INCA ONE RESOURCES CORP.

(An Exploration Stage Company)

Consolidated Financial Statements

For the Years Ended April 30, 2013 and 2012

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Inca One Resources Corp.

We have audited the accompanying consolidated financial statements of Inca One Resources Corp., which comprise the consolidated statements of financial position as at April 30, 2013 and 2012, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Inca One Resources Corp. as at April 30, 2013 and 2012 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Inca One Resources Corp.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Accountants

August 28, 2013

INCA ONE RESOURCES CORP.
(An Exploration Stage Company)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	April 30, 2013	April 30, 2012
		$	$
Assets			
Current:			
Cash and cash equivalents	4	684,724	543,030
Receivables	5	49,181	134,321
Prepaid expenses and deposits	10	42,338	36,174
		776,243	713,525
Equipment	6	31,659	19,598
Mining property and development asset	7	195,390	-
Exploration and evaluation assets	8	2,392,978	1,395,072
Total assets		3,396,270	2,128,195
Liabilities			
Current:			
Accounts payable and accrued liabilities	10	179,183	96,980
Shareholders' Equity			
Share capital	9	9,206,889	6,955,586
Reserves	9	688,801	905,257
Deficit		(6,678,603)	(5,829,628)
		3,217,087	2,031,215
Total liabilities and equity		3,396,270	2,128,195

Nature of operations and going concern (Note 1)
Commitments (Notes 7, 8, 9 and 15)
Subsequent events (Notes 7, 8, 9 and 15)

Approved on behalf of the Board of Directors on August 28, 2013

"Edward Kelly"	*"Robert McMorran"*
Director	Director

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

INCA ONE RESOURCES CORP.

(An Exploration Stage Company)
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

		Years ended April 30,	
	Note	2013	2012
		$	$
Administrative expenses:			
Consulting and management fees	10	180,761	198,480
Depreciation		2,420	910
Office, rent and administration	10	110,407	140,932
Professional fees	10	105,547	63,015
Regulatory fees		18,140	13,511
Share-based payments	9 & 10	136,035	384,037
Transfer agent and shareholder information		97,591	25,368
Travel, advertising and promotion		219,556	355,782
Total administrative expenses		(870,457)	(1,182,035)
Other income (expense):			
Foreign exchange loss		(9,438)	(2,218)
Finance and other costs		(4,878)	(5,618)
Finance income		1,786	10,332
		(12,530)	2,496
Net loss for the year		(882,987)	(1,179,539)
Other comprehensive loss:			
Foreign currency translation adjustment		(6,232)	(221)
Comprehensive loss for the year		(889,219)	(1,179,760)
Basic and diluted loss per share		(0.03)	(0.05)
Weighted average number of common shares outstanding		29,657,290	21,659,683

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

INCA ONE RESOURCES CORP.

(An Exploration Stage Company)
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital		Reserves					Deficit	Total shareholders' equity
	Common shares	Amount	Stock options	Warrants	Foreign currency translation	Other	Total		
	#	$	$	$	$	$	$	$	$
Balance, April 30, 2011	16,471,707	4,848,237	113,891	360,145	-	42,931	516,967	(4,650,089)	715,115
Comprehensive loss for the year	-	-	-	-	(221)	-	(221)	(1,179,539)	(1,179,760)
Private placement	5,000,000	2,000,000	-	-	-	-	-	-	2,000,000
Share issuance costs – cash	-	(148,481)	-	-	-	-	-	-	(148,481)
Share issuance costs – shares	87,750	-	-	-	-	-	-	-	-
Exercise of warrants	751,667	93,958	-	-	-	-	-	-	93,958
Exercise of options	120,000	26,360	(11,360)	-	-	-	(11,360)	-	15,000
Shares issued for exploration and evaluation assets	341,250	110,512	-	-	-	-	-	-	110,512
Expired warrants	-	25,000	-	(25,000)	-	-	(25,000)	-	-
Share-based payments	-	-	424,871	-	-	-	424,871	-	424,871
Balance, April 30, 2012	22,772,374	6,955,586	527,402	335,145	(221)	42,931	905,257	(5,829,628)	2,031,215
Comprehensive loss for the year	-	-	-	-	(6,232)	-	(6,232)	(882,987)	(889,219)
Private placement	20,716,800	2,071,680	-	-	-	-	-	-	2,071,680
Share issuance costs – cash	-	(153,945)	-	-	-	-	-	-	(153,945)
Share issuance costs – warrants	-	(44,508)	-	44,508	-	-	44,508	-	-
Expired warrants	-	335,145	-	(335,145)	-	-	(335,145)	-	-
Expired options	-	-	(34,012)	-	-	-	(34,012)	34,012	-
Reallocation of shares returned to treasury	-	42,931	-	-	-	(42,931)	(42,931)	-	-
Share-based payments	-	-	157,356	-	-	-	157,356	-	157,356
Balance, April 30, 2013	43,489,174	9,206,889	650,746	44,508	(6,453)	-	688,801	(6, 678,603)	3,217,087

INCA ONE RESOURCES CORP.
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Years ended April 30, 2013	2012
	$	$
Cash flows provided by (used in):		
Operating activities:		
Net loss for the year	(882,987)	(1,179,539)
Items not involving cash:		
Depreciation	2,420	910
Share-based payments	136,035	384,037
Changes in non-cash operating working capital:		
Receivables	85,140	(90,019)
Prepaid expenses and deposits	(6,164)	(34,974)
Accounts payable and accrued liabilities	70,078	(27,908)
	(595,478)	(947,493)
Financing activities:		
Repayment of loans payable	-	(120,000)
Proceeds on issuance of common shares	2,071,680	2,108,957
Share issuance cost	(153,945)	(148,481)
	1,917,735	1,840,476
Investing activities:		
Purchase of equipment	(18,384)	(20,515)
Mining property and development asset	(195,390)	-
Exploration and evaluation assets	(962,093)	(1,030,070)
	(1,175,867)	(1,050,585)
Increase (decrease) in cash and cash equivalents	146,390	(157,602)
Effect of exchange rates on cash held in foreign currencies	(4,696)	(221)
Cash and cash equivalents, beginning of year	543,030	700,853
Cash and cash equivalents, end of year	684,724	543,030
Supplementary information:		
Cash paid for interest	-	1,105
Cash paid for income taxes	-	-
Non-cash financing and investing activities:		
Shares issued for finder's fees	-	35,100
Fair value of warrants issued for finder fees	44,508	-
Shares issued for exploration and evaluation assets	-	110,512
Accrued exploration and evaluation expenditures included in accounts payable and accrued liabilities	65,355	53,230
Share-based payments capitalized to exploration and evaluation assets	21,321	40,834

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

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

Inca One Resources Corp. (the "Company") was incorporated under the laws of Canada on November 9, 2005. On May 11, 2011, the Company changed its name from SUB Capital Inc. to Inca One Metals Corp. and on October 26, 2011, to Inca One Resources Corp. The Company's shares are traded on the TSX Venture Exchange (the "Exchange") under the symbol "IO". The head office and principal address of the Company are located at Suite 1125 – 595 Howe Street, Vancouver, Canada V6C 2T5 and its registered office is located at Suite 2600 – 1066 West Hastings Street, Vancouver, Canada, V6E 3X1.

These consolidated financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. For the year ended April 30, 2013, the Company incurred a net loss of $882,987 and the accumulated deficit as at April 30, 2013 was $6,678,603. As at April 30, 2013, the Company had working capital of $597,060 which will not be sufficient to finance exploration and operating costs over the next twelve months without additional funding. Management intends to finance operating costs over the next year with funds advanced by a shareholder and derived from the issue of debenture units (Note 15) and its joint venture share of net profits from its mining interest but there is no certainty that these funds will be received. These conditions cast significant doubt on the Company's ability to continue as a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The accounting principles adopted are consistent with those of the previous financial year.

These consolidated financial statements have been prepared on a historical cost basis and were approved by the board of directors for issue on August 28, 2013.

(b) Basis of Consolidation

The consolidated financial statements are presented in Canadian dollars unless otherwise noted. The consolidated financial statements include the accounts of the Company, its wholly owned subsidiary, Inca One Metals Peru S.A. ("IO Metals"), and Minera Huaquillas SAC ("Minera"), a private company incorporated in Peru (Note 8). Minera is not a subsidiary of the Company, however, the Company consolidates 100% of its operations as they have effective control and therefore the right to obtain the majority of the benefits and are exposed to the risks of the activities of Minera. All intercompany balances and transactions have been eliminated on consolidation. Subsequent to April

30, 2013, the Company incorporated three new wholly owned Peruvian subsidiaries, Dynasty One S.A., Chala One S.A., and Corizona One S.A.

The Company conducts a portion of its business through a joint venture established subsequent to year end whereby the joint venture participants are bound by a contractual agreement establishing joint control. Joint control exists when unanimous consent of the joint venture participants is required regarding strategic, financial and operating policies of the joint venture. The Company has chosen to account for its interest in the joint venture using the proportionate consolidation method, whereby the Company's proportionate interest in the assets, liabilities, revenues and expenses are recognized within each applicable line item of the consolidated financial statements. The Company's share of results in its joint venture will be recognized in the Company's consolidated financial statements from the date the Company obtained joint control to the date at which it loses joint control.

Intercompany transactions between the Company and jointly controlled entities are eliminated to the extent of the Company's interest.

(c) Use of Estimates and Judgments

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the accounting policies and the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, due to the inherent uncertainty involved with making such estimates, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

(i) Going concern

These financial statements 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 for the foreseeable future.

The assessment of the Company's ability to source future operations and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used (Note 1).

(ii)Economic recoverability and probability of future economic benefits of mineral property interests

Management has determined the exploration, evaluation, development and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, the evaluation of permitting and environmental issues and local support for the project, and the ability to find joint venture partners if necessary.

(iii) Commencement of commercial production

The Company assesses the stage of each mining property and development asset to determine when a property reaches the stage when it is substantially complete and ready for its intended use. Criteria used to assess when a property has commenced commercial production include, among other considerations:

- the level of capital expenditures incurred relative to the expected costs to complete;
- the completion of a reasonable period of testing of the mine plant and equipment;
- the ability to produce saleable metals;
- the attainment of relevant permits;
- the ability to sustain ongoing production; and
- the achievement of pre-determined production targets.

When management determines that a property has reached commercial production, costs capitalized during development are amortized.

(iv) Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

(i) Value of share-based compensation

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

(d) Functional and Presentation of Foreign Currency

(i) Functional and presentation currency

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements.

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Canadian company. The functional currency of IO Metals and Minera is the Peruvian Sol.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transaction. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are included in profit or loss.

(iii) Consolidated entities

The results and financial position of consolidated entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expenses for each income statement are translated at average exchange rates for the period; and
- All resulting exchange differences are recognized in other comprehensive income as foreign currency translation adjustment.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

(e) Cash and Cash Equivalents

Cash and cash equivalents include short-term deposits and guaranteed investment certificates that are cashable at any time at the option of the holder.

(f) Equipment

Equipment is carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is determined at rates which will reduce original cost to estimated residual value over the expected useful life of each asset. The annual rate used to compute depreciation is as follows:

Computer hardware	declining-balance basis	30%
Furniture and equipment	declining-balance basis	20%

(g) Exploration and Evaluation Assets

These assets relate to mineral rights acquired and exploration and evaluation expenditures capitalized in respect of projects that are in the exploration or pre-development stage.

Once a right to explore a mineral property has been secured, exploration and evaluation expenditures are capitalized and include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration costs include value added taxes incurred in foreign jurisdictions when recoverability of these taxes is uncertain. Costs incurred before the Company has obtained the legal rights to explore a mineral property are expensed as incurred.

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven reserves are determined to exist, the right of tenure is current and it is considered probable that the costs will be recouped through successful development and exploitation of the area, or alternatively by sale of the property. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that mineral property are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective mineral properties. The Company reviews its exploration and evaluation assets for indicators of impairment on a periodic basis.

(h) Mining Property and Development Assets

Upon reclassification of exploration and evaluation costs, all subsequent expenditure on the construction, installation or completion of infrastructure facilities will be capitalized within mining property and development assets. When further development cost is incurred in respect of a mining property after the commencement of production, such cost will be carried forward as part of the mining property when it is probable that additional future economic benefits associated with the expense will flow to the Company. Otherwise such expense will be classified as a cost of production.

Depreciation will be charged using the units-of-production method, with separate calculations being made for each area of interest. The units-of-production method results in a depreciation charge proportional to the depletion of proved and probable reserves. Mine properties will be tested for impairment in accordance with the policy set out in Note 2(i).

(i) Impairment of Non-financial Assets

The carrying amount of the Company’s non-financial assets (which include equipment, and mining property and development assets) is reviewed at each financial reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized when the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss for the period.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. An impairment loss with respect to goodwill is never reversed.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

(j) Decommissioning Obligations

The liability for a decommissioning obligation, such as site reclamation costs, is recorded when a legal or constructive obligation exists and is recognized in the period in which it is incurred. The Company records the estimated present value of future cash flows associated with site reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized decommissioning costs will be amortized to expense over the life of the related assets using the units-of-production method. The liability is accreted to reflect the passage of time and adjusted to reflect changes in the timing and amount of estimated future cash flows.

As at April 30, 2013 and 2012, the Company has determined that it does not have material decommissioning obligations.

(k) Share Capital

Transaction costs directly attributable to the issuance of common shares are recognized as a deduction from equity. The proceeds from the exercise of stock options or warrants together with amounts previously recorded in reserves over the vesting periods are recorded as share capital. Share capital issued for non-monetary consideration is recorded at an amount based on fair value on the date of issue.

(l) Share-based Payments

The Company has an employee stock option plan. Share-based payments to employees are measured at the fair value of the stock options at the grant date and amortized to expense over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded in equity as a stock option reserve. The fair value of options is determined using a Black–Scholes option pricing model which incorporates all market vesting conditions. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Amounts recorded for forfeited or expired unexercised options are reversed in the period the forfeiture occurs.

(m) Loss per Share

The Company calculates basic loss per share using the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding by an amount that assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are applied to repurchase common shares at the average market price for the period in calculating the net dilution impact. Stock options and warrants are dilutive when the Company has income from continuing operations and the average market price of the common shares during the period exceeds the exercise price of the options and warrants.

All potential dilutive common shares are anti-dilutive for the years presented.

(n) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Financial assets and financial liabilities are recognized on the consolidated statements of financial position at the time the Company becomes a party to the contractual provisions. Upon initial recognition, financial instruments are measured at fair value. Measurement in subsequent periods is dependent on the classification of the financial instrument. The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired.

<u>Non-derivative financial assets</u>

(i) Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss are either held-for-trading or classified at fair value through profit or loss. Financial assets are designated at fair value through profit or loss if it eliminates or significantly reduces an accounting mismatch, the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy or the financial asset contains one or more embedded derivatives. They are initially and subsequently measured at fair value and changes in fair value are recognized in profit or loss for the period.

The Company does not have any financial assets at fair value through profit or loss.

(ii)Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and such assets are recognized initially at fair value and subsequently on an amortized cost basis using the effective interest method, less any impairment losses. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

The Company has designated its cash and cash equivalents and other receivables as loans and receivables.

(iii)Held-to-maturity

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are initially recorded at fair value and subsequently measured at amortized cost, using the effective interest method, less any impairment losses.

The Company does not have any held-to-maturity financial assets.

(iv) Available-for-sale

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any other financial asset categories. They are initially and subsequently measured at fair value and the changes in fair value, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income (loss) and presented within equity in accumulated other comprehensive income. When the financial assets are sold or an impairment write-down is required, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

The Company does not have any available-for-sale financial assets.

Non-derivative financial liabilities

All financial liabilities are recognized initially at fair value plus any directly attributable transaction costs on the date at which the Company becomes a party to the contractual provisions of the instrument. Subsequent to initial recognition, the Company's financial liabilities are measured at amortized cost using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company's non-derivative financial liabilities include its accounts payable and accrued liabilities, which are designated as other liabilities.

Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the assets' original effective interest rate. Losses are recognized in profit or loss with a corresponding reduction in the financial asset, or in the case of amounts receivable are reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(o) Income taxes

Income tax expense comprises current and deferred tax. 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. As the Company is in a loss position there is no current tax payable.

Deferred income 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 measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets liabilities and assets.

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.

NOTE 3 – RECENT ACCOUNTING PRONOUNCEMENTS

The following IFRS new standards and amendments have been recently issued by the IASB or the IFRIC and are effective for annual periods beginning on or after January 1, 2013 unless otherwise noted with earlier application permitted. The Company does not expect the implementation of these new standards and amendments to have a material impact on the Company's results of operations, financial position and disclosures.

IFRS 9, *Financial Instruments*, replaces the current standard IAS 39, *Financial Instruments: Recognition and Measurement*, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value. This new standard is effective for annual periods beginning on or after January 1, 2015 with earlier application permitted.

IFRS 10, *Consolidated Financial Statements,* establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This standard:

- Requires a parent entity (an entity that controls one or more other entities) to present consolidated financial statements;
- Defines the principle of control, and establishes control as the basis for consolidation;
- Sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee; and
- Sets out the accounting requirements for the preparation of consolidated financial statements.

IFRS 10 supersedes IAS 27 and SIC-12, *Consolidation – Special Purpose Entities*.

IFRS 11, *Joint Arrangements*, establishes the core principle that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement.

IFRS 12, *Disclosure of Interests in Other Entities,* requires the disclosure of information that enables users of consolidated financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13, *Fair Value Measurement,* defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for the following:

- Share-based payment transactions within the scope of IFRS 2, *Share-based Payment*;
- Leasing transactions within the scope of IAS 17, *Leases*;
- Measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS 2, *Inventories*, or value in use in IAS 36, *Impairment Assets*.

IAS 1, *Presentation of Financial Statements*, has been amended to require entities to separate items presented in OCI into two groups, based on whether or not items may be recycled in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The amendment is effective for annual periods beginning on or after July 1, 2012 with earlier application permitted.

There have been amendments to existing standards, including 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 – 13.

IAS 32, *Financial Instruments: Presentation*, has been amended to clarify the application of offsetting requirements of financial assets and financial liabilities. This amendment is effective for financial reporting periods beginning on or after January 1, 2014.

(Expressed in Canadian Dollars)

NOTE 4 – CASH AND CASH EQUIVALENTS

	April 30, 2013	April 30, 2012
Cash and cash equivalents consist of:	$	$
Cash	606,724	118,030
Guaranteed Investment Certificates	78,000	425,000
	684,724	543,030

NOTE 5 – RECEIVABLES

	April 30, 2013	April 30, 2012
	$	$
GST / HST recoverable	16,720	128,021
Interest receivable	-	3,603
Other receivable	7,461	2,697
Share subscription receivable	25,000	-
	49,181	134,321

NOTE 6 – EQUIPMENT

	Computer	Furniture and Equipment	Total
	$	**$**	**$**
Costs:			
Balance, April 30, 2011	2,731	-	2,731
Additions	12,134	8,381	20,515
Balance, April 30, 2012	14,865	8,381	23,246
Additions	4,128	14,256	18,384
Foreign exchange	315	403	718
Balance, April 30, 2013	19,308	23,040	42,348
Accumulated Depreciation:			
Balance, April 30, 2011	410	-	410
Depreciation	1,981	1,257	3,238
Balance, April 30, 2012	2,391	1,257	3,648
Depreciation	3,529	3,426	6,955
Foreign exchange	40	46	86
Balance, April 30, 2013	5,960	4,729	10,689

(Expressed in Canadian Dollars)

	Computer	Furniture and Equipment	Total
	$	**$**	**$**
Net Book Value:			
April 30, 2012	12,474	7,124	19,598
April 30, 2013	13,348	18,311	31,659

Depreciation during the year ended April 30, 2013 was $6,955 (2012 – $3,238), of which $4,535 was capitalized to exploration and evaluation assets (2012 – $2,328).

NOTE 7 – MINING PROPERTY AND DEVELOPMENT ASSET

Pursuant to an Assignment of Contractual Position Agreement formalized under Peruvian law on January 25, 2013, and amended on May 28, 2013 and June 5, 2013, between the Company and Canadian Mining S.A. ("Canadian Mining"), a privately held Peruvian company, the Company was granted an exclusive right to acquire 100% of a mining lease and purchase option for a mineral property ("the Corizona Project") located in Peru in exchange for cash of US$50,000 (paid).

Pursuant to the underlying Mining Lease with Purchase Option Agreement dated January 24, 2013, between Canadian Mining and the Peruvian owner of the mineral property, Sociedad Minera Corizona Limited Liability Lima ("SMRL"), Canadian Mining is entitled to conduct mining activity on the Corizona Project property and holds an option to purchase the Corizona Project until February 27, 2015.

In order to earn its interest in the mineral property option the Company will be required to pay SMRL cash of US$730,000 at the date of signing the transfer of the concession, US$730,000 at the date such transfer is registered in the Lima, Peru Mining Registry office and is also required to pay US$490,000 to Canadian Mining within five days of the date that the option is legally acquired by the Company. A finder fee of $20,000 was paid with respect to the option assignment acquisition.

Effective March 27, 2013 the Company entered into a Service Provision Agreement with Canadian Mining whereby the Company would pay cash of US$25,000 (paid) upon the contracting of a toll mill for purposes of processing ore from the Corizona Project.

In addition pursuant to the same agreement, the Company committed to pay cash of US$50,000 to Canadian Mining for the provision of sourcing and technical advice which results in the Company acquiring a plant, and an additional US$50,000 payable once this plant becomes operational. Subsequent to April 30, 2013 the Company entered into a contract to purchase a plant and has paid US$50,000 in satisfaction of this service provision commitment – see Note 15(c).

The Company has also agreed to pay Canadian Mining US$125,000 per plant in stages for sourcing and technical advice leading to the acquisition of each of three additional plants.

As agreed to in January 2013 but not formalized legally until June 5, 2013, the Company committed to a three year renewable Joint Venture Agreement with Canadian Mining for purposes of development and operation of the Corizona Project and further exploration and evaluation. Pursuant to the terms of this agreement the joint venture will be operated by Canadian Mining and the Company will contribute all of the initial funding in exchange for an 80% share of the Corizona Project's net profits.

(Expressed in Canadian Dollars)

As at April 30, 2013 the Company has paid the following amounts with respect to the Corizona Project:

	Corizona Project Peru
	$
Balance, April 30, 2012	-
Acquisition costs:	
Option payments	50,235
Finder fee – cash	20,000
Professional and regulatory fees	22,064
	92,299
Development costs:	
Field expenses	25,845
Geology	8,497
Office and administration	1,156
Plant sourcing	30,228
Site advisory and development	10,269
Rent, utilities and maintenance	9,936
Travel and accommodation	9,831
Value added tax [1]	7,329
	103,091
Balance, April 30, 2013	195,390

[1] Expenses incurred by the Company in Peru, including exploration expenses, are subject to Peruvian Value Added Tax ("VAT"). The VAT is not currently refundable to the Company, but the amounts may be used in the future to offset amounts due to the Peruvian tax administration by the Company resulting from VAT charged on future sales.

(Expressed in Canadian Dollars)

NOTE 8 – EXPLORATION AND EVALUATION ASSETS

	Las Huaquillas Project Peru
	$
Balance, April 30, 2011	158,097
Acquisition costs:	
Option payments and finder's fee – cash	334,452
Option payments and finder's fee – common shares	110,512
Staking	49,381
Professional and regulatory fees	61,660
	556,005
Exploration costs:	
Field expenses	85,479
Geology	42,216
Office and administration	25,795
Mineral concession fees	21,211
Professional fees	125,988
Rent, utilities and maintenance	14,567
Travel and accommodation	51,716
Value added tax [1]	23,000
Wages and contract labor	290,998
	680,970
Balance, April 30, 2012	1,395,072
Exploration costs:	
Field expenses	204,054
Geology	43,479
Office and administration	30,833
Professional fees	110,090
Rent, utilities and maintenance	29,881
Travel and accommodation	75,807
Value added tax [1]	26,118
Wages and contract labor	468,679
Foreign exchange	8,965
	997,906
Balance, April 30, 2013	2,392,978

[1] Expenses incurred by the Company in Peru, including exploration expenses, are subject to VAT. The VAT is not currently refundable to the Company, but the amounts may be used in the future to offset amounts due to the Peruvian tax administration by the Company resulting from VAT charged on future sales.

(Expressed in Canadian Dollars)

On March 25, 2011, the Company entered into a definitive letter agreement (the "Agreement") with Rial Minera SAC ("Rial") and its shareholders (collectively the "Optionors") pursuant to which the Company was granted an option to acquire all of the issued and outstanding shares of Rial (the "Rial Shares"). Rial is a private Peruvian company that owns a 100% interest in the Las Huaquillas gold-copper project (the "Las Huaquillas Project"). Pursuant to the Agreement, the Company can acquire 100% of the Rial Shares, of which 95% may be acquired by (a) paying an aggregate of US$5,000,000 to the Optionors; (b) issuing 5,000,000 common shares of the Company to the Optionors; and (c) incurring exploration expenditures of US$10,000,000 over a period of four years as follows:

	Cash		Common shares	
	US$		#	
Within 5 days of execution of the Letter Agreement	75,000	Paid	-	
Within 5 days of Exchange approval	125,000	Paid	200,000	Issued
Concurrently with the execution of the public deed formalizing the mining assignment agreement dated July 26, 2011	50,000	Paid	-	
On or before January 26, 2012	125,000	Paid	125,000	Issued
Within 5 days from the date on which the Supreme Decree is granted and published in the Official Gazette "EI Peruano"	125,000		125,000	
On or before July 26, 2012 (1)	375,000		375,000	
On or before July 26, 2013 (1)	1,500,000		1,500,000	
On or before July 26, 2014 (1)	1,500,000		1,550,000	
On or before July 26, 2015 (1)	1,125,000		1,125,000	
Total	5,000,000		5,000,000	

(1) Subject to terms as per the Amended Agreement dated January 18, 2012.

Upon the Company acquiring 95% of the Rial Shares, a 1% net smelter royalty shall be payable to the Optionors on all future production. After completion of the above cash and share payments and exploration expenditures, the Company may earn a further 5% of the Rial Shares by issuing an additional 3,000,000 common shares of the Company to one of the Optionors within 15 days of notice of exercise of the option ("Second Option"). In addition, the Company shall issue to one of the Optionors as bonus payments, one common share of the Company per each new ounce of gold or gold equivalent that is found or determined to exist on the Las Huaquillas Project, in excess of 560,000 ounces of gold or gold equivalent, to be delivered upon public announcement of such discovery.

Pursuant to the Agreement, Rial entered into a mining assignment agreement dated July 26, 2011 with Minera, whereby Rial assigned all of its exploration rights and obligations related to the Las Huaquillas Project to Minera for a period of four years. On May 24, 2011, the Company entered into a loan agreement with Minera pursuant to which the Company will advance to Minera up to US$100,000 to fund its exploration activities on the Las Huaquillas Project. The loan is non-interest bearing and due within one year from the date of the last amount advanced. As at April 30, 2013, the Company advanced $85,806 (2012 – $84,204) under the loan agreement the balance of which has been eliminated on consolidation of Minera.

(Expressed in Canadian Dollars)

On January 18, 2012, the Company signed an amended agreement with the Optionors ("Amended Agreement") pursuant to which all options payments due on or after July 26, 2012 would be deferred until the drill permits were obtained. In June 2013, these drill permits were received and the Optionors have agreed to defer the option payments until such time that a joint venture partner can be found. The Company is working towards formalization of this agreement.

As consideration for the acquisition, the Company entered into a finder's fee agreement dated July 31, 2011, to pay a finder's fee of US$282,500 and 400,000 common shares over a period of four years as follows:

	Cash		Common shares	
	US$		#	
Within 5 days of execution of the Letter Agreement	7,500	Paid	-	
Within 5 days of Exchange approval	12,500	Paid	10,000	Issued
Concurrently with the execution of the public deed formalizing the Mining Assignment Agreement dated July 26, 2011	5,000	Paid	-	
On or before January 26, 2012	10,625	Paid	6,250	Issued
Within 5 days from the date on which the Supreme Decree is granted and published in the Official Gazette "EI Peruano"	9,375		6,250	
On or before July 26, 2012 (1)	28,125		18,750	
On or before July 26, 2013 (1)	78,125		75,000	
On or before July 26, 2014 (1)	75,000		77,500	
On or before July 26, 2015 (1)	56,250		56,250	
Within 15 days as of the date on which the Second Option is exercised by the Company (1)	-		150,000	
Total	282,500		400,000	

(1) Pursuant to a letter agreement with the finder dated January 19, 2012, the payment of finder's fees will be deferred and will resume upon resumption of the Company's option payments to the Optionors.

NOTE 9 – SHARE CAPITAL AND RESERVES

(a) Authorized

Unlimited number of voting common shares without par value.

(b) Issued Share Capital

At April 30, 2013, there were 43,489,174 issued and fully paid common shares (April 30, 2012 – 22,772,374).

(c) Share Issuances

On June 30, 2011, the Company completed a private placement of 5,000,000 units at $0.40 per unit for gross proceeds of $2,000,000. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole share purchase warrant entitled the holder to acquire one additional common share of the Company at $0.75 per share expiring June 30, 2013. The Company allocated $2,000,000 of the total proceeds to the common shares and a nominal amount to the attached warrants. In connection with this private placement, finder's fees were paid consisting of cash of $136,790 and 87,750 common shares with an ascribed value of $35,100. Other share issuance costs with respect to the private placement included regulatory expenses of $11,691.

During the year ended April 30, 2012, 751,667 common shares were issued for proceeds of $93,958 on the exercise of 751,667 warrants at $0.125 per share. A reclassification of $25,000 from warrant reserve to share capital was also recorded on expiry of 125,000 warrants.

During the year ended April 30, 2012, 120,000 stock options at $0.125 per share were exercised for total proceeds of $15,000. A reclassification of $11,360 from stock option reserve to share capital was recorded on the exercise of these options.

On September 28, 2012 and October 12, 2012, the Company completed a private placement of 11,181,800 units at $0.10 per unit for gross proceeds of $1,118,180. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share of the Company at $0.20 per share for a period of one year. The warrants are subject to an acceleration provision whereby the warrant holders will be required to exercise their warrants within a period of 30 days if the Company's common shares close at or above $0.30 per share for 10 consecutive trading days, otherwise the warrants will, if not exercised, expire at the end of such 30 day period. The Company allocated $1,118,180 of the total proceeds to the common shares and a nominal amount to the attached warrants.

In connection with this private placement finder's fees were paid consisting of cash of $55,194 and 550,443 share purchase warrants with each warrant having terms identical to warrants issued as part of the unit financing. Share-based compensation of $18,004 arising from the issue of these compensation warrants was charged to share issue costs and credited to warrant reserve. Other share issuance costs with respect to the private placement included legal fees of $14,419, and regulatory expenses of $5,591.

(Expressed in Canadian Dollars)

For purposes of the calculations of compensation charge associated with agent's warrants granted, the following assumptions were used for the Black-Scholes model.

Risk-free interest rate	0.78%
Expected dividends	$nil
Expected volatility	109%
Expected life	1 year

On April 5, 2013, the Company completed a private placement of 9,535,000 units at $0.10 per unit for gross proceeds of $953,500. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at $0.20 per share for a period of three years. The warrants are subject to an acceleration provision whereby the warrant holders will be required to exercise their warrants within a period of 30 days if the Company's common shares close at or above $0.30 per share for 5 consecutive trading days, otherwise the warrants will, if not exercised, expire at the end of such 30 day period. The Company allocated $953,500 of the total proceeds to the common shares and a nominal amount to the attached warrants.

In connection with this private placement finder's fees were paid consisting of cash of $58,080 and 590,800 share purchase warrants with each warrant having terms identical to warrants issued as part of the unit financing. Share-based compensation of $26,504 arising from the issue of these compensation warrants was charged to share issue costs and credited to warrant reserve. Other share issuance costs with respect to the private placement included legal fees of $15,144, and regulatory expenses of $5,517.

For purposes of the calculations of compensation charge associated with agent's warrants granted, the following assumptions were used for the Black-Scholes model.

Risk-free interest rate	1.13%
Expected dividends	$nil
Expected volatility	106%
Expected life	3 years

(d) Escrow Securities

As of April 30, 2013, the Company had 334,934 (2012 – 1,004,800) common shares and 39,000 (2012 – 117,000) stock options held in escrow which will be released on September 23, 2013.

(e) Stock Options

The Company adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Stock options will be exercisable for a period of up to 10 years from the date of grant.

(Expressed in Canadian Dollars)

In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 30 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or consulting arrangement was by reason of death, the option may be exercised within a maximum period of twelve months after such death, subject to the expiry date of such option.

The status of the options outstanding is as follows:

	Options	Weighted Average Exercise Price
	#	$
Balance, April 30, 2011	1,035,000	0.140
Granted	1,346,000	0.429
Exercised	(120,000)	0.125
Balance, April 30, 2012	2,261,000	0.313
Granted	1,085,000	0.150
Forfeited	(140,000)	0.380
Balance, April 30, 2013	3,206,000	0.255

The following table summarizes the options outstanding as at April 30, 2013:

Options	Exercise Price	Expiry Date	Vesting Provisions
#	$		#
311,000 [(1)]	0.135	February 18, 2015	Vested
480,000 [(1)]	0.125	April 7, 2015	Vested
150,000	0.250	February 9, 2017	Vested
250,000	0.150	October 5, 2017	75% Vested
775,000	0.150	October 30, 2017	Vested
20,000	0.150	December 12, 2017	Vested
124,000	0.220	September 23, 2020	Vested
316,000	0.500	May 13, 2021	Vested
780,000	0.430	July 11, 2021	Vested
3,206,000	0.255		

[(1)] Of these options, 18,000 and 21,000 are held in escrow respectively until September 23, 2013.

During the year ended April 30, 2013, the Company recognized share-based payments of $157,356 (2012 – $424,871) for stock options granted and vested during the period, of which $21,321 (2012 – $40,834) was included under wages and contract labour in exploration and evaluation assets.

(Expressed in Canadian Dollars)

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

	2013	2012
Risk-free interest rate	1.63%	1.92%
Expected dividends	$nil	0%
Expected volatility	182.30%	192.51%
Expected life	4.92 years	5.37 years

The weighted average fair value of stock options granted during the year ended April 30, 2013 was $0.11 (2012 – $0.37) per option.

(f) Warrants

The status of the share purchase warrants outstanding is as follows:

	Warrants	Weighted Average Exercise Price
	#	$
Balance, April 30, 2011	2,137,019	0.965
Issued	2,500,000	0.750
Expired	(125,000)	2.000
Exercised	(751,667)	0.125
Balance, April 30, 2012	3,760,352	0.956
Issued	16,267,143	0.200
Expired	(1,260,352)	1.360
Balance, April 30, 2013	18,767,143	0.273

The following table summarizes the share purchase warrants outstanding at April 30, 2013:

Warrants	Exercise Price	Expiry Date
#	$	
2,500,000 (1)	0.750	June 30, 2013
1,442,843	0.200	September 28, 2013
4,698,500	0.200	October 12, 2013
10,125,800	0.200	April 5, 2016
18,767,143		

(1) Subsequent to April 30, 2013, these warrants expired.

(Expressed in Canadian Dollars)

NOTE 10 – RELATED PARTY TRANSACTIONS

(a) Related Party Transactions

The Company incurred charges to directors and officers, former directors and officers, or to companies associated with these individuals as follows:

	2013	2012
	$	$
Accounting fees	29,618	-
Consulting and management fees	96,000	120,000
Interest	-	493
Legal fees and share issuance costs	63,594	21,432
Office, rent and administration (1)	65,950	92,800
	255,162	234,725

(1) Of these fees, $15,000 was allocated to the former CFO of the Company for the year ended April 30, 2013 (2012 – $30,000).

(b) Compensation of Key Management Personnel

The Company's key management personnel has authority and responsibility for planning, directing and controlling the activities of the Company and includes the Directors, President and Chief Financial Officer. Compensation in respect of services provided by key management consists of management fees paid to the President and accounting and administration fees paid to companies in which the CFO is, or former CFO was, an associate.

	2013	2012
	$	$
Management, accounting and CFO administration fees	140,618	150,000
Share-based payments	117,805	192,010
	258,423	342,010

There was no other compensation paid or payable to key management for employee services.

(c) Related Party Balances

All related party balances payable are non-interest bearing and payable on demand and are comprised of $10,080 (April 30, 2012 – $13,264) payable to the President for travel expenses, $8,836 (April 30, 2012 – $nil) payable to the President for management fees, and $7,371 (April 30, 2012 – $nil) payable to a Company controlled by a director and in which the CFO is an associate.

Included in prepaid expenses at April 30, 2013 are rent deposits of $nil (April 30, 2012 – $1,200) paid to companies having a former officer in common.

(Expressed in Canadian Dollars)

NOTE 11 – SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the exploration and evaluation of mineral properties for development. Segmented information is provided on the basis of geographic segments consistent with its operations as follows:

April 30, 2013	Canada	Peru	Total
	$	$	$
Current assets	750,068	26,175	776,243
Equipment	3,981	27,678	31,659
Mining property and development asset	-	195,390	195,390
Exploration and evaluation assets	-	2,392,978	2,392,978
Total assets	754,049	2,642,221	3,396,270

April 30, 2012	Canada	Peru	Total
	$	$	$
Current assets	579,059	134,466	713,525
Equipment	2,836	16,762	19,598
Exploration and evaluation assets	-	1,395,072	1,395,072
Total assets	581,895	1,546,300	2,128,195

NOTE 12 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair Value of Financial Instruments

As at April 30, 2013, the Company’s financial instruments consist of cash and cash equivalents, receivables, and accounts payable and accrued liabilities. The carrying values of these financial instruments are measured at their amortized cost which approximates their fair value because of their short term nature.

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs for the asset or liability that are not based on observable market data.

(b) Financial Instruments Risk

The Company's financial instruments are exposed in varying degrees to a variety of financial risks. The Board approves and monitors the risk management processes:

(i) Credit risk

Credit risk exposure primarily arises with respect to the Company's cash and cash equivalents and other receivables. The risk exposure is limited because the Company places its instruments in banks of high credit worthiness within Canada and continuously monitors the collection of other receivables.

(ii)Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure as far as possible that it will have sufficient liquidity to settle obligations and liabilities when they become due. As at April 30, 2013, the Company had cash and cash equivalents of $684,724 to settle current liabilities of $179,183 which mainly consist of accounts payable that are considered short term and settled within 30 days.

(iii)Market risk

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company invests cash in guaranteed investment certificates at fixed or floating interest rates in order to maintain liquidity while achieving a satisfactory return for shareholders. A change of 100 basis points in the interest rates would not be material to the financial statements.

b. Foreign currency risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in the foreign exchange rates. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates associated with the fluctuations in its US dollar and the Peruvian New Sol ("Sol") bank accounts as well as the translation of foreign held assets and liabilities at current exchange rates.

(Expressed in Canadian Dollars)

The Company's net exposure to the US dollar and Sol on financial instruments is as follows:

	April 30, 2013	April 30, 2012
	$	$
US dollar:		
Cash and cash equivalents	7,747	108,492
Sol:		
Cash and cash equivalents	8,129	18,701
Receivables	7,461	2,697
Accounts payable and accrued liabilities	(65,355)	(53,231)
Net liabilities	(49,765)	(31,833)

The Company has determined that an effect of a 10% increase or decrease in the US dollar and Sol against the Canadian dollar on its financial instruments as at April 30, 2013, would not result in a significant change to the net loss and comprehensive loss for the year ended April 30, 2013. At April 30, 2013, the Company had no hedging agreements in place with respect to foreign exchange rates.

c. Commodity price risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company's price risk relates primarily to future gold price expectations. As at April 30, 2013 the Company was not producing mineral output but continuously monitors precious metal prices as they are included in projections prepared to determine its future strategy.

NOTE 13 – CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The management of the capital structure is based on the funds available to the Company in order to support the acquisition, exploration and development of mineral properties and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, issue debt instruments or return capital to its shareholders.

As at April 30, 2013 the Company held no debt and is not subject to externally imposed capital requirements.

The properties in which the Company currently has an interest in are in the exploration and development stages, as such, the Company does not currently recognize revenue from its properties. The Company's historical sources of capital have consisted of the sale of equity securities and interest income. In order for the Company to carry out planned exploration and development and pay for administrative costs, the Company will spend its working capital and intends to raise additional amounts externally as needed.

(Expressed in Canadian Dollars)

There were no changes in the Company's management of capital during the year ended April 30, 2013.

NOTE 14 – INCOME TAXES

The recovery of income taxes differs from the theoretical amounts which would be computed by applying local tax rates to the loss before tax as follows:

	2013	2012
	$	$
Net loss for the year	(882,987)	(1,179,539)
Average statutory rate	25%	26%
Income tax recovery at applicable rate	(221,000)	(307,000)
Impact of different foreign statutory tax rates	(2,000)	-
Non-deductible amounts	37,000	106,000
Share issuance costs	(39,000)	(48,000)
Effect of change in tax rate	(6,000)	8,000
Change in non-recognized deferred tax assets and other	231,000	241,000
Income tax provision	-	-

Deferred income taxes arise from temporary differences in the recognition of income and expenses for financial reporting and tax purposes. The income tax benefit of the following deductible temporary differences has not been recorded in these financial statements because of the uncertainly of their recovery:

	2013	2012
	$	$
Non-capital losses carried forward	5,425,000	4,619,000
Share issuance costs	255,000	187,000
Mineral properties	47,000	47,000
Other	46,000	47,000

The Company has non-capital losses available to reduce taxes in future years of approximately $5,397,000 in Canada (2012 – $4,617,000). In addition, the Company has tax losses for Peruvian purposes of $28,000 (2012 – $2,000) potentially available to offset against future years' taxable income in Peru. The remaining deductible temporary differences carry forward indefinitely.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

NOTE 15 – SUBSEQUENT EVENTS

(a) Corizona Project Toll Milling Agreement

On May 7, 2013, the Company and Canadian Mining secured a toll milling agreement with a Peruvian ore processor Grupo Dore to process the bulk sample material produced from the Corizona Project. The agreement states that the Company and Canadian Mining will fulfill all necessary requirements to sell bulk sample material from the Corizona Project, and will pay to Grupo Dore the cost to mill its material, including a capital charge plus a toll milling fee per ton of bulk sample material produced. A finder fee of US$25,000 was paid with respect to this agreement.

(b) Stock Options

On May 30, 2013, the Company granted 950,000 fully vested incentive stock options to employees and directors of the Company having an exercise price of $0.15 each and expiring May 30, 2018.

(c) Chala One Plant Acquisition

On June 6, 2013, the Company entered into a Letter of Intent to acquire 100% of a permitted and operational milling facility ("Chala One") in Southern Peru for US$240,000. Of this amount, US$150,000 has been paid and the remaining US$90,000 is expected to be payable within one year, once transfer of the permitted facility is complete. Completion of the acquisition of the milling facility is subject to a number of conditions including completion of a definitive agreement. A finder fee of US$40,000 and a sourcing and technical advice fee of US$50,000 have been paid in connection with the acquisition of the milling facility with an additional US$50,000 sourcing and technical advice fee payable once the plant becomes operational.

(d) Debenture Issue

On June 21, 2013, the Company announced a Debenture offering for gross proceeds of up to $600,000. The Debenture will be sold in units of $25,000, have a term of five years, and bear interest at the rate of 10% per annum calculated and paid quarterly in arrears. During the first year of the Debenture term the unit holder has the option to convert up to 20% of their Debenture principal into common shares based on the weighted average trading price of the shares over the ten days prior to conversion. Gross proceeds of $200,000 have since been received from the issue of Debenture units.

(e) Promissory Note

On August 13, 2013, a shareholder of the Company advanced to the Company $100,000, payable on demand with an interest rate of 20% per annum calculated and paid quarterly in arrears.