BENZ CAPITAL CORP.

Condensed Interim Financial Statements

Three and six months ended October 31, 2013 and 2012

(Expressed in Canadian dollars - Unaudited)

Table of Contents

Management's responsibility for financial reporting 3

Condensed interim statements of operations and comprehensive loss 4

Condensed interim statements of financial position........ 5

Condensed interim statements of cash flows........ 6

Condensed interim statements of changes in equity 7

Notes to the condensed interim financial statements 8

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The condensed interim financial statements of Benz Capital Corp. (the "Company") are the responsibility of the Company's management. The financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

Management has developed and is maintaining a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities. The Audit Committee reviews the results of the audit and the financial statements prior to their submission to the Board of Directors for approval.

The condensed interim financial statements as at October 31, 2013 and 2012 and for the periods then ended have not been reviewed or audited.

"Miloje Vicentijevic"
Miloje Vicentijevic
President, CEO and Director
December 13, 2013

"Carlos Escribano"
Carlos Escribano
CFO and Director
December 13, 2013

		Three months ended October 31,		Six months ended October 31,	
	Note	**2013**	**2012**	**2013**	**2012**
Operating costs					
Eagle Property exploration	5	$ 2,895	$ -	$ 98,244	$ -
Listing and filing fees		2,958	1,375	3,412	5,777
Professional fees		11	5,392	5,945	5,392
Management fees	7	29,220	-	47,220	-
Share-based payments	6	7,414	33,000	21,816	33,000
Shareholder information		1,588	-	2,345	-
Office and miscellaneous		3,267	12,926	5,485	12,966
Loss from operations		(47,353)	(52,693)	(184,467)	(57,135)
Other income					
Interest income		545	210	1,179	242
Net loss and comprehensive loss		$ (46,808)	$ (52,483)	$ (183,288)	$ (56,893)
Loss per share – basic and diluted		$ (0.01)	$ (0.04)	$ (0.02)	$ (0.10)
Weighted average number of shares outstanding – basic and diluted	6	7,842,952	1,172,754	7,842,952	586,377

See accompanying notes to the condensed interim financial statements

Benz Capital Corp.

Condensed interim statements of financial position
(unaudited)

	Note	October 31, 2013	April 30, 2013
Assets			
Current assets			
Cash and cash equivalents		$ 313,461	$ 487,780
Sales taxes recoverable		5,304	3,742
Advance to a related party	7	-	10,080
Prepaid expenses and deposits		9,578	687
		328,343	502,289
Exploration and Evaluation Assets	4,5	155,500	155,500
		$ 483,843	$ 657,789
Liabilities			
Current liabilities			
Trade and other payables	7	5,985	18,459
		5,985	18,459
Equity			
Common shares	6	767,390	767,390
Equity reserves	6	96,215	74,399
Deficit		(385,747)	(202,459)
		477,858	639,330
		$ 483,843	$ 657,789

Nature and Continuance of Operations (Note 1)

Approved on behalf of the board on December 13, 2013

(Signed) Miloje Vicentijevic
Miloje Vicentijevic, President, CEO and Director

(Signed) Carlos Escribano
Carlos Escribano, CFO and Director

See accompanying notes to the condensed interim financial statements

	Note	2013	2012
Cash Flows from Operating Activities			
Net loss for the period		$ (183,288)	$ (56,893)
Adjustments for non-cash items:			
Share-based payments	6	21,816	33,000
Change in non-cash operating working capital:			
Increase in sales taxes recoverable		(1,562)	-
Increase in prepaid expenses		(8,891)	(1,960)
Decrease in advance to a related party		10,080	-
Decrease in trade and other payables		(12,474)	3,864
Net cash flows used in operating activities		(174,319)	(21,989)
Cash Flows from Financing Activities			
Issuance of common shares for cash, net		-	304,291
Net cash flows provided by financing activities		-	304,291
Net change in cash and cash equivalents		(174,319)	282,302
Cash and cash equivalents, beginning of period		487,780	118,682
Cash and cash equivalents, end of period		$ 313,461	$ 400,984

See accompanying notes to the condensed interim financial statements

Benz Capital Corp.

Condensed interim statements of changes in equity
Six months ended October 31, 2013 and 2012

	Common Shares				
	Number	**Amount**	**Equity Reserves**	**Deficit**	**Total Equity**
Balance, April 30, 2012	**3,000,000**	**$ 150,000**	**$ -**	**$ (9,480)**	**$ 140,520**
Common shared issued for cash:					
Proceeds from IPO and private placements	3,299,952	369,993	-	-	369,993
Share issuance costs	-	(112,128)	10,000	-	(102,128)
Exercise of compensation options	93,000	9,300	-	-	9,300
Fair value of agent options exercised	-	3,720	(3,720)	-	-
Share based payments	-	-	33,000	-	33,000
Net loss for period	-	-	-	(56,893)	(56,893)
Balance, October 31, 2012	**6,392,952**	**420,885**	**39,280**	**(66,373)**	**393,792**
Common shared issued for cash:					
Proceeds from IPO and private placements	1,000,000	216,005	34,483	-	250,488
Shares issues for mineral property options rights	450,000	130,500	-	-	130,500
Share based payments	-	-	636	-	636
Net loss for period	-	-	-	(136,086)	(136,086)
Balance, April 30, 2013	**7,842,952**	**767,390**	**74,399**	**(202,459)**	**639,330**
Share based payments	-	-	21,816	-	21,816
Net loss for period	-	-	-	(183,288)	(183,288)
Balance, October 31, 2013	**7,842,952**	**$ 767,390**	**$ 96,215**	**$ (385,747)**	**$ 477,858**

See accompanying notes to the condensed interim financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Benz Capital Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on November 9, 2011. The Company is involved in the acquisition and exploration of a mineral property located in the Yukon Territory.

Prior to April 10, 2013 the Company was a Capital Pool Company ("CPC") as defined by the TSX Venture Exchange (the "TSX-V Exchange") Policy 2.4. The activities of the Company were initially limited to the efforts to identify and evaluate the acquisition of assets and businesses, which would represent a "Qualifying Transaction" for regulatory purposes. On April 10, 2013 the Company successfully completed a "Qualifying Transaction" by acquiring an option to acquire up to an undivided 100% interest in and to certain mineral mining leases in the Yukon Territory known collectively as the Eagle Property.

The Company's head office is located at Suite 900, 570 Granville Street, Vancouver, British Columbia, V6C 3P1; and the registered office is located at Suite 400, 570 Granville Street, Vancouver, BC V6C 3P1. The Company's common shares are traded on the TSX-V Exchange.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation assets and the Company's ability to continue as a going concern is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing.

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. As at October 31, 2013, the Company has working capital of $322,358 and accumulated losses of $385,747. The Company has not yet generated any revenues from its operations. The Company is required to raise new financing through the sale of shares or issuance of debt to continue with its operations and to develop its mineral property. Although management intends to secure additional financing, there is no assurance that management will be successful in its efforts to secure additional financing or that it will ever develop a self-supporting business. These factors together may raise significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of presentation

These condensed interim financial statements are expressed in Canadian dollars, the Company's functional currency and have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value.

Approval of the financial statements

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on December 13, 2013.

Significant Accounting Judgements and Estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, are discussed in Note 2 of the Company's audited financial statements for the year ended April 30, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's April 30, 2013 audited annual financial statements. These condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended April 30, 2013.

Recent accounting pronouncements

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for the Company's accounting periods beginning on May 1, 2013, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

New accounting standards effective for the Company on May 1, 2013

IFRS 10 – Consolidated Financial Statements
IFRS 10 establishes the principles for the presentation and preparation of financial statements when an entity controls one or more other entities. IFRS 10 changed the definition of control such that the same criteria are applied to all entities to determine control. IFRS 10 supersedes all of the guidance in IAS 27 *Separate Financial Statements* and SIC 12 *Consolidation – Special Purpose Entities*.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards effective for the Company on May 1, 2013 (continued)

IFRS 11 – Joint Arrangements
IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC *13 Jointly Controlled Entities – Non-monetary Contributions.*

IFRS 12 – Disclosure of interests in Other Entities
IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 – Fair Value Measurement
IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements 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. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value that is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

IAS 27 – Separate Financial Statements
As a result of the issue of the new consolidation suite of standards, IAS 27 *Separate Financial Statements* has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

IAS 28 – Investments in Associates and Joint Ventures
As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provided the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee.

IAS 1 – Presentation of Financial Statements
In June 2011, the IASB issued an amendment to IAS 1, which requires entities to separately present items in other comprehensive income based on whether or not they may be recycled to profit or loss in future periods.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards effective for the Company on May 1, 2013 (continued)

IAS 32 – Financial Instruments: Presentation
In December 2011, the IASB issued an amendment to clarify the meaning of the offsetting criterion and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. Earlier application is permitted when applied with corresponding amendment to IFRS 7.

Management does not expect that the adoption of these standards and interpretations will have a significant effect on the financial statements of the Company other than additional disclosures.

The following standard will be effective for the Company's annual periods beginning on May 1, 2015:

IFRS 9 – Financial Instruments
In November 2009, as part of the IASB project to replace IAS 39 *Financial Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9 *Financial Instruments* that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities.

Management has not yet completed its process of assessing the impact that IFRS 9 will have on the Company's financial statements or whether to early adopt this requirement.

4. EXPLORATION AND EVALUATION ASSETS

The Company has accumulated the following acquisition and exploration expenditures:

	Eagle Property	Total
Balance, April 30 and October 31, 2012	$ -	$ -
Costs incurred during 2013:		
Acquisition Costs	155,500	155,500
Balance, April 30 and October 31, 2013	$ 155,500	$ 155,500

The Eagle Property is comprised of 14 quartz mining leases granted under the *Quartz Mining Act* (Yukon) and is located in the Mayo District in the Yukon Territory. Since discovery of the Eagle vein in 1920, the Eagle Property has undergone sporadic surface exploration including two phases of core drilling. There has been no underground development or production.

Realization of Exploration and Evaluation Assets

The investment in and expenditures on exploration and evaluation assets comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

The amounts shown for acquisition and exploration costs represent costs incurred to date and do not necessarily reflect present or future values.

Title to Exploration and Evaluation Assets Interests

Although the Company has taken steps to verify the title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company’s operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

5. MINERAL PROPERTY OPTION AGREEMENT

On April 10, 2013, the Company closed its purchase of an option to acquire up to an undivided 100% interest in and to certain mineral mining leases in the Yukon Territory known collectively as the Eagle Property (the "Option Purchase"). The Option Purchase constitutes the Company's "Qualifying Transaction" under the policies of the TSX-V Exchange.

The Option Purchase was completed pursuant to the terms of an option purchase and assignment agreement dated November 30, 2012 (the "Purchase Agreement") with Avaron Mining Corp. ("Avaron") and Avino Silver & Gold Mines Ltd. ("Avino"). Pursuant to the Purchase Agreement, the Company has acquired all of Avaron's interest in an Option Agreement between Avaron and Avino pursuant to which Avaron has the option to acquire from Avino up to an undivided 100% interest in the Eagle Property. As consideration for the Option Purchase, the Company has paid to Avaron a cash payment of $25,000 and issued 400,000 of its common shares with a fair value of $116,000. Additionally, the Company also issued 50,000 common shares with a fair value of $14,500 to Avino as consideration for Avino's consent to the Option Purchase, as required under the terms of the Option Agreement.

Avaron is a private junior mining company incorporated under the laws of British Columbia. The Company and Avaron share common directors that collectively control more than 50% of Avaron's issued and outstanding shares. As a result, the Option Purchase constitutes a related party transaction.

5. MINERAL PROPERTY OPTION AGREEMENT (continued)

The terms of the Option Agreement allow the Company to exercise the Option to acquire a 75% interest in the Eagle Property by making cash payments to Avino in an aggregate amount of $350,000, issuing a total of 500,000 common shares and either completing drilling on a total of 35,000 metres in depth or incurring cumulative exploration expenditures of $7,100,000 on the Eagle Property all over a five year period. Upon acquisition of a 75% interest, the Company will have the option to acquire an additional 25% interest in the Eagle Property or form a joint venture with Avino for the further exploration and development of the Eagle Property.

The Company may exercise the additional option by either determining to put the Eagle Property into commercial production within three years of the exercise of the 75% interest and paying advance royalty payments to Avino in the amount of $1,000,000 or, alternatively, by making further cash payments to Avino in the amount of $200,000, issuing an additional 500,000 common shares and drilling an additional 10,000 metres or incurring exploration expenditures of $2,000,000 over a two year period following the exercise of the 75% interest.

The cash and exploration requirements under the agreements are summarized as follows:

	Cash	Exploration Expenditures*	Shares
On or before January 3, 2014	–	100,000	–
On or before January 3, 2015	100,000	625,000	–
On or before January 3, 2016	100,000	1,000,000	250,000
On or before January 3, 2017	50,000	2,000,000	250,000
On or before January 3, 2018	100,000	3,375,000	–
	$ 350,000	**$ 7,100,000**	**500,000**

* The requirement to incur $100,000 of exploration expenditures on or before January 3, 2014, is a firm commitment. Accordingly, to the extent such exploration expenditure requirement is not fulfilled by the Company, the Company will be required to pay Avino, in cash, any balance not incurred. The Company may complete drilling at a minimum of 2,500 meters, 5,000 meters, 10,000 meters and 17,000 meters in lieu of the exploration expenditures due on or before January 3, 2015, 2016, 2017 and 2018, respectively.

During the period ended October 31, 2013 the Company incurred $98,244 on exploration expenditures at the Eagle Property.

6. SHARE CAPITAL

a) Authorized: Unlimited common shares, without par value
Unlimited preferred shares, without par value

b) Issued:

(i) On April 10, 2013, the Company closed a non-brokered private placement issuing 1,000,000 units at a price of $0.25 per unit for gross proceeds of $250,000. Each unit consists of one common share and one-half of one non-transferable common share purchase warrant. Each whole common share purchase warrant is exercisable into one common share at a price of $0.35 per common share until April 10, 2015. Of this amount, $34,483 was attributable to common share purchase warrants, which has been recorded in equity reserves. The fair value of the warrants issued has been estimated using the Black-Scholes option pricing model with the following assumptions: risk free rate of 0.99%, dividend yield of nil, volatility of 80% and an expected life of 24 months.

(ii) On April 10, 2013, the Company issued 450,000 of its common shares with a fair value of $130,500, as consideration for the Option Purchase (see Note 5).

(iii) On October 18, 2012, the Company closed a non-brokered private placement issuing 799,952 common shares at a price of $0.15 per common share for gross proceeds of $119,993.

(iv) On September 18, 2012, the Company completed its initial public offering ("IPO") issuing 2,500,000 common shares at a price of $0.10 per common share for gross proceeds of $250,000.

The Company paid a cash commission of $25,000 equal to 10% of the applicable gross proceeds of the IPO and issued 250,000 compensation options to purchase common shares of the Company equal to 10% of the common shares sold through the IPO. Each compensation option is exercisable at a price of $0.10 per share and entitles the holder to one common share until September 17, 2014. During the year ended April 30, 2013, 93,000 compensation options were exercised at $0.10 per share for gross proceeds of $9,300.

The fair value of the compensation options issued has been estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.09%, dividend yield of nil, volatility of 80% and an expected life of 24 months. The 250,000 compensation options were valued at $10,000.

(v) On December 30, 2011, the Company issued its initial seed shares of 3,000,000 common shares for gross proceeds of $150,000.

6. **SHARE CAPITAL (continued)**

b) Issued (continued):

Share Split:
On March 28, 2012, the Company affected a split of its issued and outstanding shares on the basis of two new shares for every one existing share resulting in an increase to the total number of common shares outstanding from 1,500,000 common shares to 3,000,000 common shares. All common share and per common share amounts have been restated to retroactively reflect the share split.

Escrow Shares:
As at October 31, 2013, an amount of 2,475,000 common shares are held in escrow. These shares are subject to an escrow agreement in accordance with the Exchange Policy 2.4. On closing of the Qualifying Transaction (see Note 5), 10% of the shares originally held in escrow were released. The remaining shares are released in six equal tranches of 15% every six months following the closing of the Qualifying Transaction for a period of 36 months.

Loss per Share:
Basic loss per share is calculated by dividing the net loss by the weighted average number of common shares outstanding during the period. The weighted average number of common shares outstanding during the period is net of contingently returnable shares. The following table details the weighted average number of common shares outstanding:

	Three months ended October 31,	
	2013	2012
Weighted average number of common shares outstanding	7,842,952	4,289,602
Less: Weighted average number of contingently returnable shares	-	(3,116,848)
Weighted average number of non-contingently returnable shares	**7,842,952**	1,172,754

	Six months ended October 31,	
	2013	2012
Weighted average number of common shares outstanding	7,842,952	3,644,801
Less: Weighted average number of contingently returnable shares	-	(3,058,424)
Weighted average number of non-contingently returnable shares	**7,842,952**	586,377

6. SHARE CAPITAL (continued)

c) Share purchase warrants and compensation options

A summary of the share purchase warrants and compensation options issued, exercised and expired during the period ended October 31, 2013, is as follows:

	Underlying Shares	Weighted Average Exercise Price
Balance, April 30, 2012	-	$ -
Issued	750,000	0.27
Exercised	(93,000)	0.10
Balance, April 30, 2013	**657,000**	**$ 0.29**
Issued	-	-
Exercised	-	-
Balance, October 31, 2013	**657,000**	**$ 0.29**

Details of share purchase warrants and compensation options outstanding as at October 31, 2013, and April 30, 2013, are:

	Exercise Price	Outstanding and Exercisable	
Expiry Date	per Share	October 31, 2013	April 30, 2013
September 17, 2014	$0.10	**157,000**	**157,000**
April 10, 2015	$0.35	**500,000**	**500,000**
		657,000	**657,000**

d) Stock option plan

The Company's stock option plan authorizes for the granting of options to directors, officers, employees and consultants. Pursuant to the terms of the Stock Option Plan, the Board of Directors may from time to time, in its discretion, and in accordance with Exchange policies, grant incentive stock options ("Options") to purchase the Company's common shares to directors, officers, employees and consultants. Under the Stock Option Plan, a maximum of 10% of the outstanding shares can be reserved for issuance. The number of shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding shares and the number of shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding shares.

6. SHARE CAPITAL (continued)

d) Stock option plan (continued)

Stock option activity for the period ended October 31, 2013, is summarized as follows:

	Underlying Shares	Weighted Average Exercise Price
Stock options outstanding, April 30, 2013	784,000	$0.14
Granted	-	-
Stock options outstanding, October 31, 2013	**784,000**	**$0.14**
Stock options exercisable, October 31, 2013	**667,000**	**$0.13**

A summary of stock options outstanding as at October 31, 2013 is as follows:

Number of Stock Options Outstanding	Number of Stock Options Exercisable	Exercise Price	Weighted Average Remaining Contractual Life (yrs)	Intrinsic Value	Expiry Date
550,000	550,000	$0.10	3.88	$0.12	September 17,2017
234,000	117,000	$0.25	4.49	$0.00	April 26, 2018
784,000	**667,000**		**4.06**		

e) Share-based payments

On September 18, 2012, the Company granted 550,000 stock options to directors and officers, effective on the closing of the IPO, exercisable at $0.10 per share for a period of 5 years from the closing date of the IPO.

On April 26, 2013, the Company granted 234,000 stock options to consultants, directors and officers, exercisable at $0.25 per share for a period of 5 years from the grant date. The stock options vest and become exercisable on April 26, 2014.

During the period ended October 31, 2013, the Company recorded total share-based payments of $21,816 for stock options vested during the period (2012 - $33,000). The amounts expensed were allocated to directors, officers, and consultants as follows:

	October 31, 2013	October 31, 2012
Directors and officers	$ 7,459	$ 33,000
Consultants	14,357	-
	$ 21,816	**$ 33,000**

6. SHARE CAPITAL (continued)

e) Share-based payments (continued)

Option-pricing requires the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates. The fair value of the options re-priced and granted to officers, directors, consultants, and employees was calculated using the Black-Scholes model with following weighted average assumptions and resulting grant date fair value:

	October 31, 2013	October 31, 2012
Weighted average assumptions:		
Risk-free interest rate	NA	1.31%
Expected dividend yield	NA	-
Expected option life (years)	NA	5
Expected stock price volatility	NA	80%
Weighted average fair value at grant date	NA	$0.06

7. RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions are measured at the estimated fair values of the services provided or goods received. Related party transactions not disclosed elsewhere in these financial statements are as follows:

a) Key Management Compensation

Key management personnel include the members of the Board of Directors and officers of the Company, who have the authority and responsibility for planning, directing, and controlling the activities of the Company. The remuneration of directors and officers for the period ended October 31, 2013 and 2012 was as follows:

	October 31, 2013	October 31, 2012
Salaries, bonuses, fees and benefits		
Management fees to the CEO and CFO of the Company	$ 47,220	$ -
Legal fees to a law firm of which a Director is Principal	945	1,372
Share-based payments		
Officers and directors of the Company	7,459	33,000
	$ 55,624	**$ 34,372**

7. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) In the normal course of operations the Company transacts with companies related to its directors or officers. The following amounts are payable to related parties:

		October 31, 2013		October 31, 2012
Law firm of which a director of the Company is Principal	$	115	$	-
Officers and directors	$	360	$	-

The amounts above are included in trade and other payables

c) The option purchase agreement between the Company and Avaron Mining Corp. constitutes a related party transaction. The Company and Avaron share common directors that collectively control more than 50% of Avaron's issued and outstanding shares. Please see Note 5 for further details.

8. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or adjust the amount of cash and cash equivalents. Management reviews the capital structure on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements. There were no changes to the Company's capital management during the period ended October 31, 2013.

10. FINANCIAL INSTRUMENTS AND RISK

The Company's financial instruments consist of cash and cash equivalents, advance to a related party and trade and other payables. The fair value of the financial instruments approximates their carrying values, unless otherwise noted.

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

a) Credit risk

The Company's credit risk is mainly attributable to its liquid financial assets: cash and cash equivalents. The Company deposits cash with high credit quality financial institutions and credit risk is considered to be minimal. The Company's maximum exposure to credit risk is $313,461.

b) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2013, the Company had a cash and cash equivalents balance of $313,461 (April 30, 2013 - $487,780) to settle current liabilities of $5,985 (April 30, 2013 - $18,459).

c) Market risk

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

d) Interest rate risk

The Company has cash balances and no interest-bearing debt. As of October 31, 2013, the Company has no interest bearing term deposits.

e) Foreign currency risk

The Company does not have any assets or liabilities in a foreign currency.

f) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.