VVC EXPLORATION CORPORATION

Consolidated Financial Statements
Years ended January 31, 2013 and 2012

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Independent Auditors' Report

To the Shareholders of
VVC Exploration Corporation

Report on the Consolidated Financial Statements
We have audited the accompanying financial statements of VVC Exploration Corporation, which comprise the consolidated statements of financial position as at January 31, 2013 and 2012, and the consolidated statements of loss and comprehensive loss, changes in shareholders' 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 ("IFRS"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these 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 auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of VVC Exploration Corporation as at January 31, 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 modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes material uncertainty and raises substantial doubt about the Company's ability to continue as a going concern.

MSCM LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
May 31, 2013

VVC Exploration Corporation
Consolidated Statements of Financial Position

		January 31, 2013		January 31, 2012
Assets				
Current assets				
Cash	**$**	**513,674**	$	92,925
Deposits and other receivables (Note 4)		**80,530**		13,799
		594,204		106,724
Equipment (Note 5)		**2,921**		8,004
Mineral properties (Note 7)		**1,462,921**		943,610
	$	**2,060,046**	$	1,058,338
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (Notes 6 and 8)	**$**	**182,022**	$	80,358
Income taxes payable		**7,835**		-
Due to related parties (Note 8)		**504,562**		267,735
		694,419		348,093
Shareholders' equity				
Share capital (Note 9(b))		**23,426,643**		22,468,883
Contributed surplus (Notes 9(c), 9(d) and 10)		**5,724,003**		5,305,431
Deficit		**(27,785,019)**		(27,064,069)
		1,365,627		710,245
	$	**2,060,046**	$	1,058,338

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

Going Concern (Note 1)
Subsequent Events (Note 16)
Commitments (Note 7)

Approved by the Board

James A. Culver
Director

Patrick Fernet
Director

VVC Exploration Corporation

Consolidated Statements of Loss and Comprehensive Loss

For the Years Ended January 31,	2013	2012
Expenses		
Management and consulting fees	**$ 177,830**	$ 298,114
Professional fees	**152,085**	111,301
Stock-based compensation (Note 9(c))	**98,484**	204,610
Interest expense	**74,920**	-
Investor relations	**69,921**	105,773
Office and sundry	**58,585**	60,793
Travel and promotion	**52,918**	35,646
Rent	**18,071**	32,643
Listing and transfer fees	**12,423**	7,784
Telephone	**8,061**	9,649
Bank charges	**7,176**	7,170
Depreciation	**1,252**	3,704
	731,726	877,187
Other income		
Foreign exchange gain (loss)	**22,443**	(987)
Gain on sale of investments	**-**	118,031
Loss on disposition of equipment	**(3,832)**	-
Write-down of accounts receivable	**-**	(213,163)
Loss before income taxes	**(713,115)**	(973,306)
Provision for income taxes (Note 15)	**(7,835)**	-
Net loss	**$ (720,950)**	$ (973,306)
Basic and diluted loss per share (Note 11)	**$ (0.01)**	$ (0.02)

Consolidated Statements of Comprehensive Loss

	2013	2012
Net loss	**$ (720,950)**	$ (973,306)
Reclassification adjustment for investment sold in the year	**-**	(144,350)
Comprehensive loss for the year	**$ (720,950)**	$ (1,117,656)

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

VVC Exploration Corporation

Consolidated Statements of Changes in Shareholders' Equity

	2013	2012
Share Capital		
Beginning balance	**$ 22,468,883**	$ 21,659,158
Funds from the exercise of warrants	**-**	177,428
Fair value of warrants exercised	**-**	19,917
Funds from private placements	**1,346,081**	770,000
Shares issued as share issue costs	**-**	38,500
Share issue costs	**(68,233)**	(47,950)
Fair value of warrants issued	**(320,088)**	(148,170)
Balance January 31,	**$ 23,426,643**	$ 22,468,883
Contributed Surplus		
Beginning balance	**$ 5,305,431**	$ 4,972,568
Stock-based compensation	**98,484**	204,610
Fair value of warrants issued on private placement	**320,088**	148,170
Fair value of warrants exercised	**-**	(19,917)
Balance January 31,	**$ 5,724,003**	$ 5,305,431
Accumulated Other Comprehensive Loss		
Beginning balance	**$ -**	$ 144,350
Reclassification adjustment for investments sold in the year	**-**	(144,350)
Balance January 31,	**$ -**	$ -
Deficit		
Beginning balance	**$ (27,064,069)**	$ (26,090,763)
Net loss	**(720,950)**	(973,306)
Balance January 31,	**(27,785,019)**	(27,064,069)
Total shareholders' equity	**$ 1,365,627**	$ 710,245

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

VVC Exploration Corporation

Consolidated Statements of Cash Flows

For the Years Ended January 31,		**2013**		2012
Cash flow from operating activities				
Loss for the year	**$**	**(720,950)**	$	(973,306)
Items not affecting cash:				
Depreciation		**1,252**		3,704
Stock-based compensation		**98,484**		204,610
Gain on sale of short-term investment		**-**		(118,031)
Unrealized foreign exchange gain		**(12,740)**		-
Loss on disposition of equipment		**3,832**		-
Write-down of accounts receivable		**-**		213,163
		(630,122)		(669,860)
Other uses of cash from operations:				
Deposits and other assets		**(29,246)**		(39,149)
Accounts payable and accrued liabilities		**55,885**		(136,358)
Income taxes payable		**7,835**		-
		(595,648)		(845,367)
Cash flow from investing activities				
Proceeds from the sale of short-term investments		**-**		132,581
Additions to mineral properties		**(473,533)**		(406,814)
		(473,533)		(274,233)
Cash flow from financing activities				
Common shares issued for cash		**1,308,596**		947,428
Share issue costs paid in cash		**(68,233)**		(9,450)
Funds advanced from related party		**346,072**		267,735
Repayment of funds advanced from related party		**(96,505)**		-
		1,489,930		1,205,713
Change in cash		**420,749**		86,113
Cash, beginning of year		**92,925**		6,812
Cash, end of year	**$**	**513,674**	$	92,925

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

1. NATURE OF OPERATIONS AND GOING CONCERN

VVC Exploration Corporation (the "Company") was incorporated on April 11, 1983 under the Company Act (British Columbia) and in August 2003, was continued federally under the Canada Business Corporations Act. The Company's principal business activities include the exploration and development of precious metals mineral properties in Canada and Mexico. The Company's registered head office is located at 121 Richmond West, Suite 501, Toronto, Ontario, Canada.

For the Company's exploration stage mineral properties, the Company is in the process of exploration and has not yet determined whether they contain economically recoverable reserves. The recoverability of amounts shown for exploration stage mineral properties (Note 7) is dependent upon the discovery of economically recoverable ore reserves in its mineral properties, the ability of the Company to obtain the necessary financing to complete development, maintenance of the Company's interest in the underlying mineral claims and leases and upon future profitable production from or the proceeds from the disposition of its mineral properties.

These consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The ability of the Company to continue as a going concern is dependent on the successful completion of the actions taken or planned. In order to meet future expenditures and cover administrative costs, the Company will need to raise additional financing. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. As at January 31, 2013, the Company has accumulated losses of $27,785,019 and has a working capital deficit of $100,215.

These factors raise substantial doubt regarding the Company's ability to continue as a going concern. These audited consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The policies applied in these consolidated financial statements are presented in Note 2 and are based on IFRS issued and outstanding as of May 31, 2013, the date the Board of Directors approved the consolidated financial statements.

Basis of presentation and consolidation
These consolidated financial statements have been prepared in accordance with IFRS and include the accounts of the Company and its wholly-owned subsidiary, VVC Exploracion de Mexico, S. de R.L. de C.V., incorporated under the laws of Mexico. All intercompany transactions and balances have been eliminated upon consolidation.

Financial instruments
Financial instruments are required to be classified as one of the following: held-to-maturity; loans and receivables; fair value through profit or loss; available-for-sale or other financial liabilities.

The Company's financial instruments include cash, other receivables, accounts payable and accrued liabilities and due to related parties. The Company designated its cash as fair value through profit or loss, its other receivables as loans and receivables, and its account payable, accrued liabilities, and due to related parties as other financial liabilities, all of which are measured at amortized cost.

Fair value through profit or loss financial assets are measured at fair value with gains and losses recognized in operations. Financial assets held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost. Available-for-sale financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)
The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, the fair value of a financial instrument that is quoted in active markets is based on the bid price for a financial asset held and the offer price for a financial liability. When an independent price is not available, fair value is determined by using a valuation which refers to observable market data. Such a valuation technique includes comparisons with a similar financial instrument where an observable market price, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants exist.

Equipment
Equipment is recorded at cost. Depreciation is provided over the expected useful life of the equipment as follows:

Computer equipment	30% declining balance.
Automobile	Straight line of three years

Mineral properties
Mineral property acquisition costs and related direct exploration and development expenditures, net of recoveries, are deferred until the properties are placed into production. These net costs will be amortized against income using the unit of production method based on estimated recoverable reserves if the properties are brought into commercial production, or written off if the properties are abandoned or the carrying value is determined to be in excess of possible recoverable amounts. The cost of mineral properties includes any cash consideration paid and the fair market value of any shares issued on the acquisition of property interests (where a reliable estimate of the fair value of the property interests cannot be made). The recorded amounts of property acquisition costs and their related deferred pre-production exploration costs represent actual expenditures incurred and are not intended to reflect present or future values.

The recoverability of amounts shown for mineral properties and deferred expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future profitable production or proceeds from the disposition thereof.

Impairment of long-lived assets
The Company's long-lived assets, including mineral properties, are reviewed for indications of impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. An assessment is made at each reporting date whether there is any indication that an asset may be impaired.

An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss for the year. The recoverable amount is the greater of the asset's fair value less costs 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 current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized There were no significant indicators of impairment of the carrying values of long-lived assets at January 31, 2013 or January 31, 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Stock-based compensation
Stock options and warrants awarded to non employees are accounted for using the fair value of the instrument awarded or service provided whichever is considered more reliable. Stock options and warrants awarded to employees and consultants are accounted for using the fair value method based on the instrument's fair market value. The fair value of such stock options and warrants granted is recognized as an expense on a proportionate basis consistent with the vesting features of each tranche of the grant. The fair value is calculated using the Black-Scholes option pricing model with assumptions applicable at the date of grant.

Loss per share
Basic loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the year after giving effect to potentially dilutive financial instruments. The dilutive effect of stock options and warrants is determined using the treasury stock method.

Income taxes
Current income tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred income tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or expected to be enacted that are expected to be applied to taxable income in the years in which the temporary differences are expected to be recovered or settled.

A deferred income tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Foreign exchange
The functional and presentation currency of the Company and its subsidiaries is the Canadian dollar ("CA$").

The Company recognizes transactions in currencies other than the Canadian dollar (foreign currencies) at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year end exchange rates are recognized in the consolidated statements of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Measurement uncertainty
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those reported.

Significant estimates used in the preparation of these consolidated financial statements include, but are not limited to, the estimated recoverability of the carrying value of mineral properties (see Note 1).

3. RECENT ACCOUNTING PRONOUNCEMENTS

IFRS 9, Financial Instruments: Classification and Measurement, effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the year beginning February 1, 2015 and has not yet considered the potential impact of the adoption of IFRS 9.

The Company is currently assessing the impact of the following recent accounting pronouncements on the consolidated financial statements.

IFRS 7, Financial Instruments Disclosures, was amended by the IASB in January 2010 and provides guidance on identifying transfers of financial assets and continuing involvement in transferred assets for disclosure purposes. The amendments introduce new disclosure requirements for transfers of financial assets including disclosures for financial assets that are not derecognized in their entirety, and for financial assets that are derecognized in their entirety but for which continuing involvement is retained. The amendments to IFRS 7 are effective for annual periods beginning on or after January 1, 2013.

IFRS 10, Consolidated Financial Statements and IFRS 12, Disclosure of Interests in Other Entities: In May 2011, IASB issued IFRS 10 and IFRS 12. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This IFRS defines the principle of control and establishes control as the basis for determining which entities are consolidated in an entity’s consolidated financial statements. IFRS 10 sets out three elements of control: a) power over the investee; b) exposure, or rights, to variable returns from involvement with the investee; and c) the ability to use power over the investee to affect the amount of the investors return. IFRS 10 sets out the requirements on how to apply the control principle. IFRS 12 outlines the disclosure requirements for interests in subsidiaries and other entities to enable users to evaluate the risks associated with interests in other entities and the effects of those interests on an entity’s consolidated financial position, financial performance and cash flows. IFRS 10 and IFRS 12 supersede IAS 27, Consolidated and Separate Financial Statements and SIC-12, Consolidation – Special Purpose Entities. IFRS 10 and IFRS 12 are effective for annual periods beginning on or after January 1, 2013, with earlier application permitted if adopted along with IFRS 11, IAS 27 (revised) and IAS 28 (revised).

IFRS 11, Joint Arrangements ("IFRS 11") was issued by the IASB on May 12, 2011 and will replace IAS31, Interest in Joint Ventures. The new standard will apply to the accounting for interest in joint arrangements where there is joint control. Joint arrangements will be separated into joint ventures and joint operations. The structure of the joint arrangement will no longer be the most significant factor on classifying a joint arrangement as either a joint operation or a joint venture. Proportionate consolidation will be removed and replaced with equity accounting. IFRS 11 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company does not expect that the adoption of this standard will have any impact on the Company's consolidated financial statement.

IFRS 13, Fair Value Measurement: In May 2011, the IASB issued IFRS 13. This standard defines fair value, sets out a single IFRS framework for measuring fair value and outlines disclosure requirements about fair value measurements. IFRS 13 defines fair value as 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. Fair value is a market-based measurement, not an entity-specific measurement so assumptions that market participants would use should be applied in measuring fair value.

IFRS 13 is effective for annual periods on or after January 1, 2013, with earlier application permitted. This IFRS is to be applied prospectively as of the beginning of the annual year in which it is initially applied and the disclosure requirements do not need to be applied in comparative periods before initial application.

IAS 1, Preparation of Financial Statements: In June 2011, issued by the IASB and the Financial Accounting Standards Board ("FASB") amends standards to align the presentation requirements for other comprehensive income ("OCI"). The IASB issued amendments to IAS 1, Presentation of Financial Statements ("IAS 1") to require companies preparing financial statements under IFRS to separately group items within OCI that may be reclassified to profit or loss. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements.

The amendments to IAS 1 set out in Presentation of Items of Other Comprehensive Income are effective for fiscal years beginning on or after July 1, 2012.

4. DEPOSITS AND OTHER RECEIVABLES

	January 31, 2013	January 31, 2012
Subscriptions receivable (Note 9(b))	**$ 37,485**	$ -
Sales tax recoverable	**28,045**	13,799
Prepaid expenses	**15,000**	-
Deposits and other receivables	**$ 80,530**	$ 13,799

5. EQUIPMENT

	Computer equipment	Automobile	Total
Cost			
Balance, February 1, 2011 and January 31, 2012	$ 41,913	$ 12,929	$ 54,842
Disposals	-	(12,929)	(12,929)
Balance, January 31, 2013	$ 41,913	$ -	$ 41,913
Accumulated Depreciation			
Balance, February 1, 2011	$ 35,952	$ 7,182	$ 43,134
Depreciation for the year	1,788	1,916	3,704
Balance, January 31, 2012	37,740	9,098	46,838
Depreciation for the year	1,252	-	1,252
Disposals	-	(9,098)	(9,098)
Balance, January 31, 2013	$ 38,992	$ -	$ 38,992
Carrying Amounts			
At January 31, 2012	$ 4,173	$ 3,831	$ 8,004
At January 31, 2013	$ 2,921	$ -	$ 2,921

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	January 31, 2013	January 31, 2012
Interest payable (Note 8)	**$ 74,920**	$ -
Other trade payables (Note 8)	**61,324**	49,832
Payables related to mineral properties	**45,778**	30,526
Accounts payable and accrued liabilities	**$ 182,022**	$ 80,358

7. MINERAL PROPERTIES

	Balance January 31, 2012	Additions/ (Recoveries)	Write-downs/ Disposals	Balance January 31, 2013
Mineral properties:				
Cumeral and La Tuna mineral properties (Mexico):				
Administration	$ 148,432	$ 131,162	$ -	**$ 279,594**
Drilling and exploration	79,403	-	-	**79,403**
Consulting	20,846	-	-	**20,846**
Geologist	33,754	59,946	-	**93,700**
Camp and travel	33,006	3,289	-	**36,295**
Acquisition	579,376	212,680	-	**792,056**
Supervision	1,000	-	-	**1,000**
Assaying and analysis	23,174	29,546	-	**52,720**
General expenses	2,742	1,360	-	**4,102**
Claims and taxes	21,875	81,328	-	**103,203**
	943,608	519,311	-	**1,462,919**
Ontario area properties (Canada):				
Acquisition costs	2	-	-	**2**
Total development stage properties	$ 943,610	$ 519,311	$ -	**$ 1,462,921**

Cumeral, Mexico

In March 2010, the Company finalized an agreement which provides an option to acquire a 100% interest in the 665 hectare gold mining project known as Cumeral (the "Cumeral Property"), consisting of three mining concessions in the State of Sonora, Mexico. The 100% interest in the Cumeral Property can be acquired for cash consideration of US$800,000 (CA$799,360) plus applicable taxes ("VAT"), payable over a period of three years and the issuance of 200,000 common shares of the Company (issued). The Cumeral Property is subject to the reservation of a 2% Net Smelter Return ("NSR"). A finder's fee of US$5,000 (CA$4,996) and 130,000 common shares of the Company were paid to third parties who were instrumental in arranging the transaction.

Payments to the optionor are as follows:

US$30,000 on signing of the agreement
US$120,000 on April 15, 2010 (paid)
US$100,000 on January 15, 2010 (paid)
US$100,000 on April 15, 2011 (paid)
US$125,000 on January 15, 2011 (paid)
US$150,000 on April 15, 2012 (paid)
US$175,000 on October 15, 2012 (extended)

During the year, the Company negotiated an amendendment to the terms of the option agreement, extending the payment schedule of the final US$175,000 payment originally due on October 15, 2012 as follows:

US$60,000 on October 15, 2012 (paid)
US$60,000 on April 15, 2013 (paid after the reporting period)
US$55,000 on October 15, 2013

La Tuna, Mexico

In March 2010, the Company completed the acquisition of a 3,533 hectare gold mining project known as La Tuna, located in the municipality of Alamos in the State of Sinaloa, Mexico. The Company acquired a 100% interest in La Tuna for cash consideration of US$40,000 (CA$39,968) plus VAT and 300,000 common shares of the Company. La Tuna is subject to the reservation of a 2% NSR with a buy-back option. Subsequent to the reporting date, the Company entered into an agreement to option its interests in the La Tuna properties to a third party optionee (Note 16).

Ontario properties

Due to the lack of continuous work on these properties and units, they were written down to a minimal value.

8. RELATED PARTY TRANSACTIONS AND BALANCES

Due to related parties

During fiscal 2012, the Company obtained financing of $267,735 (3,250,000 Mexican Pesos) via loans from the subsidiary of Camex Mining Development Group Inc. ("Camex") a company which is controlled by a shareholder of the Company. The loans charge interest at an annual rate of 12%, compounded monthly, and the interest is payable on a monthly basis. The principal amount of the loans are due by December 31, 2014 and are secured by promissory notes issued by the borrower in favour of the lender. During the year, the Company obtained an additional $251,072 (3,200,000 Mexican Pesos) of financing via loans from the same company under the same terms as the previous loans. The Company has not made the monthly interest payments as required by the terms of the loans and accordingly the interest and the outstanding principal of the loans became due on demand. The Company repaid $96,505 (1,230,000 Mexican Pesos) of the principal during the year.

As at January 31, 2013 and 2012, the balance of the loans were $409,562 (5,220,000 Mexican Pesos) and $267,735 (3,250,000 Mexican Pesos), respectively.

On March 27, 2012, the Company entered into a Credit Agreement with Camex for a short-term loan of $60,000, secured by a promissory note bearing interest at 15% per annum, compounded monthly. The principal balance of the loan and accrued interest were due on July 27, 2012. No repayment was made on the principal and accrued interest by the Company and the loan became due on demand with interest accruing on the same basis as on the term of the loan.

On May 1, 2012, the Company entered into a Credit Agreement with Camex for a short-term loan of $35,000, secured by a promissory note bearing interest at 15% per annum, compounded monthly. The principal balance of the loan and accrued interest were due on September 1, 2012. No repayment was made on the principal and accrued interest by the Company and the loan became due on demand with interest accruing on the same basis as on the term of the loan.

Subsequent to year end the Company entered into a non-binding letter of intent ("LOI") with Camex (Note 16).

The principal balances of these loans as of January 31 are summarized in the table below:

	2013	2012
Loans maturing December 31, 2014, currently due on demand, bearing interest at 12%	**$ 409,562**	$ 267,735
March 27, 2012 loan due on demand, bearing interest at 15%	**60,000**	-
May 1, 2012 loan due on demand, bearing interest at 15%	**35,000**	-
	$ 504,562	$ 267,735

Included in accounts payable and accrued liabilities is $74,920 of interest payable relating to these related party loans.

Key Management Personnel

Compensation to key management personnel was as follows:

	2013	2012
Compensation	**$ 261,790**	$ 235,000
Stock-based compensation (1)	**75,959**	54,594
Total	**$ 337,749**	$ 289,594

(1) Stock-based compensation represents the fair value of options granted to key management personnel and expensed during the year.

Included in accounts payable and accrued liabilities is $7,910 in other trade payables to key management personnel of the Company (Note 6).
During the year, an automobile was sold by the Company to a member of key management for gross proceeds of $10 (Note 5).
Key management personnel of the Company subscribed to 1,661,500 units of the private placement for gross proceeds of $83,075 (Note 9(b)). Included in the share issue costs related to the private placement are finder's fees and other amounts of $51,854 paid to a member of key management and a close family member of key management (Note 9(b)).

9. SHARE CAPITAL

(a) Authorized
Unlimited common shares without par value

(b) Issued:

	Number of shares	Amount
Balance, January 31, 2011	50,272,390	$ 21,659,158
Shares issued on private placement	11,000,000	770,000
Shares issued as share issue costs	550,000	38,500
Shares issued on warrant exercise	1,478,571	177,428
Fair value of warrants exercised	-	19,917
Valuation of share purchase warrants	-	(148,170)
Share issue costs	-	(47,950)
Balance, January 31, 2012	63,300,961	22,468,883
Shares issued on private placement	26,921,620	1,346,081
Share issue costs	-	(68,233)
Valuation of share purchase warrants	-	(320,088)
Balance January 31, 2013	90,222,581	$ 23,426,643

During the year, the Company completed various private placement financings of a total 26,921,620 units at a price of $0.05 per unit for gross proceeds aggregating to $1,354,321. Each unit consists of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of $0.12 per share for a period of one year and $0.18 for a period of one year thereafter. Share issue costs amounting $68,233 were incurred in obtaining these financings. At January 31, 2013, $37,485 was receivable from subscribers for shares issued in these private placements (see Note 4), which is included in deposits and other receivables on the consolidated statements of financial position.

Key management personnel of the Company subscribed to 1,661,500 units of the private placement for gross proceeds of $83,075. Included in the share issue costs related to the private placement are finder's fees and other amounts of $51,854 paid to a member of key management and a close family member of key management.

The fair value of the share purchase warrants was estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%, risk-free interest rate of 1.06% - 1.16%, volatility of 117% - 123% and estimated life of 1 year. The estimated fair value assigned to the warrants was $320,088.

On April 11, 2011, the Company closed a brokered private placement of 11,000,000 units at a price of $0.07 per unit amounting for gross proceeds of $770,000. Each unit comprises one common share and one common share purchase warrant to purchase an additional share at $0.12 until April 11, 2012. Palos Merchant Bank L.P. (“Palos”), through its sole general partner, Palos Management Inc., of Montreal, Quebec, acted as agent and received a fee of $47,950 plus applicable taxes, of which $9,450 was paid in cash and the balance settled by the issuance of an additional 550,000 common shares of the Company.

The fair value assigned to the 11,000,000 share purchase warrants was $148,170. The share purchase warrants were valued using the Black-Scholes option pricing model with the following assumptions; dividend yield - 0%, volatility - 89.73%, risk-free interest rate - 1.92%, and expected life - 1 year.

9. SHARE CAPITAL (continued)

(c) Stock Options

The Company grants options pursuant to the policies of the TSX Venture Exchange with respect to eligible persons, exercise price, maximum options per person and termination of eligible person status. Options granted vest as to 25% upon grant and 25% each six months thereafter.

Stock option transactions and the number of stock options outstanding were as follows:

	Number of Options	Weighted average Exercise Price
Balance, January 31, 2011	4,507,000	$ 0.31
Expired/cancelled	(2,036,000)	0.33
Granted	2,250,000	0.20
Balance, January 31, 2012	4,721,000	0.25
Expired/cancelled	(2,100,000)	0.26
Balance, January 31, 2013	2,621,000	$ 0.26

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at January 31, 2013 are as follows:

Options Outstanding				Options Exercisable	
Exercise Range	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Number Exercisable	Weighted Average Exercise Price
$0.15 - $0.20	1,200,000	$ 0.20	8.72	900,000	$ 0.20
$0.28 - $0.29	575,000	$ 0.28	1.53	575,000	$ 0.28
$0.30	586,000	$ 0.30	0.24	586,000	$ 0.30
$0.36	260,000	$ 0.36	1.44	260,000	$ 0.36
	2,621,000	$ 0.26	4.52	2,321,000	$ 0.26

No stock options were granted during the year. Stock-based compensation of $98,484 (2012 - $204,610) relates to stock options that were granted in prior years recognized as an expense consistent with their vesting features.

During the prior year, the Company granted 2,250,000 stock options to purchase common shares at a weighted average price of $0.20 per share with an average life of 6.8 years. The fair value of the 2,250,000 stock options granted was estimated at $310,699 using the Black-Scholes model for pricing stock options and the following assumptions: risk free rate of 1.99%, dividend yield of nil, volatility of 105%, and expected life of 6.8 years.

9. SHARE CAPITAL (continued)

(d) Warrants

The following table reflects the continuity of warrants:

2013

Expiry Date	Exercise Price	Balance January 31, 2012	Warrants Issued	Expired/ Cancelled	Balance January 31, 2013
February 27, 2012	**$0.50**	**1,440,000**	**-**	**(1,440,000)**	**-**
April 11, 2014*	**$0.12 - $0.18**	**9,521,430**	**-**	**(7,871,430)**	**1,650,000**
August 31, 2014	**$0.12 - $0.18**	**-**	**7,751,620**	**-**	**7,751,620**
January 24, 2015	**$0.12 - $0.18**	**-**	**19,170,000**	**-**	**19,170,000**
	$0.12 - $0.50	**10,961,430**	**26,921,620**	**(9,311,430)**	**28,571,620**

*Prior to expiry, the expiry date of 9,521,430 warrants initially issued on April 11, 2011 and expiring April 11, 2012, was extended to April 11, 2014 and the exercise price was amended to $0.12 in the first year of the extended period and $0.18 in the second year.

2012

Expiry Date	Exercise Price	Balance January 31, 2011	Warrants Issued	Warrants Exercised	Expired/ Cancelled	Balance January 31, 2012
January 9, 2011	$0.42	2,857,500	-	-	(2,857,500)	-
February 27, 2012	$0.50	1,440,000	-	-	-	1,440,000
April 11, 2012	$0.12	-	11,000,000	(1,478,570)	-	9,521,430
	$0.17	4,297,500	11,000,000	(1,478,570)	(2,857,500)	10,961,430

10. CONTRIBUTED SURPLUS

The following table reflects the continuity of contributed surplus:

	Amount
Balance, January 31, 2011	$ 4,972,568
Stock-based compensation (Note 9(c))	204,610
Fair value of warrants issued on private placement (Note 9(b))	148,170
Fair value of warrants exercised	(19,917)
Balance, January 31, 2012	$ 5,305,431
Stock-based compensation (Note 9(c))	98,484
Fair value share purchase warrants issued (Note 9(b))	320,088
Balance, January 31, 2013	$ 5,724,003

11. LOSS PER SHARE

The following table sets forth the computation of basic and diluted loss per share:

	2013	2012
Numerator		
Net loss	**$ (720,950)**	$ (973,306)
Denominator		
Weighted average number of common shares outstanding, basic and diluted	**66,464,641**	59,950,825
Basic and diluted loss per share	**$ (0.01)**	$ (0.02)

As a result of losses incurred, the potential effect of the exercise of stock options (Note 9(c)) and warrants (Note 9(d)) was anti-dilutive.

12. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being mineral exploration. As at January 31, 2013, the Company's mineral resource properties are located in Mexico and Canada and its corporate assets are located in Canada. The Company is in the exploration stage and, accordingly, has no reportable segment revenues.

A summary of total assets by geographic region is as follows:

January 31, 2013	**Canada**	**Mexico**	**Total**
Current assets	**$ 518,517**	**$ 75,687**	**$ 594,204**
Mineral properties	**2**	**1,462,919**	**1,462,921**
Equipment	**2,921**	**-**	**2,921**
	$ 521,440	**$ 1,538,606**	**$ 2,060,046**

January 31, 2012	Canada	Mexico	Total
Current assets	$ 70,145	$ 36,579	$ 106,724
Mineral properties	2	943,608	943,610
Equipment	8,004	-	8,004
	$ 78,151	$ 980,187	$ 1,058,338

13. CAPITAL MANAGEMENT

In capital management, the Company includes shareholders' equity (excluding accumulated other comprehensive income). The Company's objective in managing capital is to ensure that financial flexibility is present to increase shareholder value and respond to changes in economic and/or market conditions; to retain a strong capital base so as to maintain investor, creditor and market confidence and to safeguard the Company's ability to obtain financing should the need arise.

In maintaining its capital, the Company has a strict investment policy which includes investing its surplus capital only in highly liquid and highly rated financial instruments.

The Company reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the year.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, other receivables, accounts payable and accrued liabilities and amounts due to a related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

The fair value of financial assets and liabilities together with the carrying amounts in the consolidated statements of financial position are as follows:

The Company has classified financial assets as follows:

	January 31, 2013	January 31, 2012
Fair value through profit or loss, measured at fair value:		
Cash	**$ 513,674**	$ 92,925
Loans and receivable, measured at amortized cost:		
Other receivables	**$ 65,530**	$ 13,799
Other liabilities, measured at amortized cost:		
Accounts payable and accrued liabilities	**$ 182,022**	$ 80,358
Due to related parties	**$ 504,562**	$ 267,735

The fair value of the Company's financial assets and liabilities approximates their respective carrying values as at January 31, 2012 and 2013 because of the short term maturity of these instruments.

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.
Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.
Level 3 - valuation techniques based on inputs for the asset or liability that are not based on observable market data.

At January 31, 2013 and January 31, 2012, cash was measured using level 1 inputs.

Liquidity Risk
The Company has no income and relies on equity financing to support its exploration programs. Management prepares budgets and ensures funds are available prior to commencement of any such program. As at January 31, 2013 , the Company does not have sufficient capital to fund its operations over the next twelve months. As at January 31, 2013 , the Company had a cash balance of $513,674 and $92,925 on January 31, 2012 to settle current liabilities of $694,419 at January 31, 2013 and $348,093 at January 31, 2012.

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

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and certain of its other receivables. The Company does not consider these financial instruments to be exposed to significant credit risk.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. Commodity price risk is remote since the Company is not a producing entity.

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. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

Sensitivity Analysis

The Company does engage in significant transactions and activities in currencies other than its reported currency. The Company's exploration activities are primarily in Mexico; accordingly, the resulting assets and liabilities are exposed to foreign exchange fluctuations.

The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash, other receivables, accounts payable and accrued liabilities and due to related parties that are denominated in Mexican Pesos. Sensitivity of closing balances to a plus or minus 10% change in foreign exchange rates, with all other variables held constant, would affect net loss by approximately $39,801 (2012 - $28,288).

15. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate on the net loss for the years ended January 31 is as follows:

	2013	2012
Loss before provision for income taxes	**$ (713,115)**	$ (973,306)
Expected income tax recovery	**$ (189,690)**	$ (274,500)
Difference in foreign tax rates	**(2,380)**	-
Tax rate changes and other adjustments	**(97,610)**	(92,300)
Non-deductible expenses	**21,910**	(8,300)
Undeducted share issue costs	**(20,340)**	-
Change in tax benefits not recognized	**295,945**	375,100
Income tax expense	**$ 7,835**	$ -

The 2013 statutory tax rate of 26.6% differs from the 2012 statutory tax rate of 28.2% because of the reduction in federal and provincial substantively enacted tax rates.

15. INCOME TAXES (Continued)

Deferred Income Tax

Deferred income taxes are provided as a result of temporary differences that arise due to the difference between the income tax values and the carrying amount of assets and liabilities. Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2013	2012
Non-capital losses - Canada	**$ 7,694,150**	$ 7,048,500
Non-capital losses - Mexico	**317,210**	227,800
Capital losses	**940,430**	1,050,950
Share issuance costs	**109,950**	78,350
Mineral properties	**1,670,650**	1,555,200
Equipment	**37,400**	45,200

The Mexican and Canadian non-capital losses expire as follows:

	Canada	**Mexico**
2015	**$ 718,350**	**$ -**
2022	**-**	**227,830**
2023	**-**	**89,380**
2026	**859,310**	**-**
2027	**898,180**	**-**
2028	**670,580**	**-**
2029	**863,500**	**-**
2030	**979,110**	**-**
2031	**1,427,010**	**-**
2032	**687,620**	**-**
2033	**590,490**	**-**
	$ 7,694,150	**$ 317,210**

Capital losses may be carried forward indefinitely to be applied against future capital gains income.
Share issue costs are amortized between 2013 and 2017.
The remaining deductible temporary differences may be carried forward indefinitely.
Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

16. SUBSEQUENT EVENTS

La Tuna Option Agreement
On March 6, 2013 the Company entered into an Option Agreement with Exploración Río Placer S. A. de C. V. (the “Optionee”) for its La Tuna Property. During the 12 year term of the Option Agreement, ending on December 31, 2025, the Optionee will have exclusive mining rights to the La Tuna Property and VVC Mexico will be entitled to a 1% Net Smelter Return ("NSR") royalty payable on a monthly basis on every dry metric tonne of ore processed up to US$3,000,000 (CA$2,997,600), with a buyback option for US$1,000,000 (CA$999,200). The Optionee will also have the option to acquire a 100% interest in the concessions comprising the La Tuna Property by making all required NSR royalty payments and additional payments totalling US$500,000 (CA$499,600). US$20,000 (CA$19,984) due upon the signing of the agreement was paid by the Optionee subsequent to the reporting date.

Letter of Intent for Acquisition of Camex Shares
On April 12, 2013, the Company entered into a non-binding letter of intent ("LOI") with Camex. Pursuant to the LOI, the Company intends to acquire all of the issued and outstanding shares of Camex, including common, preferred, non-voting, voting and participating shares, as well as all options, warrants and other securities convertible into shares of Camex, in exchange for the issuance of 59,900,000 common shares of the Company, subject to adjustments, if any, as mutually agreed upon based on due diligence.

During the due diligence investigation period, the Company and Camex have agreed to proceed diligently to negotiate Definitive Agreements, including a share purchase agreement and any other agreements both parties deem necessary. No such Definitive Agreements have yet been finalized. The closing of the transaction is subject to, among other things, the satisfactory completion of the Company's due diligence investigations and the receipt of all necessary consents and approvals, including the approval of the shareholders of both the Company and Camex and the approval of the TSX Venture Exchange.

VVC Exploration Corporation
Suite 501, 121 Richmond Street West
Toronto, Ontario M5H 2K1
Tel: 416-368-9411 Fax:416-861-0749
http://www.vvcexpl.com