Jayden Resources Inc.

Consolidated Financial Statements

For the year ended December 31, 2013

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Management's Responsibility

To the Shareholders of Jayden Resources Inc. (the "Company"):

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board of Directors is also responsible for recommending the appointment of the Company's external auditors.

MNP LLP is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

March 27, 2014

(signed)

Letty Wan
CEO and director

(signed)

Herrick Lau
CFO

MNP LLP

Independent Auditors' Report

To the Shareholders of Jayden Resources Inc.:

We have audited the accompanying consolidated financial statements of Jayden Resources Inc. and its subsidiary, which comprise the consolidated statements of financial positions as at December 31, 2013, the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

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

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Jayden Resources Inc. and its subsidiary as at December 31, 2013, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1c in the consolidated financial statements which discloses maters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Jayden Resources Inc. and its subsidiary's ability to continue as a going concern.

Other Matter
The consolidated financial statements of Jayden Resources Inc. for the year ended December 31, 2012 was audited by another auditor who expressed an unmodified opinion on these statements on March 26, 2013.

Vancouver, Canada
March 27, 2014

Chartered Accountants

Consolidated Statements of Operations and Comprehensive Loss

	Notes	Year Ended December 31 2013	2012
		$	$
Revenue			
Other revenue and net income	5	7,098	740
Administrative expenses	6	(2,076,160)	(1,871,459)
Other operating expenses	7	-	(6,085)
Loss before income tax		**(2,069,062)**	**(1,876,804)**
Income tax expense		-	-
Loss for the year, attributable to owners of the Group		**(2,069,062)**	**(1,876,804)**
Other comprehensive loss, including reclassification adjustments			
Loss on change in fair value of available-for-sale investments		(10,024)	(19,284)
Total comprehensive loss for the year, attributable to owners of the Group		**(2,079,086)**	**(1,896,088)**
Loss per share attributable to owners of the Group			
- Basic and diluted	8	(0.08)	(0.07)

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Financial Position

The Group	Notes	At December 31, 2013	At December 31, 2012
		$	$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	91,074	95,054
Exploration and evaluation assets	10	15,958,207	15,975,052
Deposits		67,300	67,300
		16,116,581	16,137,406
Current assets			
Other receivables		29,005	30,510
Prepaid expenses and deposits		18,906	384,231
Amount due from a related company	12	-	257,279
Available-for-sale investments	11	18,010	28,034
Cash and cash equivalents		241,500	227,074
		307,421	927,128
Current liabilities			
Amounts due to related companies	12	-	14,178
Payables and accruals		267,559	171,021
		267,559	185,199
Net current assets		39,862	741,929
Total assets less current liabilities		16,156,443	16,879,335
Non-current liabilities			
Loans	13	-	1,015,872
Net assets		16,156,443	15,863,463
EQUITY			
Equity attributable to owners of the Group			
Share capital	14	43,422,881	41,050,815
Reserves		(27,266,438)	(25,187,352)
Total equity		16,156,443	15,863,463

The accompanying notes are an integral part of these Consolidated Financial Statements.

Approved on Behalf of the Board

"Lawrence Dick" Director
Lawrence Dick

"David Eaton" Director
David Eaton

Statements of Financial Position

The Company	Notes	At December 31, 2013	At December 31, 2012
		$	$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	5,743	7,673
Interest in a subsidiary		9,577,427	9,577,427
		9,583,170	9,585,100
Current assets			
Other receivables		-	10,287
Prepaid expenses and deposits		7,407	377,224
Amount due from a related company	12	-	257,279
Available-for-sale investments	11	18,010	28,034
Cash and cash equivalents		237,113	207,229
		262,530	880,053
Current liabilities			
Payables and accruals		114,277	159,943
		114,277	159,943
Net current assets		148,253	720,110
Total assets less current liabilities		9,731,423	10,305,210
Non-current liabilities			
Loans	13	-	1,015,872
Net assets		9,731,423	9,289,338
EQUITY			
Share capital	14	43,422,881	41,050,815
Reserves	15	(33,691,458)	(31,761,477)
Total equity		9,731,423	9,289,338

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Changes in Equity

	Number of issued shares	Share capital	Share-based payments reserve (*)	Fair value reserve for available-for-sale investments (*)	Accumulated losses (*)	Total
Balance, January 1, 2012	25,139,641	41,050,815	1,634,083	(25,231)	(25,387,216)	17,272,451
Share-based payments	-	-	487,100	-	-	487,100
Lapse of share options	-	-	(72,950)	-	72,950	-
Transactions with owners	-	-	414,150	-	72,950	487,100
Loss for the year	-	-	-	-	(1,876,804)	(1,876,804)
Other comprehensive loss						
Loss on change in fair value of available-for-sale investments	-	-	-	(19,284)	-	(19,284)
Total comprehensive loss for the year	-	-	-	(19,284)	(1,876,804)	(1,896,088)
Balance, December 31, 2012	25,139,641	41,050,815	2,048,233	(44,515)	(27,191,070)	15,863,463
Balances, January 1, 2013	25,139,641	41,050,815	2,048,233	(44,515)	(27,191,070)	15,863,463
Righs offering	25,139,641	2,372,066	-	-	-	2,372,066
Loss for the year		-	-	-	(2,069,062)	(2,069,062)
Other comprehensive loss						
Loss on change in fair value of available-for-sale investments	-	-	-	(10,024)	-	- (10,024)
Total comprehensive loss for the year	-	-	-	(10,024)	(2,069,062)	(2,079,086)
Balances, December 31, 2013	50,279,282	43,422,881	2,048,233	(54,539)	(29,260,132)	16,156,443

* These reserve amounts comprise the consolidated reserves of $27,266,438 (2012: $25,187,352) in the consolidated statements of financial position.

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Cash Flows

	Notes	Year Ended December 31, 2013	2012
		$	$
Cash flows from operating activities			
Loss for the year before income tax		(2,069,062)	(1,876,804)
Adjustments:			
Depreciation	9	3,980	5,833
Bank interest income		(7,098)	(740)
Impairment of property, plant and equipment		-	6,085
Share-based payments	16	-	487,100
Operating loss before working capital changes		(2,072,180)	(1,378,526)
Decrease in other receivables		1,505	31,291
Decrease in prepaid expenses and deposits		365,325	30,135
Decrease in amount due from a related company		257,279	(257,279)
Increase/(decrease) in amounts due to related companies		(14,178)	(4,451)
Decrease in payables and accruals		296	(11,342)
Net cash used in operating activities		(1,461,953)	(1,590,172)
Cash flows from investing activities			
Acquisition of available-for-sale investments		-	(10,000)
Acquisition of exploration and evaluation assets		(592,065)	(877,403)
British Columbia mineral exploration tax credits received	10	705,152	150,697
Interest received		7,098	740
Net cash generated from investing activities		120,185	(735,966)
Cash flows from financing activities			
Proceeds from rights offering, net of share issurance costs	14	2,372,066	-
Proceeds from (repayments of) loan agreement	13	(1,015,872)	1,015,872
Net cash generated from financing activities		1,356,194	1,015,872
Net (decrease)/increase in cash and cash equivalents		14,426	(1,310,266)
Cash and cash equivalents at the beginning of the year		227,074	1,537,340
Cash and cash equivalents at the end of the year		241,500	227,074
Analysis of balances of cash and cash equivalents:			
Cash and bank balances		224,250	209,824
Cashable guaranteed investment certificates		17,250	17,250
		241,500	227,074

Supplementary cash flow information (note 18)

The accompanying notes are an integral part of these Consolidated Financial Statements.

1. Nature of operations and going concern

(a) Nature of operations

Jayden Resources Inc. (the "Company") was incorporated under the laws of the Province of British Columbia. On December 9, 2010, the Company's common shares ceased trading on the TSX Venture Exchange and began trading on the Toronto Stock Exchange ("TSE") under the symbol JDN. On August 8, 2012, the Company changed its place of jurisdiction and was registered in the Cayman Islands as an exempted company with limited liability by way of continuation. Its subsidiary, Jayden Resources (Canada) Inc. ("Jayden Canada") still remains a BC Company. The Company, together with its subsidiary (collectively referred to as the "Group"), is principally engaged in the business of acquiring, exploring and developing interests in mining projects. To date, the Group has not generated revenues from its principal activities and is considered to be in the exploration stage.

The head office and principal address of the Group are located at Zephyr House, Mary Street, PO Box 709, Grand Cayman KY1-1107, Cayman Islands. The registered and records office are located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7.

(b) Share consolidation

On August 1, 2013, the Company effected a consolidation of its issued and outstanding common shares on a ten-to-one basis (the "Share Consolidation"). The Share Consolidation affected all shareholders, optionholders and warrantholders uniformly and thus did not materially affect any securityholder's percentage of ownership interest. All references in these consolidated financial statements to common shares, options and share purchase warrants have been retroactively adjusted to reflect the Share Consolidation.

(c) Going concern

The Group has not generated any revenues had has incurred accumulated losses of $29,260,132 (2012: $27,191,070) since inception. These consolidated financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes that the Group 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 operation.

The application of the going concern concept is depend upon the Group's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its mineral property interests, the attainment of profitable mining operations or the receipt of proceeds from the disposition of its mineral property interest. The Group is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. The Group's continuing operations, and the recoverability of the amounts shown for mineral properties are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Group to obtain the necessary financing to complete the exploration and development of its mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests. These matters and conditions, primarily as a result of the conditions described above, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as going concern.

1. Nature of operations and going concern (continued)

The Group is not expected to be profitable during the twelve months and therefore must rely on securing additional funds from either debt or equity financings for cash consideration. During the year ended December 31, 2013, the Group received net cash proceeds of $2,372,066 (2012: $nil) pursuant to financing activities. Subsequent to December 31, 2013, the Group raised additional net proceeds of $570,000 from a non-brokered private placement (refer to Note 22). The business of exploring for and mining of minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. While the Group is expanding its best efforts to achieve the above plan, there is no assurance that any such activity will generate sufficient funds for future operations.

2. Basis of presentation

(a) Statement of compliance

The Group's annual consolidated financial statements for the year ended December 31, 2013, including comparatives are presented in accordance with International Financial Reporting Standards ("IFRS") which include interpretations of the International Financial Reporting Interpretations Committee ("IFRIC" and "SIC") adopted by the International Accounting Standards Board ("IASB").

(b) Basis of measurement

These consolidated financial statements have been prepared on a going concern basis, under the historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Functional and presentation currency

The consolidated financial statements are presented in Canadian Dollars ("CDN$"), which is the functional currency of the Group.

(d) Critical accounting judgements, estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations as of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Depreciation

The Group's management exercises its judgement in estimating the useful lives of the depreciable assets. The estimated useful lives reflect the management's estimate of the periods the Group intends to derive future economic benefits from the use of these assets. The Group depreciates its property, plant and equipment in accordance with the accounting policies stated in Note 3. The carrying amount of the property, plant and equipment is disclosed in Note 9.

2. Basis of presentation (continued)

Decommissioning and rehabilitation liabilities

Decommissioning and rehabilitation costs have been estimated based on the Group's interpretation of current regulatory requirements and have been measured at the net present value of expected future cash expenditure upon reclamation and closure. Such costs are capitalized as exploration and evaluation assets. Because the fair value measurement requires the input of subjective assumptions, including reclamation and closure costs, changes in subjective input assumptions can materially affect the fair value estimate. Based on the assessment, the Group did not have any significant decommissioning and rehabilitation liabilities at the reporting dates.

Deferred taxes

The Group recognizes the deferred tax benefit related to deferred tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Group to obtain tax deductions in future periods from deferred tax assets.

Critical judgements in applying the Group's accounting policies

The following is the critical judgement, apart from those involving estimations that management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Going concern

Management has applied judgments in the assessment of the Group's ability to continue as a going concern when preparing its consolidated financial statements for the years ended December 31, 2013 and 2012. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. 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 considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. As a result of the assessment, management concluded there are significant doubt as to the ability of the Group to meet its obligations as they fall due and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern.

Recoverability of exploration and evaluation assets

When there are events or changes in the circumstances which indicate the carrying amount of the exploration and evaluation assets may not be recoverable, the Group will take into consideration of the recoverable amounts of the relevant cash generating unit ("CGU"). After taking into account the current economic environment, the management reviews the developing projects and exploration plans and confirms that there is no indicator for impairment on the exploration and evaluation assets of the Group at the reporting dates.

2. Basis of presentation (continued)

Impairment of available-for-sale investments

For available-for-sale investments, a significant or prolonged decline in fair value below its cost is considered to be objective evidence of impairment. Judgement is required when determining whether a decline in fair value has been significant and/or prolonged. In making this judgement, the historical data on market volatility as well as the price of the specific investment are taken into account. The Group also evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; whether the declines in fair value are significant or prolonged; and the financial health of and short-term business outlook for investee, including factors such as industry performance, operational and financing cash flow.

3. Significant accounting policies

(a) Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its controlled and wholly-owned subsidiary, Jayden Canada. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All inter-company transactions, balances, income and expenses are eliminated in full upon consolidation.

(b) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks and on hand, and short term money market instruments with an original maturity of three months or less when acquired, which are readily convertible into a known amount of cash and which are subject to an insignificant risk of change in value. The cash and cash equivalents are mainly denominated in Canadian dollars and Hong Kong dollars. At December 31, 2013 and 2012, the cash and cash equivalents held by the Group and the Company comprised bank balances and cashable guaranteed investment certificates ("GICs"). GICs have an original maturity date of one year and are eligible for immediate cancellation after a 30 day hold period with interest earned to the date of cancellation. The GICs earn respective interest 0.9% and 1.8% per annum.

(c) Interest income

Interest income from financial assets is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's carrying amount.

(d) Financing costs

The costs related to equity transactions are deferred until the closing of the equity transactions. These costs are accounted for as a deduction from equity. Transaction costs of abandoned equity transactions are recognized in profit or loss.

(e) Property, plant and equipment

Property, plant and equipment, other than land, is recorded at cost less accumulated depreciation. The cost of an item consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use.

3. Significant accounting policies (continued)

Depreciation is calculated using the declining balance method to write off the cost of asst, less the estimated residual value, at the following rates:

Computer equipment	30%
Other equipment	20%
Software	100%
Mining equipment	20%
Building	4%

Land is stated at acquisition cost less any impairment losses. Land is not depreciated.

The asset's residual values, depreciation method and useful lives are reviewed and adjusted if appropriate at each reporting date.

An item is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain and loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognize in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item an be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

(f) Mining tax credits and mining duties

Mining tax credits and mining duties are recorded as a reduction of the related deferred exploration expenditures upon receipts from the Canadian Revenue Agency ("CRA"). These refundable mining tax credits and mining duties are earned in respect to exploration costs incurred in B.C., Canada and are recorded as a reduction of the related deferred exploration expenditures when received.

(g) Long lived assets and impairment

The carrying values of long-lived assets with fixed or determinable lives are reviewed for impairment whenever events or changes in circumstances indicate the recoverable value may be less than the carrying amount. Recoverable value determinations are based on management's estimates of undiscounted future net cash flows expected to be recovered from specific assets or groups of assets through use or future disposition. Impairment charges are recorded in the period in which determination of impairment is made by management.

Assets with indefinite or indeterminable lives are not amortized and are reviewed for impairment on a reporting period basis using fair value determinations through management's estimate of recoverable value.

The carrying amounts of the Group's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is an indication of impairment, then the asset's recoverable amount is estimated.

3. Significant accounting policies (continued)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

For assets excluding goodwill, 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 may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss.

(h) Exploration and evaluation assets

The Group's exploration and evaluation assets are intangible assets relating to mineral rights acquired and exploration and valuation expenditure capitalized in respect of projects that are at the exploration/pre-development stage.

Exploration and evaluation expenditure related to an area of interest where the Group has tenure are capitalized on initial recognition at cost. Exploration and evaluation assets are subsequently stated at cost less any accumulated impairment losses and are not amortized. These assets are transferred to mine development assts in property, plant and equipment upon the commencement of mine development.

Exploration and evaluation expenditure in the relevant area of interest comprises costs which are directly attributable to:

- Acquisition:
- Surveying, geological, geochemical and geophysical;
- Exploratory drilling;
- Land maintenance;
- Sampling; and
- Assessing technical feasibility and commercial viability.

3. Significant accounting policies (continued)

Exploration and evaluation expenditure also includes the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. Capitalized costs, including general and administrative costs, are only allocated to the extent that those costs can be related directly to operation activities in the relevant area of interest. Proceeds received from government assistances in a property will be credited against the carrying value of the property, with any excess included in operations for the period.

The carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment in accordance with IAS 36 "Impairment of Assets" whenever one of the following events or changes in circumstances indicate that the carrying amount may not be recoverable (the list is not exhaustive):

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- Substantive expenditure on future exploration for and evaluation of mineral resources in the specific area in neither budgeted nor planned.
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to abandon or discontinue such activities in the specific area.
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successfully development or by sale.

An impairment loss is recognized in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

(i) Decommissioning and rehabilitation liabilities

The Group recognized a decommissioning and restoration liability, which would be discounted to its net present value, in the year in which it is incurred when a reasonable estimate of value can be made. Such costs are capitalized as part of the related long-lived asset at the start of each project, as soon as the obligation to incur such costs arise.

Changes in the measurement of decommissioning and restoration liability that result from changes in estimated timing or amount of the cash flow, including the effects of inflation, revisions to estimated reserves, resources and lives of operations, or a change in the discount rate, are added to, or deducted from, the cost of the related asset in the period it occurred. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognized immediately in profit or loss. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, an impairment test is performed in accordance with the accounting policy set out in the 'Impairment of non-financial assets" note.

The Group did not have any significant decommissioning and restoration obligations at the reporting dates.

(j) Share-based payment transactions

The share option plan allows the Group employees (including directors and senior executives) and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

3. Significant accounting policies (continued)

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit for a period recognized in profit or loss represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve. No expense is recognized for awards that do not ultimately vest.

At the time when the share options are exercised, the amount previously recognized in share option reserve is transferred to share capital. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in share option expenses is transferred to accumulated losses.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

In situations where equity instruments are issued and some or all of the goods or services received b the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

The Company grants stock options to buy common shares of the Company to directors, officers and employees. The board of directors grants such options for periods of up to five years, which vest immediately and priced at the previous day's closing price.

(k) Warrants issued in equity financing transactions

The Group engages in equity financing transaction to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common share and a certain number of warrant. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction.

The carrying amount of the warrants that are part of units is determined based on any difference between gross proceeds and the estimated fair market value of the shares and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for agency fee or other transactions costs are counted for as share-based payments.

(l) Loss per share

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of shares outstanding during the year. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the year.

3. Significant accounting policies (continued)

Existing stock options and share purchase warrants have not been included in the computation of diluted loss per share as to do so would be anti-dilutive. Accordingly, basic and diluted loss per share are the same.

(m) Translation of foreign currencies

The Group's functional and presentation currency is the Canadian dollar as this is the principal currency of the economic environment in which they operate. Transactions in foreign currencies (currencies other than Canadian dollars) are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of each reporting period. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

(n) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(o) Financial instruments

i. Financial assets

The Company classifies its financial assets in the following categories: fair value through profit or loss, held to-maturity, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of assets at recognition.

3. Significant accounting policies (continued)

- Financial assets at fair value through profit or loss ("FVTPL")

  A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL, if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Attributable transaction costs are recognized in profit or loss when incurred. Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Group has classified its cash and cash equivalents as FVTPL.

- Held-to-maturity

  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. Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. Subsequent to initial recognition, these assets are measured at amortized costs using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statements of operations and comprehensive loss.

- Loans and receivables

  Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The Group has classified its other receivables and amounts due from a related company as loans and receivables.

- 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 therein, other than impairment losses, interest calculated using the effective interest method and foreign currency differences on AFS monetary items, recognized in other comprehensive income or loss. When an investment is derecognized or is determined to be impaired, the cumulative gain or loss previously recognized in equity is transferred to profit or loss for the period.

  The Group has classified its investments in shares of public companies as available-for-sale.

- Effective interest method

  The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. Significant accounting policies (continued)

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

- Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:
i) Significant financial difficulty of the issuer or counterparty;
ii) Default or delinquency in interest or principal payments; or
iii) It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized; the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

ii. Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

- Other financial liabilities

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition. The Group has classified its amounts due to related companies, payables and accruals and loans as other financial liabilities.

The Group does not have any derivative financial instruments.

3. Significant accounting policies (continued)

(p) Related parties

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.

(q) Provisions and contingent liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) that has arisen as a result of a past event and it sis probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate an be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expenses.

Contingent liabilities are recognized in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognized in a comparative provision as described above and the amount initially recognized less any accumulated amortization, if appropriate.

(r) Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. All of the Group's contributions to its operating results during the reporting periods are attributable to its single operating segment of acquisition, exploration and development of mineral properties in Canada.

(s) Accounting standards adopted

The IASB has issued a number of new and revised IASs, IFRSs, amendments and related interpretations ("IFRICs") (hereinafter collectively referred to as the "new IFRSs") which were relevant to the Group and became effective during the year. The adoption of the new IFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning before or on January 1, 2013. The following new standards, amendments and interpretations, that have been adopted in these consolidated financial statements, have had an effect on the Group's future results and financial position:

3. Significant accounting policies (continued)

- IFRS 13 Fair Value Measurement

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

The adoption of IFRS 13 by the Group has had no material impact. The fair value of the available-for-sale investment has been determined directly by reference to published price quotations in an active market. Prior to adoption of IFRS 13, the Group measured the available for sale investment on the same basis.

(t) Accounting standards issued but not yet effective

The following standards and interpretations have not been in effect as they will only be applied for the first time in future periods. They may result in consequential changes to the accounting policies and other note disclosures. The Group has not yet assessed the impacts of the standards or determined whether it will adopt the standards early.

- IFRS 2 Share-based payment

The amendments to IFRS 2, issued in December 2013 clarify the definition of “vesting conditions”, and separately define a “performance condition” and a “service condition”. A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The amendments are effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

- IFRS 7 Financial instruments: disclosures and IAS 32 Financial instruments: presentation

Financial assets and financial liabilities may be offset, with the net amount presented in the statement of financial position, only when there is a legally enforceable right to set off and when there is either an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. The amendments to IAS 32, issued in December 2011, clarify the meaning of the offsetting criterion "currently has a legally enforceable right to set off" and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014.

- IFRS 9 Financial instruments

IFRS 9 was issued in November 2009 and subsequently amended as part of an ongoing project to replace IAS 39 Financial instruments: Recognition and measurement. The standard requires the classification of financial assets into two measurement categories based on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The two categories are those measured at fair value and those measured at amortized cost. The classification and measurement of financial liabilities is primarily unchanged from IAS 39. However, for financial liabilities measured at fair value, changes in the fair value attributable to changes in an entity’s “own credit risk” is now recognized in other comprehensive income instead of in profit or loss. This new standard will also impact disclosures provided under IFRS 7 Financial instruments: disclosures.

3. Significant accounting policies (continued)

In November 2013, the IASB amended IFRS 9 for the significant changes to hedge accounting. In addition, an entity can now apply the "own credit requirement" in isolation without the need to change any other accounting for financial instruments. The mandatory effective date of January 1, 2015 has been removed to provide sufficient time for preparers of financial statements to make the transition to the new requirements.

- IFRS 10 Consolidated financial statements

The amendments to IFRS 10, issued in October 2012, introduce a consolidation exception for investment entities. They do this by defining an investment entity and requiring an investment entity to measure subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial instruments or IAS 39 Financial Instruments: Recognition and measurement. Related amendments to IFRS 12 and IAS 27 were issued at the same time. The amendments to IFRS 12 require additional disclosure for investment entities. The amendments to IAS 27 require that an investment entity measure its investments in subsidiaries at fair value through profit or loss when it presents separate financial statements. The amendments are effective for annual periods beginning on or after January 1, 2014.

- IFRS 13 Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction, between market participants, at the measurement date. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and does not always reflect a clear measurement basis or consistent disclosures. The amendments to IFRS 13, issued in December 2013, clarify that the portfolio exception applies to all contracts within the scope of IFRS 9 Financial instruments or IAS 39 Financial instruments: Recognition and measurement, regardless of whether they meet the definitions of financial assets or financial liabilities in IAS 32 Financial instruments: Presentation. The amendments are effective for annual periods beginning on or after July 1, 2014.

- Amendments to IAS 24 – Related Party Disclosures

The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014. The adoption of this issuance did not have a significant impact on the Company's financial statements.

- Amendments to IAS 36 - Impairment of assets

The amendments to IAS 36, issued in May 2013, require:

(a) Disclosure of the recoverable amount of impaired assets; and
(b) Additional disclosures about the measurement of the recoverable amount when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount.

The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014.

3. Significant accounting policies (continued)

- Amendments to IFRS 7 – Financial Instruments: Disclosures

The amendments to IFRS 7 require the disclosure of information that will enable users of an entity's financial statements to evaluate the effect, or potential effect, of offsetting financial assets and financial liabilities, to the entity's financial position. Amendments to IFRS 7 are applicable to annual periods beginning on or after January 1, 2013, with retrospective application required.

- Amendments to IAS 39 - Financial Instruments: Recognition and measurement

The amendments to IAS 39, issued in June 2013, clarify that novation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations, does not terminate hedge accounting. The amendments are effective for annual periods beginning on or after January 1, 2014.

4. Segment information

The chief operating decision-maker has been identified as the Company's directors. The Group's principal activity is acquisition, exploration and development of mineral properties. The directors regard it as the single business segment and no segment information is presented. The Group did not derive any revenue from its principal activity during the years.

The geographical locations of the non-current assets are based on the physical locations of these assets. All non-current assets of the Group are located in Canada (domicile) and no geographical segment information is presented.

5. Revenue and other revenue and net income

The Group did not derive any revenue from its principal activity during the years. Other revenue and net income recognized during the periods is as follows:

	Year Ended December 31,	
	2013	2012
	$	$
Other revenue and net income		
Bank interest income	7,098	740
	7,098	740

6. Administrative expenses

The administrative expenses for the Group are broken down as follows:

	Year Ended December 31,	
	2013	2012
	$	$
Depreciation	3,980	5,833
Consultant fees	-	1,143
Corporate administration	246,728	238,770
Net foreign exchange (gain) Loss	103,768	3,031
Investor relations	18,440	31,857
Professional fees	1,174,865	564,763
Regulatory and shareholder services	116,620	112,422
Staff costs		
- Salaries and others	411,759	426,540
- Share-based payments	-	487,100
	2,076,160	1,871,459

7. Other operating expenses

The Group had no other operation expenses for the year ended December 31, 2013 (December 31, 2012: $6,085).

8. Loss per share

The calculation of the basic loss per share for the year is presented based on the following data:

	Year ended December 31,	
	2013	2012
Loss attributable to owners of the Group ($)	(2,069,062)	(1,876,804)
Weighted average number of shares in issue during the year	26,654,907	25,139,641
Loss per share for loss attributable to owners of the Group during the year ($)	(0.08)	(0.07)

9. Property, plant and equipment

The property, plant and equipment of the Group and the Company are comprised as follows:

The Group	Computer equipment	Other equipment	Software	Building	Land	Total
	$	$	$	$	$	$
Cost						
At January 1, 2012	6,652	28,396	4,145	59,100	36,138	134,431
Impairment	-	(15,799)	-	-	-	(15,799)
At December 31, 2012 and 2013	6,652	12,597	4,145	59,100	36,138	118,632
Accumulated depreciation and impairment losses						
At January 1, 2012	998	16,593	4,145	5,723	-	27,459
Charge for the year	1,696	2,003	-	2,134	-	5,833
Impairment	-	(9,714)	-	-	-	(9,714)
At December 31, 2012	2,694	8,882	4,145	7,857	-	23,578
Charge for the year	1,187	743	-	2,050		3,980
At December 31, 2013	3,881	9,625	4,145	9,907	-	27,558
Net book value						
At December 31, 2012	3,958	3,715	-	51,243	36,138	95,054
At December 31, 2013	2,771	2,972	-	49,193	36,138	91,074

The Company	Computer equipment	Other equipment	Software	Total
	$	$	$	$
Cost				
At January 1, 2012	6,652	28,396	4,145	39,193
Impairment	-	(15,799)	-	(15,799)
At December 31, 2012 and 2013	6,652	12,597	4,145	23,394
Accumulated depreciation and impairment losses				
At January 1, 2012	998	16,593	4,145	21,736
Charge for the year	1,696	2,003	-	3,699
Impairment	-	(9,714)	-	(9,714)
At December 31, 2012	2,694	8,882	4,145	15,721
Charge for the year	1,187	743	-	1,930
At December 31, 2013	3,881	9,625	4,145	17,651
Net book value				
At December 31, 2012	3,958	3,715	-	7,673
At December 31, 2013	2,771	2,972	-	5,743

10. Exploration and evaluation assets (continued)

The exploration and evaluation assets of the Group and the Company are comprised as follows:

Mineral Properties Canada	The Group
	$
At December 31, 2011	15,248,346
Additions	877,403
British Columbia mineral exploration tax credit	(150,697)
At December 31, 2012	15,975,052
Additions	688,307
British Columbia mineral exploration tax credit	(705,152)
At December 31, 2013	15,958,207

Canada	Silver Coin and Kansas	Other	Total
	$	$	$
At December 31, 2011	15,225,945	22,401	15,248,346
Surveying, geological, geochemical and geophysical	363,336	-	363,336
Exploratory drilling	2,160	-	2,160
Land maintenance	3,865	-	3,865
Sampling	623	-	623
Assessing technical feasibility and commercial viability	507,419	-	507,419
British Columbia mineral exploration tax credit	(150,697)	-	(150,697)
At December 31, 2012	15,952,651	22,401	15,975,052
Acquistion costs	695		695
Surveying, geological, geochemical and geophysical	359,360	-	359,360
Land maintenance	2,864	-	2,864
Sampling	13,408	-	13,408
Assessing technical feasibility and commercial viability	311,980	-	311,980
British Columbia mineral exploration tax credit	(705,152)	-	(705,152)
At December 31, 2013	15,935,806	22,401	15,958,207

(a) Silver Coin Property

In 2004, the Company entered into an option agreement with Mountain Boy Minerals Ltd. (“Mountain Boy”) whereby the Company can acquire a 51% interest in Mountain Boy’s 100% owned Silver Coin and 55% owned Dauntless projects as well as the 100% owned FR claims (collectively, the “Silver Coin Property”) by spending $1.75 million on exploration on the Silver Coin Property over a three year period (incurred). In 2006, the Company earned a 51% interest in the Silver Coin Property.

10. Exploration and evaluation assets (continued)

In July 2009, the Company entered into an agreement with Mountain Boy to increase its ownership in the Silver Coin Property to 70% and to purchase land and buildings in Stewart, BC in return for a payment of $440,000 (paid) of which $340,000 was allocated to the Silver Coin property and $100,000 to land and buildings inclusive of goods and services tax. The Company can further increase its ownership to 80% after spending $4,000,000 on exploration and development expenditures on any or all of the Silver Coin Property and Kansas Property by July 2014. The agreement gives the Company the exclusive right to manage the project through feasibility and also to negotiate on behalf of both parties the sale of the Silver Coin Property and Kansas Property.

In September 2011, pursuant to this agreement the Company increased its ownership to 80% after spending $4,000,000 on exploration and development expenditures on all of the Silver Coin Property and Kansas Property.

In September 2011, the Company entered into an asset purchase agreement with Nanika Resources Inc. (“Nanika”) to acquire Nanika’s 45% interest in mineral claims INDI 9-12 (collectively, the “INDI Claims”) which are adjacent to and form part of the Company’s Silver Coin Project. The consideration has been mutually agreed between the Company and Nanika, an independent third party, with reference to the market value of similar assets. The Company paid $250,000 and issued 350,000 common shares of the Company, at a value of $49,000, to complete the agreement. Legal costs of $4,145 were incurred in the transaction. Nanika retains a 2% net smelter returns royalty on the INDI Claims which at any time the Company can buy-back for $1,000,000 per each 1%.

In March 2012, the Company entered into an options agreement to acquire 100% interest in two mineral claims by paying $60,000 by December 31, 2012. On December 12, 2012 the agreement’s term was extended to June 30, 2013. The Company did not renew the agreement after the term ended on June 30, 2013. There was no expenditure related to these two claims at December 31, 2013.

(b) Kansas Property

In 2004, the Company entered into an option agreement with Tenajon Resources Corp. (“Tenajon”) whereby the Company earned a 60% interest in Tenajon’s 100% owned Kansas Property by making a cash payment of $50,000 ($25,500 paid by the Company and $24,500 paid by the joint venture partner Mountain Boy) on signing, issuing 77,000 common shares and spending $1.0 million on exploration and development.

The Kansas Property adjoins the Silver Coin Property. The expenditures incurred on the Kansas Property are included in the Silver Coin Property expenditures and are eligible for the expenditures required for the Silver Coin Property. Pursuant to an option agreement entered into with Mountain Boy in 2004, Mountain Boy will be participating in the Kansas Property and earned a 49% interest in the Company’s 60% interest by making a cash payment of $24,500 upon the signing of the agreement and issuing to the Company 98,000 shares of Mountain Boy. If the Company elects to put the Kansas Property or any adjoining property into production, Mountain Boy would be reduced to owning 40% of the Company’s interest.

In April 2008, the Company entered into a binding letter agreement whereby the Company purchased Tenajon’s wholly owned subsidiary, 0781639 B.C. Ltd. which holds an undivided 40% ownership in the Kansas Property and a 100% ownership interest in the Summit Lake property (which the Company disposed of in 2009). Since 0781639 B.C. Ltd.’s only asset was mineral properties, it was not considered a business and the transaction was accounted for as an asset acquisition.

10. Exploration and evaluation assets (continued)

On closing the agreement, the Company issued to Tenajon 13,500,000 common shares at a value of $2,430,000 and incurred related costs totalling $165,000. The Company also issued 187,500 units with a value of $37,500 in relation to this acquisition.

The July 2009 agreement with Mountain Boy set the Company interest in the Kansas Property at 70% with Mountain Boy having the remaining 30%. The Company further increased its ownership to 80% after spending $4,000,000 on exploration and development expenditures on the Silver Coin and Kansas properties.

11. Available-for-sale investments

The Group and the Company

	Shares	Cost	Fair Value
		$	$
December 31, 2013			
Mountain Boy Minerals Ltd.	300,975	140,844	3,010
Great Bear Resources Ltd.	100,000	57,500	15,000
		198,344	18,010
December 31, 2012			
Mountain Boy Minerals Ltd.	300,975	140,844	10,534
Great Bear Resources Ltd.	500,000	57,500	17,500
		198,344	28,034

The fair values of the above investments have been determined by reference to their quoted bid prices at the respective reporting dates.

12. Amounts due to related companies/a director

The Group	Notes	At December 31, 2013	At December 31, 2012
		$	$
Amount due from a related company			
- Baron Capital Limited	(1)	-	257,279
Amounts due to related companies/ directors			
- Baron Global Financial Canada Ltd.	(2)	-	22

The Company		At December 31, 2013	At December 31, 2012
		$	$
Amount due from a related company			
- Baron Capital Limited	(1)	-	257,279

12. Amounts due to related companies/a director

The amounts due to related companies/ a director are unsecured, interest free and repayable on demand.

(1) A director of Baron Capital Limited ("BCL") is a close family member of Ms. Letty Wan, CEO and director of the Company.

(2) Mr. David Arthur Eaton, president and director of the Company, is the Chairman of Baron Global Financial Canada Ltd.

13. Loans

Pursuant to a loan agreement dated September 10, 2012, as amended, a loan was made to the Company by Letty Wan, the Chief Executive Officer and a director of the Company in the amount of $1,015,872. The amounts due were interest free, unsecured and repayable in 2014. Pursuant to a credit facility letter agreement dated March 22, 2013, as amended, a further loan was made to the Company by Letty Wan in the amount of $196,833. The aggregate loan outstanding was in the amount of $1,212,705. The outstanding amount was settled by the subscription of rights offering of 13,054,830 shares at $0.10 closed on December 10, 2013.

Mak Kwok Yum, one of the major shareholders of the Company, has provided a credit facility of up to HK$10,000,000 (equivalent to CAD $1,326,180) to the Company to support the funding of the Company. Any drawdown would be non-interest bearing and none of the Company's assets would be pledged as security. The facility will be available until December 31, 2014. On October 28, 2013, the draw down amount is HK$1,500,000. The total amount of HK$1,500,000 was settled by the subscription of rights offering of 2,487,686 shares at $0.10 closed on December 10, 2013.

14. Share capital

	Note	Common shares	
		Number of shares	Amount
			$
Authorized:			
At December 31, 2012 and 2013		5,000,000,000 shares with no par value	
At January 1, 2012 and December 31, 2012		25,139,641	41,050,815
At December 31, 2013		50,279,282	43,422,881

On August 8, 2012, the Company changed its place of jurisdiction and was registered as an exempted company with limited liability by way of continuation in the Cayman Islands. Concurrent with the continuation in the Cayman Islands and in accordance with the Articles, the authorized share capital of the Company was concurrently changed to 5,000,000,000 shares without par value, with an aggregate consideration for which such shares may be issued of $10,000,000,000.

On August 1, 2013, the Company consolidated shares of the Company on the basis of one (1) common share for every ten (10) common share held.

On October 23, 2013, the Company filed a short form prospectus with all the securities commissions in Canada related to Rights Offering. The Company granted shareholders of record at November 8, 2013, rights to purchase additional shares. The Company issued one right for each share held on the record date. One right entitles the holder to buy one share for 10 cents. The rights expired at 2 p.m. (Vancouver time) on December 6, 2013. Net proceeds from the Rights Offering are planned for a phase 1 work program on the Silver Coin property, and for administrative expenses and working capital for the next 12 months. On December 10, 2013, the Company completed its rights offering. Pursuant to the rights offering, The Company issued in total 25,139,641 ordinary shares (the "Ordinary Shares") at a subscription price of $0.10 per Ordinary Share (the "Subscription Price"), providing gross proceeds of $2,513,964. The Company incurred total share issuance costs of $141,898 related to Rights Offering. The Company's total issued and outstanding Ordinary Shares increased to 50,279,282 as of year ended December 31, 2013.

15. Reserves

The Group

Details of the Group's reserves are set out in the consolidated statements of changes in equity.

The Company	Share-based payments reserve	Fair value reserve for available-for -sale investments	Accumulated losses	Total
	$	$	$	$
At December 31, 2011	1,634,083	(25,231)	(31,486,248)	(29,877,396)
Share-based payments	487,100	-	-	487,100
Lapse of share options	(72,950)		72,950	-
Transactions with owners	414,150	-	72,950	487,100
Loss for the year	-	-	(2,351,897)	(2,351,897)
Other comprehensive income (loss)				
Loss on change in fair value of available-for-sale investments	-	(19,284)	-	(19,284)
Total comprehensive income (loss) for the year	-	(19,284)	(2,351,897)	(2,371,181)
At December 31, 2012	2,048,233	(44,515)	(33,765,195)	(31,761,477)
Loss for the year	-	-	(1,838,144)	(1,838,144)
Other comprehensive income (loss)				
Loss on change in fair value of available-for-sale investments	-	(10,024)	-	(10,024)
Total comprehensive income (loss) for the year	-	-	(1,919,957)	(1,919,957)
At December 31, 2013	2,048,233	(54,539)	(35,603,339)	(33,691,458)

16. Share-based payments

The Company has a stock option plan whereby the maximum number of shares subject to the plan, in the aggregate, shall not exceed 10% of the Company's issued and outstanding shares. The maximum term of any option will be ten years and the vesting is at the direction of the board, however, options granted to consultants performing "investor relations' activities" must at a minimum vest in stages over a period of not less than twelve months, with no more than ¼ of the options vesting in any three month period or such longer period as the board determines. The exercise price shall be no less than the discount market price as determined in accordance with TSE policies.

16. Share-based payments (continued)

Share options and weighted average exercise price for the respective years are as follows:

	Year ended December 31, 2013		Year ended December 31, 2012	
	Number	Weighted average exercise price	Number	Weighted average exercise price
		$		$
Options outstanding, beginning of the year	1,752,000	1.90	1,275,500	2.00
Granted	-	-	525,000	1.50
Expired	(2,000)	2.00	(8,500)	4.00
Forfeited	-	-	(40,000)	2.00
Options outstanding	1,750,000	1.90	1,752,000	1.90
Options exercisable	1,750,000	1.85	1,752,000	1.90

The following table summarizes information about stock options outstanding and exercisable:

At December 31, 2013:

Options outstanding			Options exercisable	
Number outstanding	Expiry date	Exercise price	Number exercisable	Exercise price
		$		$
1,225,000	June 2, 2015	2.00	1,225,000	2.00
525,000	January 6, 2017	1.50	525,000	1.50
1,750,000		1.90	1,750,000	1.90

At December 31, 2012:

Options outstanding			Options exercisable	
Number outstanding	Expiry date	Exercise price	Number exercisable	Exercise price
		$		$
2,000	April 3, 2013	2.00	2,000	2.00
1,225,000	June 2, 2015	2.00	1,225,000	2.00
525,000	January 6, 2017	1.50	525,000	1.50
1,752,000		1.90	1,752,000	1.90

16. Share-based payments (continued)

All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the option other than by issuing the Company's shares.

No options were exercised during the years ended December 31, 2013 and 2012. The weighted average remaining contractual life of the stock options outstanding at December 31, 2013 is 1.89 years (2012: 2.89 years). During the year ended December 31, 2013, 2,000 options expired unexercised.

During the years ended December 31, 2013 and 2012, the Company recognized $nil and $487,100 respectively of share-based payments for share options granted. The Company used the Black-Scholes option pricing model to estimate the fair value of the options at the grant date using the following assumptions:

	Year Ended December 31,	
	2013	2012
Date of grant	-	January 6, 2012
Share price at grant date	-	$1.20
Risk free interest rate	-	1.26%
Expected life in years	-	5
Expected volatility	-	112%
Expected dividend per share	-	Nil
Fair value at grant date	-	$1.20
Exercise price at grant date	-	$1.50

Option pricing models require the input of highly subjective assumptions regarding the expected volatility. Changes in assumptions can materially affect the fair value estimate, and therefore, in the opinion of the management, the existing models do not necessarily provide a realistic measure of fair value of the Company's stock options and warrants at the date of the grant or thereafter.

At December 31, 2013 and 2012 there are no full share equivalent warrants outstanding.

17. Related party transactions

(a) Related party expenses

In addition to the transactions and balances disclosed in Note 12 and elsewhere in these consolidated financial statements, the Group entered into the following material related party transactions during the following periods:

17. Related party transactions (continued)

Services provided for the year ended December 31, 2013	Management services	Consulting and advisory services	Rent and office expenses	Share-based payments	Share issue costs
	$	$	$	$	$
Baron Global Financial Canada Ltd. (1)	78,000	-	42,000	-	-
Baron Capital Ltd. Hong Kong (2)	-	438,235	-	-	

Services provided for the year ended December 31, 2012	Management services	Consulting and advisory services	Rent and office expenses	Share-based payments	Share issue costs
	$	$	$	$	$
Baron Global Financial Canada Ltd. (1)	78,000	-	42,000	-	-

(1) Mr. Herrick Lau Mong Tak and Mr. David Arthur Eaton, officer and director of the Company, are the managing director and chairman of Baron Global Financial Canada Ltd, respectively.

(2) During the year ended December 31, 2013, the Company incurred related party expenses of $438,235 which were payable to BCL HK which Ms. Letty Wan Ho Yan, the CEO and a director of the Company, has indirect controlling equity interest in BCL HK. The $438,235 was a termination payment to BCL HK for financial advisory fee in relation to listing application.

(b) Compensation of key management personnel

Key management personnel are the directors of the Company whose compensations included in staff costs comprised the following:

	Year Ended December 31, 2013	Year Ended December 31, 2012
	$	$
Employees' remuneration summary		
Salaries and others	173,792	207,754
Director's fees	56,840	69,360
Share-based payments	-	357,206
	230,632	634,320

(c) During the year ended December 31, 2012, Letty Wan, an executive director of the Company, has provided a credit facility of up to approximately $1,283,000 to the Group to support the funding of the Group. Any drawdown would be non-interest bearing and none of the Group’s assets are pledged as security. The facility was available until December 31, 2013. On January 6, 2014, Letty Wan provided another credit facility of up to approximately $2,061,855 to the Group to support the funding of the Group. Any drawdown would be non-interest bearing and none of the Group’s assets are pledged as security.

(d) See note 13.

18. Supplementary cash flow information

	Year Ended December 31,	
	2013	2012
	$	$
Non-cash investing activities		
Disposal of exploration and evaluation assets in exchange for available-for-sale investments	-	10,000
Change in mineral property expenditures included in accounts payable	96,242	85,399

19. Income Taxes

The following table reconciles the expected income taxes expenses (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of operations and comprehensive loss for the years ended December 31, 2013 and 2012:

	2013	2012
Income (Loss) Before Taxes	(2,069,062)	(1,876,804)
Statutory tax rate	-	25%
Expected income tax (recovery)	-	(469,000)
Non-deductible items	219	-
Change in estimates	(410,188)	-
Change in enacted tax rate	(49,123)	-
Foreign Tax Rate Difference	(92,694)	439,000
Tax credits	(250,431)	30,000
Change in Deferred tax asset not recognized	802,217	-
Total income taxes (recovery)	-	-
Current tax expense (recovery)	-	-
Deferred tax expense (recovery)	-	-
	-	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax assets (liabilities) at December 31, 2013 and 2012 are comprised of the followings:

	2013	2012
Fixed Assets	(5,194)	(7,830)
Mineral Properties	987,172	907,572
Marketable securities	-	5,000
Non-capital Losses	503,687	208,997
Investment Tax Credits	430,291	-
	1,915,956	1,113,739
Deferred tax asset not recognized	1,915,956	1,113,739
Net Deferred tax asset (liability)	-	-

19. Income Taxes (continued)

The Group has non operating loss carryforwards of approximately $3,289,364 (2012: $835,989) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Expiry year		
2025	$	1
2028		1
2030		293,440
2031		882,345
2032		404,443
2033		1,709,134
Total	$	3,289,364

The deferred tax assets have not been recognized at this stage of the Group's development, as it is not probable that future taxable profit will be available against which the Group can utilize such deferred tax assets.

20. Financial instruments

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations. The financial risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group does not have any written risk management policies and guidelines. However, the board of directors meets regularly and co-operates closely with key management to identify and evaluate risks and to formulate strategies to manage financial risks. The Group has not used any derivatives or other instruments for hedging purposes and does not hold or issue derivative financial instruments for trading purposes. The most significant risks to which the Group is exposed to are described below.

(i) Currency risk

Some of the operating expenses and cash held are denominated in foreign currencies and as such are subject to currency risk. The Group does not enter into derivative financial instruments to mitigate this risk but the Group does not believe its net exposure to foreign exchange risk is significant.

The following table details the Group's sensitivity to a 10% increase or decrease in the Canadian dollar against the foreign currency denominated monetary items above. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 10% change in foreign currency rates. A positive number indicates a decrease in loss for the year where the foreign currencies strengthen against the Canadian dollar. The opposite number will result if the foreign currencies depreciated against the Canadian dollar.

	Year ended December 31, 2013		Year ended December 31, 2012	
	USD	Other	USD	Other
	$	$	$	$
Effect on loss after tax for the year and retained profits				
- The Group	1,553	23,552	(178)	(28,158)

20. Financial instruments (continued)

(ii) Credit risk

The Group's cash is held in authorized Canadian financial institutions. The Group does not have any asset-backed commercial paper. Management believes that the credit risk concentration with respect to its financial instruments is minimal.

The Group adopts conservative investment strategies. Usually investments are in liquid securities quoted on recognized stock exchanges. No margin trading is allowed. Loans and financial guarantees to individuals on non-Group entities have to be approved by the board of directors. The board monitors the Group's overall investment position and exposure on a day to day basis.

The credit and investment policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has interest-bearing assets in relation to cash at banks and GICs carried at floating interest rates with reference to the market and non-interest bearing director's loans. The Group's operating cash flows are substantially independent of changes in market interest rates. The Group has not used any financial instrument to hedge potential fluctuations in interest rates. The exposure to interest rates for the Group is considered minimal. The Group has no interest bearing borrowings.

The policies to manage interest rate risk have been followed by the Group since prior years and are considered to be effective.

(iv) Liquidity risk

The Group's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Group manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the board of directors are actively involved in the review, planning and approval of significant expenditures and commitments.

The liquidity policies have been followed by the Group since prior years and are considered to have been effective in managing liquidity risk.

The following tables detail the remaining contractual maturities at the respective reporting dates of the Group's and Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group and the Company can be required to pay:

20. Financial instruments (continued)

The Group	Carrying amount	Total contractual undiscounted cash flow	Within one year or on demand	One to two years
	$	$	$	$
At December 31, 2013				
Payables and accruals	267,559	267,559	267,559	-
	267,559	267,559	267,559	-
At December 31, 2012				
Payables and accruals	196,244	196,244	196,244	-
Amounts due to related companies	14,178	14,178	14,178	-
Loans from a director	1,015,872	1,015,872	-	1,015,872
	1,226,294	1,226,294	210,422	1,015,872

(v) Other price risk

Other price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes in interest rates and foreign exchange rates). The Group is exposed to change in market prices of listed equity in respect of its investments classified as available-for-sale investments (Note 11).

The policies to manage other price risk have been followed by the Group since prior years and are considered to be effective.

(vi) Fair value measurements recognized in the consolidated statements of financial position

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets. The fair value hierarchy has the following three levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets;
Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – inputs for the asset that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset is categorized in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value in the consolidated statements of financial position are grouped into the fair value hierarchy as follows:

20. Financial instruments (continued)

At December 31, 2013	Level 1	Level 2	Level 3	Total
	$	$	$	$
Assets:				
Cash and cash equivalents	241,500	-	-	241,500
Available-for-sale investments				
- listed equity securities, at fair value	18,010	-	-	18,010
	259,510	-	-	259,510

At December 31, 2012	Level 1	Level 2	Level 3	Total
	$	$	$	$
Assets:				
Cash and cash equivalents	227,074	-	-	227,074
Available-for-sale investments				
- listed equity securities, at fair value	28,034	-	-	28,034
	255,108	-	-	255,108

There have been no significant transfers between levels 1 and 2 in the respective reporting periods. The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods. The listed equity securities are denominated in Canadian dollars. Fair values have been determined by reference to their quoted bid prices at the reporting dates.

(vii) Categories of financial assets and liabilities

The carrying amounts of the Group's and the Company's financial assets and liabilities as presented in the consolidated statements of financial position are as follows:

	At December 31,	
The Group	2013	2012
	$	$
Financial assets		
Available-for-sale investments	18,010	28,034
Loans and receivables		
- Amount due from a related company	-	257,279
- Cash and cash equivalents	241,500	227,074
	241,500	484,353
	259,510	512,387
Financial liabilities		
At amortized costs		
- Payables and accruals	(267,559)	(196,244)
- Amounts due to related companies	-	(14,178)
- Loans	-	(1,015,872)
	(267,559)	(1,226,294)

21. Capital risk management

The Group's capital management objectives are to insure the Group's ability to continue as a going concern so as to benefit from its operations to provide an adequate return for its shareholders.

The Group manages its capital structure and makes adjustments to it based on the funds available to the Group in order to support the acquisition, exploration and development of mineral properties. The Group defines capital that it manages as its shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Group currently has an interest are in the exploration stage; as such, the Group has historically relied on the equity markets to fund its activities. In addition, the Group is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Group will spend its existing working capital and raise additional funds as needed. The Group 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.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Group, is reasonable.

The Group is not subject to externally imposed capital requirements.

22. Subsequent events

(a) On March 26, 2014, the Company completed a non-brokered private placement issuing 5,700,000 units at $0.10 per Unit for gross proceeds of $570,000. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to purchase one additional share at $0.12 for a two year period.

(b) See note 17c.