In accordance with the agreement, the Company is committed to expend R$500,000 (approximately Cdn$238,100) during the first year and, if the Company elects to continue, an additional R$500,000 during the second year for a total of R$1,000,000 (approximately Cdn$476,200). The Company may terminate the agreement within 12 months from the date of the agreement. However, if the Company does not expend at least R$500,000 within the first 12 months, the Company is required to pay CBPM for the deficiency in cash. After 12 months from the date of the agreement, the Company is committed to expend a total of R$1,000,000 on the property or pay CBPM for the deficiency in cash. The Property is about 10,090 hectares in size, and is located in east-central Bahia State.

On September 19, 2013, the Company entered into a binding letter of intent to sell its interest in its wholly owned Brazilian subsidiary. In consideration, the Company will receive a 2% net smelter royalty on any future production. On January 15, 2014, the Company completed this transaction and recorded a loss on disposal of subsidiary in the amount of $15,271 with details as follows:

Net assts (liabilities) disposed:		
Cash	$	14,553
Prepaid expenses and deposit		3,365
Liabilities		(2,647)
		15,271
Disposal loss	$	(15,271)

5. Related Party Balances and Transactions

Transactions with key management personnel and entities over which they have control or significant influence were as follows:

Key Management Personnel	Transaction	Nine Months Ended March 31, 2014	Nine Months Ended March 31, 2013	Amounts Due to Related Parties Mar 31, 2014	Amounts Due to Related Parties June 30, 2013
Albert Wu & Associates Ltd., controlled by Chief Financial Officer	Accounting fees	$ 17,740	$ 14,220	$ 3,828	$ 4,135
Chelsia Cheam	Bookkeeping and Corporate Secretary services	7,790	2,250	-	23
H. Leo King & Associates Inc., controlled by the President	Management fees	-	4,500	-	-
Kobex Minerals Inc., controlled by a director in common	Management fees	-	21,600	-	-
Total		$ 25,530	$ 42,570	$ 3,828	$ 4,158

The amounts due to related parties are unsecured, have no specific terms of repayment and are non-interest bearing.

(Expressed in Canadian Dollars)

6. Share Capital

(a) Authorized: unlimited common shares with no par value

(b) Issued and outstanding:

<u>During the nine months ended March 31, 2014:</u>

No common shares were issued during the nine months ended March 31, 2014.

During the period, the Company received $599,750 in share subscriptions in connection with a private placement which was subsequently completed in May 2014. (Note 11(a))

<u>During the year ended June 30, 2013:</u>

On July 31, 2012, the Company completed a non-brokered private placement and issued 2,000,000 shares at $0.10 per share for gross proceeds of $200,000.

On February 19, 2013, the Company completed a non-brokered private placement and issued 7,000,000 units at $0.05 per unit for gross proceeds of $350,000. Each unit consisted of one common share and one non-transferrable share purchase warrant; each warrant entitles the holder to purchase one additional common share at a price of $0.10 per share for a period of 12 months. Cash finders' fees totaling $10,500 and legal fees of $17,212 were paid. In addition, 210,000 finders' warrants were issued entitling the Finder to purchase a total of 210,000 common shares for a period of 12 months at a price of $0.10 per common share.

The fair value of the finders' warrants charged to share issuance costs was $2,000 as determined using the Black Scholes Option Pricing model with the following weighted average assumptions:

	2013
Share price on grant date ($)	$0.05
Risk-free interest rate (%)	1.04%
Expected dividend yield (%)	0%
Expected option life (Years)	1
Expected stock price volatility (%)	100%

The weighted average fair value of the finders' warrants granted was $0.01.

(c) Options

The Company has adopted a stock option plan whereby the Company can grant stock options to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding share capital of the Company from time to time.

(Expressed in Canadian Dollars)

6. Share Capital

(c) Options (continued)

During the nine months ended March 31, 2014, the Company granted nil (2013 – nil) options to directors and officers. The Company charged share-based payments of $nil (2013 – $nil) to operations. The Company used the Black-Scholes option pricing model with the following weighted average assumptions to value the options granted:

The changes in options during the nine months ended March 31, 2014 were as follows:

	Number of Options	Average Exercise price
Balance, June 30, 2012 and 2013	1,700,000	$0.101
Granted	-	-
Expired	(150,000)	0.117
Balance, March 31, 2014	1,550,000	$0.101

Options outstanding and exercisable at March 31, 2014 were as follows:

Expiry Date	Number of Options	Exercise Price
October 25, 2015	425,000	$0.100
June 12, 2017	1,125,000	$0.100
	1,550,000	

The weighted average life of the options outstanding and exercisable at March 31, 2014 in 2.75 years (June 30, 2013 – 3.52 years)

(d) Share purchase warrants

The changes in warrants during the nine months ended March 31, 2014 were as follows:

	March 31, 2014		June 30, 2013	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding, beginning of period	7,210,000	$ 0.10	-	$ -
Warrants granted	-		7,210,000	0.10
Warrants expired	(7,210,000)	0.10	-	-
Outstanding and exercisable	-	$ -	7,210,000	$ 0.10

7. Management of Capital

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of mineral properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital of the Company comprises shareholders' equity.

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

The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

8. Financial Instruments

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

The Company's financial instruments consist of cash and cash equivalents, accounts payable and amount due to related parties. The fair value of these financial instruments approximates the carrying value because of the short-term nature of these instruments.

The following table summarizes information regarding the carrying values of the Company's financial instruments:

	March 31, 2014	June 30, 2013
Assets as FVTPL (i)	$ 643,108	$ 334,641
Other financial liabilities (ii)	6,668	177,166

(i) Cash and cash equivalents
(ii) Accounts payable and amounts due to related parties

Fair Value

The estimated fair values of cash and cash equivalents, accounts payable and amounts due to related parties approximate their respective carrying values due to the short periods to maturity. For fair value estimates, the Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1– Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – Significant unobservable inputs which are supported by little or no market activity.

(Expressed in Canadian Dollars)

8. Financial Instruments (continued)

Fair Value (continued)

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
March 31, 2014				
Cash and cash equivalents	$ 643,108	$ -	$ -	$ 643,108
June 30, 2013				
Cash and cash equivalents	$ 334,641	$ -	$ -	$ 334,641

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

Credit Risk

The Company is not exposed to significant credit risk.

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 through the management of its capital structure and financial leverage as outlined above.

The Company monitors its ability to meet its short-term administrative expenditures by raising additional funds through share issuance when required. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed commercial paper.

Foreign Exchange Risk

As the Company disposed of its wholly owned subsidiary on January 15, 2014, the Company no longer exposed to currency fluctuations related to cash balances, amounts receivables and accounts payable held in Brazilian Real.

Interest Rate Risk

The Company is not exposed to significant interest rate risk.

9. Segmented Information

As of March 31, 2014, the Company operates in one industry segment, namely exploration of mineral resources in one geographic region, Canada.

(Expressed in Canadian Dollars)

10. Employee Benefits

For the nine months ended March 31, 2014, the Company incurred the following employee compensation:

	2013	2012
Salaries and benefits in exploration costs	$ -	$ -
Salaries and benefits in general and administration	-	60,000
	$ -	$ 60,000

11. Subsequent Events

(a) On May 12, 2014, the Company announced that it has closed the private placement of 12,500,000 units ("Units") at a price of $0.05 per Unit. Each Unit is comprised of one common share and one share purchase warrant of the Company. Each share purchase warrant entitles the holder to purchase one additional common share of the Company at a price of $0.10 per share until May 13, 2019.

(b) By an Option Agreement dated March 26, 2014 and subsequently amended on April 30, 2104 with Inland Explorations Ltd. the Company has acquired an option to purchase up to an undivided 65% interest in the Keg Mountain Property located 100 kilometers south of Salt Lake City, Utah, by agreeing to pay an aggregate of Cdn$325,000 in cash, issue 5,500,000 common shares of the Company and expend US$15,000,000 over stages as follows:

Description	Property Interest Acquired	Cash Cdn$	Common Shares	Property Expenditures US$
Upon signing (paid)	Nil	$ 50,000	-	$ -
Upon closing (issued)	Nil	-	1,000,000	-
Year 1	Nil	-	-	250,000
Year 2	Nil	75,000	1,250,000	750,000
Year 3	Nil	100,000	1,500,000	1,500,000
Year 4	Nil	100,000	1,750,000	3,000,000
	51%	325,000	5,500,000	5,500,000
Year 6 and complete pre-feasibility study	9%			4,500,000
	60%	325,000	5,500,000	10,000,000
Year 8 and complete bankable feasibility study	5%			5,000,000
	65%	$ 325,000	5,500,000	$ 15,000,000

In connection with the acquisition of the Keg Mountain Property, the Company has also agreed to issue 200,000 Units to a finder. Provided the Option Agreement remains in effect, a further 200,000 Units will be issued to the finder on the first anniversary of the Option Agreement and a further 100,000 Units will be issued on the second anniversary of the Option Agreement. The Units issued and issuable to the finder have the same terms and conditions as the Units issued in connection with the private placement as announced on May 12, 2014.

The Company has received approval for the above agreements from the TSX Venture Exchange and accordingly, the Company issued 1,000,000 shares to Inland and 200,000 Units to a finder.