VVC EXPLORATION CORPORATION

Consolidated Financial Statements
Years ended January 31, 2014 and 2013

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of VVC Exploration Corporation

We have audited the accompanying consolidated financial statements of VVC Exploration Corporation, which comprise the consolidated statement of financial position as at January 31, 2014, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

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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, 2014, and its financial performance and its cash flows for the year 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 highlights the existence of a material uncertainty relating to conditions that cast significant doubt on VVC Exploration Corporation's ability to continue as a going concern.

Other Matters

The consolidated financial statements as at January 31, 2013 and for the year then ended were audited by MSCM LLP of Toronto, Canada, prior to its merger with MNP LLP. MSCM LLP expressed an unmodified opinion on those statements on May 31, 2013.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
May 30, 2014

MNP LLP

VVC Exploration Corporation

Consolidated Statements of Financial Position

		January 31, 2014		January 31, 2013
Assets				
Current assets				
Cash	**$**	**198,811**	$	513,674
Deposits and other receivables (Note 4)		**35,276**		80,530
Notes receivable (Note 5)		**208,000**		-
		442,087		594,204
Investment in associate (Note 6)		**2,020,722**		-
Equipment (Note 7)		**13,010**		2,921
Mineral properties (Note 8)		**2,308,971**		1,462,921
	$	**4,784,790**	$	2,060,046
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (Note 9)	**$**	**739,569**	$	182,022
Income taxes payable (Note 10)		**-**		7,835
Due to related party (Note 11)		**-**		504,562
Short-term debt (Note 12)		**218,000**		-
		957,569		694,419
Shareholders' equity				
Share capital (Note 13(b))		**26,264,963**		23,426,643
Common shares to be issued (Note 13(e))		**438,705**		-
Contributed surplus (Notes 13(c), 13(d) and 14)		**5,849,518**		5,724,003
Deficit		**(28,725,965)**		(27,785,019)
		3,827,221		1,365,627
	$	**4,784,790**	$	2,060,046

Going Concern (Note 1)
Commitments (Note 8)
Subsequent Events (Note 20)

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

Approved by the Board

James A. Culver
Director

Michel Lafrance
Director

VVC Exploration Corporation

Consolidated Statements of Loss and Comprehensive Loss

For the Years Ended January 31,	**2014**	2013
Expenses		
Management and consulting fees (Note 13(b)(iii))	**$ 264,609**	$ 177,830
Professional fees (Note 19)	**100,410**	152,085
Investor relations	**131,164**	69,921
Stock-based compensation (Note 13(c))	**125,515**	98,484
Office and sundry	**64,208**	58,585
Interest expense	**74,946**	74,920
Travel and promotion	**63,586**	52,918
Rent	**17,925**	18,071
Listing and transfer fees (Note 19)	**17,382**	12,423
Telephone	**12,444**	8,061
Bank charges	**6,726**	7,176
Depreciation	**2,362**	1,252
	881,277	731,726
Other income:		
Foreign exchange gain	**27,285**	22,443
Share of loss from equity accounted investee	**(2,120)**	-
Impairment of mineral properties (Note 8)	**(90,586)**	-
Loss on disposition of equipment	**-**	(3,832)
Loss before income taxes	**(946,698)**	(713,115)
Recovery of (provision for) income taxes (Note 10)	**5,752**	(7,835)
Net loss and comprehensive loss for the year	**(940,946)**	(720,950)
Basic and diluted loss per share (Note 15)	**$ (0.01)**	$ (0.01)

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

VVC Exploration Corporation

Consolidated Statements of Changes in Shareholders' Equity

For the Years Ended January 31,	**2014**	2013
Share Capital		
Beginning balance	**$ 23,426,643**	$ 22,468,883
Shares issued for the acquisition of Camex	**2,995,000**	-
Compensation shares issued	**96,250**	-
Repurchase of shares held in treasury	**(252,930)**	-
Funds from private placements	**-**	1,346,081
Share issue costs	**-**	(68,233)
Fair value of warrants issued	**-**	(320,088)
Balance January 31,	**26,264,963**	23,426,643
Shares to be Issued		
Beginning balance	**-**	-
Subscription proceeds for shares to be issued	**438,705**	-
Balance January 31,	**438,705**	-
Contributed Surplus		
Beginning balance	**5,724,003**	5,305,431
Stock-based compensation	**125,515**	98,484
Fair value of warrants issued on private placement	**-**	320,088
Balance January 31,	**5,849,518**	5,724,003
Deficit		
Beginning balance	**(27,785,019)**	(27,064,069)
Net loss	**(940,946)**	(720,950)
Balance January 31,	**(28,725,965)**	(27,785,019)
Total shareholders' equity	**$ 3,827,221**	$ 1,365,627

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,	2014	2013
Cash flow from operating activities		
Loss for the year	**$ (940,946)**	$ (720,950)
Items not affecting cash:		
Depreciation	**2,362**	1,252
Share of loss from equity accounted investee	**2,120**	-
Stock-based compensation	**221,765**	98,484
Impairment of mineral properties	**90,586**	-
Unrealized foreign exchange gain	**-**	(12,740)
Loss on disposition of asset	**-**	3,832
	(624,113)	(630,122)
Other uses of cash from operations:		
Deposits and other receivables	**48,759**	(29,246)
Income taxes payable	**(7,835)**	7,835
Accounts payable and accrued liabilities	**282,660**	55,885
	(300,529)	(595,648)
Cash flow from investing activities		
Cash received on the acquisition of Camex	**4,266**	-
Additions to mineral properties	**(506,402)**	(473,533)
Purchase of equipment	**(903)**	-
	(503,039)	(473,533)
Cash flow from financing activities		
Proceeds received for common shares to be issued	**438,705**	-
Short-term debt	**50,000**	-
Common shares issued for cash	**-**	1,308,596
Share issue costs paid in cash	**-**	(68,233)
Funds advanced from related party	**-**	346,072
Repayment of funds advanced from related party	**-**	(96,505)
	488,705	1,489,930
Change in cash	**(314,863)**	420,749
Cash, beginning of year	**513,674**	92,925
Cash, end of year	**$ 198,811**	$ 513,674

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 Street 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 8) 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.

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, 2014, the Company has accumulated losses of $28,725,965 and a working capital deficit of $515,482. Subsequent to the year end, the Company raised $418,770 in equity financing (Note 20). The Company will need to raise additional capital to fund its operations and settle its mineral property obligations.

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 27, 2014, the date on which 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 subsidiaries, VVC Exploracion de Mexico, S. de R.L. de C.V., incorporated under the laws of Mexico and Camex Mining Development Group Inc. ("Camex"), a company incorporated under the laws of Canada with its wholly-owned subsidiary, Exploración Meus de Mexico S.A. de C. V ("Meus"), 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, deposits and other receivables, note receivable, accounts payable and accrued liabilities and short-term debt. The Company designated its cash as fair value through profit or loss, its deposits and other receivable and note receivable as loans and receivables, and its account payable and accrued liabilities and short-term debt as other financial liabilities, both 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 the consolidated statement of loss and comprehensive loss. 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. 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 technique which refers to observable market data. Such valuation techniques include comparisons with similar financial instruments where an observable market price exists, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Investment in associate
The Company accounts for its investments in companies over which it has significant influence using the equity basis of accounting whereby the investments are initially recorded at cost and subsequently adjusted to recognize the Company's share of earnings or losses of the investee and reduced by dividends received, if any. The carrying values of investments are reviewed for indicators of impairment and written down to the estimated recoverable amount when there is evidence of impairment. Such impairment is recorded in the consolidated statements of loss and comprehensive loss.

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

Computer equipment	30% declining balance
Small equipment	20% declining balance

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 tangible and intangible assets 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 the consolidated statement of loss and comprehensive 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. An impairment write-down of $90,586 (2013 - $nil) has been recognized in the consolidated statements of loss in respect of the Company's La Tuna property (Note 8).

2. 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 are accounted for using the fair value method. 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 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 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 net recoverability of the carrying value of mineral properties (see Note 1).

3. RECENT ACCOUNTING PRONOUNCEMENTS

Policies Recently Adopted

IFRS 7, Financial Instruments Disclosures: In January 2010 the IASB amended IFRS 7 which 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 Company adopted IFRS 7 on February 1, 2013. The adoption of IFRS 7 did not have an impact on the Company.

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 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.

The Company adopted IFRS 10 and IFRS 12 on February 1, 2013. The adoption of IFRS 10 and IFRS 12 did not have an impact on the Company.

IFRS 11, Joint Arrangements: In May 2011, the IASB issued IFRS 11, which provides guidance on accounting for joint arrangements. If an arrangement has joint control, IFRS 11 classifies joint arrangements as either joint operations or joint ventures, depending on the rights and obligations of the parties involved.

A joint operation is an arrangement where the jointly controlling parties have rights to the assets and obligations in respect of the liabilities relating to the arrangement. An entity accounts for a joint operation by recognizing its portion of the assets, liabilities, revenues and expenses. A joint venture is an arrangement where the jointly controlling parties have rights to the net assets of the arrangement. The Company adopted IFRS 11 on February 1, 2013. The adoption of IFRS 11 did not have an impact on the Company.

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.

The Company adopted IFRS 13 on February 1, 2013. The adoption of IFRS 13 did not have an impact on the Company.

IAS 1, Preparation of Financial Statements: In June 2011, the IASB and the Financial Accounting Standards Board ("FASB") amended 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 were adopted on February 1, 2013. This amendment had no impact on the Company.

3. RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

Policies not yet Adopted

IFRS 9, Financial Instruments: Classification and Measurement, effective for annual periods beginning on or after January 1, 2018, 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, 2018 and has not yet considered the potential impact of the adoption of IFRS 9.

4. DEPOSITS AND OTHER RECEIVABLES

	January 31, 2014	January 31, 2013
Subscriptions receivable	**$ -**	$ 37,485
Sales tax recoverable	**27,402**	28,045
Prepaid expenses	**2,227**	15,000
Other advances	**5,647**	-
Deposits and other receivables	**$ 35,276**	$ 80,530

5. NOTES RECEIVABLE

A promissory note in the principal amount of $100,000 is receivable from Samalayuca Cobre S.A de C.V. ("Samalayuca"), an associate of the Company. The Company has made available to its associate a committed loan facility in the amount of $2,000,000. The note bears interest at an annual rate of 12% and is repayable on December 31, 2014. However, it is expressly agreed that if there is default in the payment of any installment of principal or interest when due, then the entire principal amount, together with interest, shall become immediately due and payable. As at January 31, 2014, no interest had been paid. Therefore, the entire principal amount, together with interest, became due and payable and is thus presented as a current asset.

On September 10, 2013, Camex transferred 1,000,000 shares of the Company, valued at $75,000, to the vendors of the Samalayuca mineral property on behalf of its associate, Samalayuca. These shares were accepted in satisfaction of required payments under a Mining Exploration and Rights Assignment Contract between Samalayuca and the property vendors (Note 8). The amount advanced is non-interest bearing and has no set terms of repayment.

An additional amount of $13,000 has been advanced to Samalayuca which is non-interest bearing and has no set terms of repayment.

$20,000 of interest has been accrued on the amount loaned to Samalayuca as at January 31, 2014.

Details of the the notes receivable are as follows:

Interest bearing loan	**$ 100,000**
Advances	**88,000**
	188,000
Accrued interest	**20,000**
	$ 208,000

6. INVESTMENT IN ASSOCIATE

The Company, through its wholly-owned subsidiary, Camex Mining Development Group Inc., owns 45,000 of the outstanding common shares of Samalayuca, a mineral exploration company based in Mexico. These shares represent a 33.75% ownership interest in Samalayuca. The Company has determined that it exercises significant influence over Samalayuca and has accounted for its investment in Samalayuca's shares using the equity method. For the period from the date of acquisition to the reporting date, Samalayuca had no revenues and incurred losses from operations of $6,281.

Changes in the Company's investment in associate during the year are as summarized as follows:

	January 31, 2014	January 31, 2013
Investment, beginning of year	**$ -**	$ -
Acquisition of equity interest in associate (Note 19)	**2,022,842**	-
Share of total comprehensive loss of associate for the year	**(2,120)**	-
Investment, end of year	**$2,020,722**	$ -

7. EQUIPMENT

	Small equipment	Computer equipment	Automobile	Total
Cost				
Balance, February 1, 2012	$ -	$ 41,913	$ 12,929	$ 54,842
Additions	-	-	-	-
Disposals	-	-	(12,929)	(12,929)
Balance, January 31, 2013	-	41,913	-	41,913
Additions through acquisition (Note 19)	11,548	-	-	11,548
Other Additions	903	-	-	903
Balance, January 31, 2014	$ 12,451	$ 41,913	$ -	$ 54,364
Accumulated Depreciation				
Balance, February 1, 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
Depreciation for the year	1,487	875	-	2,362
Balance, January 31, 2014	$ 1,487	$ 39,867	$ -	$ 41,354
Carrying Amounts				
At January 31, 2013	$ -	$ 2,921	$ -	$ 2,921
At January 31, 2014	$ 10,964	$ 2,046	$ -	$ 13,010

8. MINERAL PROPERTIES

	Balance January 31, 2013	Additions/ (Recoveries)	Write-downs/ Disposals	Balance January 31, 2014
Mineral properties:				
Cumeral, La Tuna and Escondida mineral properties (Mexico):				
Administration	$ 279,594	$ 8,204	$ (16,873)	**$ 270,925**
Drilling and exploration	79,403	99,865	(25,972)	**153,296**
Consulting	20,846	93,461	(2,345)	**111,962**
Geologist	93,700	1,771	-	**95,471**
Camp and travel	36,295	39,960	-	**76,255**
Acquisition	792,056	378,950	-	**1,171,006**
Supervision	1,000	117,137	(1,759)	**116,378**
Assaying and analysis	52,720	34,482	(31,152)	**56,050**
General expenses	4,102	290	(4,392)	**-**
Claims and taxes	103,203	182,894	(28,471)	**257,626**
Recoveries	-	(20,378)	20,378	**-**
	1,462,919	936,636	(90,586)	**2,308,969**
Ontario area properties (Canada):				
Acquisition costs	2	-	-	**2**
Total development stage properties	$ 1,462,921	$ 936,636	$ (90,586)	**$ 2,308,971**

Cumeral, Mexico
In April 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$880,000) 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$5,500) and 130,000 common shares of the Company was paid to third parties who were instrumental in arranging the transaction. The Company has a 100% interest in three additional mining concessions in the State of Sonora, Mexico.

The Company has made the required payments to the optioners as follows:

$30,000 USD on signing of the agreement (paid)
$120,000 USD on April 15, 2010 (paid)
$100,000 USD on January 15, 2010 (paid)
$100,000 USD on April 15, 2011 (paid)
$125,000 USD on January 15, 2011 (paid)
$150,000 USD on April 15, 2012 (paid)
$60,000 USD on October 15, 2012 (paid)
$60,000 USD on April 15, 2013 (paid)
$55,000 USD on October 15, 2013 (paid)

The Company is awaiting regulatory approval for the transfer of the interest in the Cumeral property to be completed.

8. MINERAL PROPERTIES (Continued)

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$44,000) 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.

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 would have exclusive mining rights to the La Tuna Property and VVC Mexico would be entitled to a 1% NSR royalty payable on a monthly basis on every dry metric tonne of ore processed up to US$3,000,000 (CA$3,300,000), with a buy-back option for US$1,000,000 (CA$1,100,000). The Optionee would 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 totaling US$500,000 (CA$499,600). The Optionee paid the Company US$20,000 (CA$22,000) upon signing the agreement.

On September 17, 2013, the Option Agreement was terminated upon written notice received from the Optionee. As the Company does not plan further significant exploration activities on the La Tuna property, it is considered to be impaired and acquisition and deferred exploration costs incurred in respect of the property to date net of a recovery from option payments, totaling $90,586, have been written-down to zero.

Escondida
On October 18, 2013, the Company acquired all the issued and outstanding shares of Camex; as such, the Escondida property was ultimately acquired by the Company in the acquisition transaction (Note 19). The Escondida property consists of 2 mineral concessions covering 178 hectares located in Sonora State, Mexico. On May 24, 2011, Camex, through its subsidiary, Meus, entered into an agreement with three individuals to assign a 100% interest in the 2 mineral concessions for US$502,000 (CA$552,200). The Company agreed to grant in favour of the assignees 1% of NSR as royalties derived from the exploitation of the concessions. At the same time, the Company may acquire preferentially the right to collect royalties by paying the assignees the price of $US700,000 (CA$770,000) plus value added tax (IVA).

Scheduled payments to the assignees are as follows:

$36,000 USD on May 24, 2011 (paid)
$36,000 USD on November 24, 2011 (paid)
$30,000 USD on May 24, 2012 (paid)
$36,000 on November 24, 2012 (paid)
$36,000 on May 24, 2013 (paid)
$60,000 on November 24, 2013 (accrued)
$60,000 on May 24, 2014 (to be paid)
$60,000 on November 24, 2014 (to be paid)
$60,000 on May 24, 2015 (to be paid)
$60,000 on November 24, 2015 (to be paid)
$60,000 on May 24, 2016 (to be paid)
$70,000 on November 24, 2016 (to be paid)
$96,000 on May 24, 2017 (to be paid)

Samalayuca
Through its 33.75% equity interest in Samalayuca (Note 6), the Company has an interest in the Samalayuca copper project, located in Chihuahua State, Mexico. Samalaycua has entered into a Mining Exploration and Rights Assignment Contract to acquire a 100% interest in the Samalayuca mining concession for aggregate payments of $US1,875,000 (CA$2,062,500) with payments of $US25,000 (CA$27,500) due every six months during the exploration phase.

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

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	January 31, 2014	January 31, 2013
Interest payable (Note 12)	**$ 32,263**	$ 74,920
Other trade payables	**306,309**	53,414
Amounts payable to related parties (Note 11)	**200,452**	7,910
Payables related to mineral properties	**200,545**	45,778
Accounts payable and accrued liabilities	**$ 739,569**	$ 182,022

10. INCOME TAXES

a) (Recovery of) provision for 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:

	2014	2013
Loss before (recovery of) provision for income taxes	**$ (946,698)**	$ (713,115)
Expected income tax recovery	**$ (253,130)**	$ (189,690)
Difference in foreign tax rates	**(3,070)**	(2,380)
Tax rate changes and other adjustments	**(63,282)**	(97,610)
Camex acquisition	**202,230**	-
Non-deductible expenses	**(212,340)**	21,910
Undeducted share issue costs	**-**	(20,340)
Change in tax benefits not recognized	**323,840**	295,945
(Recovery of) provision for income taxes	**$ (5,752)**	$ 7,835

The 2014 statutory tax rate of 26.7% differs from the 2013 statutory tax rate of 26.6% because of a change in the provincial allocation of salaries and wages.

The following table summarizes the components of deferred tax:

	2014	2013
Deferred tax assets		
Non-capital losses carried forward	**$ 626,390**	$ -
Deferred tax liabilities		
Mineral properties	**$ (626,390)**	-
Net deferred tax assets	**$ -**	$ -

b) Unrecognized deferred tax assets

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

	2014	2013
Net capital losses carried forward	**$ 1,201,030**	$ 940,430
Non-capital losses carried forward - Canada	**8,589,430**	7,694,150
Non-capital losses carried forward - Mexico	**2,762,040**	317,210
Share issuance costs	**65,060**	109,950
Mineral properties	**1,206,380**	1,670,650
Equipment	**39,760**	37,400

10. INCOME TAXES (Continued)

The Mexican non-capital losses of $2,762,040 expire between 2020 and 2024. The Canadian non-capital losses expire as noted in the table below. The net capital losses may be carried forward indefinitely, but can only be used to reduce taxable capital gains. Share issuance costs will be fully amortized in 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.

The Company's Canadian non-capital losses carried forward expire as follows:

2015	**$ 718,350**
2026	**859,310**
2027	**898,180**
2028	**670,580**
2029	**863,490**
2030	**988,640**
2031	**1,452,590**
2032	**901,340**
2033	**592,660**
2034	**644,290**
	$ 8,589,430

11. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel

Compensation to key management personnel was as follows:

	2014	2013
Compensation	**$ 267,250**	$ 261,790
Share-based payments (1)	**107,326**	75,959
Total	**$ 374,576**	$ 337,749

(1) Share-based payments are the fair value of options granted to key management personnel and expensed during the year.

During the year, the Company paid $39,500 (2013 - $nil) to an individual related to the president of the Company for consulting services rendered in assisting the Company with arranging financing. The assistance came by way of arranging meetings, introductions and road shows. During the year, the Company also issued 1,925,000 compensation shares to the officers, directors and certain consultants of the Company. $96,250 (2013 - $nil) has been recognized as expense in the consolidated statements of loss and comprehensive loss in respect of these compensation shares (Note 13(b)(iii)).

During 2013, an automobile was sold by the Company to a member of key management for gross proceeds of $10. 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.

Included in accounts payable and accrued liabilities is $200,452 (2013 - $7,910) payable to key management personnel and directors.

11. RELATED PARTY TRANSACTIONS AND BALANCES -continued

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. 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 2013 fiscal 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. As at January 31, 2013, the balance of the loans was $409,562 (5,220,000 Mexican Pesos).

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.

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.

On October 15, 2013, the Company acquired all issued and outstanding shares of Camex (Note 19). As such, these loans have been eliminated upon consolidation. The principal balances of these loans as of January 31 are summarized in the table below:

	2014	2013
Loans maturing December 31, 2014, currently due on demand, bearing interest at 12%	**$ -**	$ 409,562
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

12. SHORT-TERM DEBT

On June 12, 2012, Camex entered into a Credit Agreement with Palos Merchant Bank LP, a shareholder of the Company, for a short-term loan of $150,000, secured by a promissory note bearing interest at 12% per annum, compounded monthly. The principal balance of the loan and accrued interest were due on June 11, 2013. No repayment was made on the principal and accrued interest by Camex and the loan became due on demand with interest accruing on the same basis as on the term of the loan. This short-term loan was assumed by the Company as part of the acquisition of Camex (Note 19).

On October 1, 2013, the Company entered into a Credit Agreement with Palos Palos Merchant Bank LP for a short-term loan of $33,000, secured by a promissory note bearing interest at 12% per annum, compounded monthly. The principal balance of the loan and accrued interest were due on December 3, 2013. The Company repaid $15,000 of the loan on October 8, 2013. The remaining $18,000 principal amount was repaid by the Company subsequent to the reporting date (Note 20).

On December 13, 2013, the Company borrowed $50,000 from Palos Merchant Bank LP. The promissory note bears interest at 15% per annum, compounded monthly. The principal and accrued interest are due on March 13, 2014. Accrued interest on these loans as at January 31, 2014 is $32,263 which is included in accounts payable and accrued liabilities (Note 9).

Details of the the short-term debt are as follows:

On demand loan	$ 150,000
Short-term loan - Due March 13, 2014	50,000
Short-term loan - Due December 3, 2013	18,000
	$ 218,000

13. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value

(b) Issued and outstanding

	Number of shares		Amount
Outstanding Shares:			
Balance, January 31, 2012	63,300,961	$	22,468,883
Shares issued on private placement (i)	26,921,620		1,346,081
Valuation of share purchase warrants (i)	-		(320,088)
Share issue costs (i)	-		(68,233)
Balance, January 31, 2013	90,222,581	$	23,426,643
Shares issued to acquire Camex (ii)	59,900,000		2,995,000
Compensation shares issued (iii)	1,925,000		96,250
Repurchase of shares to be resold (ii)	(5,058,594)		(252,930)
Balance, January 31, 2014	146,988,987	$	26,264,963
Treasury Shares:			
Balance, January 31, 2013	-	$	-
Repurchase of shares to be resold (ii)	5,058,594		-
Balance, January 31, 2014	5,058,594	$	-
Issued and Outstanding Shares:			
Balance, January 31, 2014	152,047,581	$	26,264,963

13. SHARE CAPITAL - continued

(b) Issued and outstanding - continued

(i) During fiscal 2013, 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 consisted 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 this financing.

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.

(ii) On October 15, 2013, the Company acquired all the issued and outstanding shares of Camex in exchange for 59,900,000 shares of the Company at a price of $0.05 per share for an aggregate purchase price of $2,995,000 (Note 19). Upon the acquisition of Camex, the Company repurchased 5,058,594 of its own shares which were placed back into treasury for resale. These shares were valued at $252,930.

(iii) During the year, the Company issued 1,925,000 compensation shares to officers, directors and consultants of the Company. The compensation shares were issued at a price of $0.05 per share. A value of $96,250 was assigned to the compensation shares issued which has been included in management and consulting fees expense in the consolidated statements of loss and comprehensive loss.

(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, 2012	4,721,000	$	0.25
Expired/cancelled	(2,100,000)		0.26
Balance, January 31, 2013	2,621,000		0.26
Granted	8,000,000		0.07
Expired/cancelled	(586,000)		0.30
Balance, January 31, 2014	10,035,000	$	0.10

13. SHARE CAPITAL (continued)

(c) Stock Options - continued

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at January 31, 2014 are as follows:

	Options Outstanding				**Options Exercisable**		
Exercise Range	Weighted Average Number Outstanding		Weighted Average Remaining Exercise Price	Weighted Average Contractual Life (years)	Number Exercisable		Exercise Price
\$0.07 - \$0.14	8,000,000	\$	0.07	4.97	2,000,000	\$	0.07
\$0.15 - \$0.20	1,200,000	\$	0.20	7.71	1,200,000	\$	0.20
\$0.28 - \$0.29	575,000	\$	0.28	0.14	575,000	\$	0.28
\$0.36	260,000	\$	0.36	0.45	260,000	\$	0.36
	10,035,000	\$	0.10	4.93	4,035,000	\$	0.15

During the year, the Company granted 8,000,000 stock options to purchase common shares at a price of \$0.07 for a period of 5 years. No stock options were granted in the prior year. The fair value of the 8,000,000 stock options granted was estimated at \$420,960 using the Black-Scholes model for pricing stock options and the following assumptions:

	2014
Risk free interest rate	1.66 %
Dividend yield	NIL
Expected stock volatility	114.98 %
Expected life	5 years
Stock price on the date of grant	0.065

Stock-based compensation of \$125,515 (2013 - \$98,484) related to vested stock options that were granted during the year and in prior years is recognized as an expense consistent with the vesting features of the options.

(d) Warrants

The following table reflects the continuity of warrants:

2014

Expiry Date	**Exercise Price**	**Balance January 31, 2013**	**Warrants Issued**	**Warrants Exercised**	**Expired/ Cancelled**	**Balance January 31, 2014**
April 11, 2014	\$0.12 - \$0.18	**1,650,000**	-	-	-	**1,650,000**
August 31, 2014	\$0.12 - \$0.18	**7,751,620**	-	-	-	**7,751,620**
January 25, 2015	\$0.12 - \$0.18	**19,170,000**	-	-	-	**19,170,000**
	\$0.12 - \$0.18	**28,571,620**	-	-	-	**28,571,620**

13. SHARE CAPITAL (continued)

(d) Warrants - continued

2013

Expiry Date	Exercise Price	Balance January 31, 2012	Warrants Issued	Warrants Exercised	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 25, 2015	$0.12 - $0.18	-	19,170,000	-	-	19,170,000
	$0.12 - $0.18	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.

(e) Shares to be issued

During the year, the Company received $438,705 in subscription proceeds for units to be issued. These units will be issued as part of a private placement financing of units at a price $0.05 per share. Each unit will consist of one common share and one common share purchase warrant. Each warrant will entitle the holder to purchase one common share at a price of $0.12 for a period of two years from the date of subscription and $0.18 per share for an additional three year period thereafter. This private placement closed subsequent to the reporting date on March 5, 2014 (Note 20).

14. CONTRIBUTED SURPLUS

The following table reflects the continuity of contributed surplus:

	Amount
Balance, January 31, 2012	$ 5,305,431
Stock-based compensation (Note 13(c))	98,484
Fair value of warrants issued on private placement (Note 13(b)	320,088
Balance, January 31, 2013	5,724,003
Stock-based compensation (Note 13(C))	125,515
Balance, January 31, 2014	$ 5,849,518

15. LOSS PER SHARE

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

	2014	2013
Numerator		
Net loss	**$ (940,946)**	$ (720,950)
Denominator		
Weighted average number of common shares outstanding, basic and diluted	**107,159,368**	66,464,641
Basic and diluted loss per share	**$ (0.01)**	$ (0.01)

As a result of losses incurred, the potential effect of the exercise of stock options and warrants was anti-dilutive.

16. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being mineral exploration. As at January 31, 2014, 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, 2014	**Canada**	**Mexico**	**Total**
Current assets	**$ 240,799**	**$ 201,288**	**$ 442,087**
Investment in associate	**-**	**2,020,722**	**2,020,722**
Mineral properties	**2**	**2,308,969**	**2,308,971**
Equipment	**2,044**	**10,966**	**13,010**
	$ 242,845	**$ 4,541,945**	**$ 4,784,790**

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

17. CAPITAL MANAGEMENT

In the management of capital, 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.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, deposits and other receivables, note receivable, accounts payable and accrued liabilities, short-term debt and amounts due to 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:

	2014	2013
Fair value through profit or loss, measured at fair value:		
Cash	**$ 198,811**	$ 513,674
Loans and receivable, measured at amortized cost:		
Deposits and other receivables	**$ 35,276**	$ 80,530
Note receivable	**$ 208,000**	$ -
Other liabilities, measured at amortized cost:		
Accounts payable and accrued liabilities	**$ 739,569**	$ 182,022
Short-term debt	**$ 218,000**	$ -
Due to related party	**$ -**	$ 504,562

The fair value of the Company's financial assets and liabilities approximates their respective carrying values as at the dates of the consolidated statements of financial position 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; and

Level 3 - valuation techniques based on inputs for the asset or liability that are not based on observable market data.

At January 31, 2014 and 2013, cash was measured using level 1 inputs.

Liquidity Risk
The Company has no income and relies on equity financing to support its exploration programs (Note 1). Management prepares budgets and ensures funds are available prior to commencement of any such program. As at January 31, 2014, the Company does not have sufficient capital to fund its operations over the next twelve months. As at January 31, 2014, the Company had a cash balance of $198,811 (2013 - $513,674) to settle current liabilities of $957,569 (2013 - $694,419).

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.

Interest rate risk
The Company has notes receivable and short-term debt bearing interest at fixed rates. Given the short-term nature of these items, the Company is not exposed to significant interest rate 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.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

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, accounts receivable and accounts payable and accrued liabilities 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 $5,819 (2013 - $39,801).

19. ACQUISITION OF CAMEX

On October 15, 2013, the Company completed the acquisition of Camex Mining Development Group Inc. and its wholly-owned Mexican subsidiary, Exploración Meus de Mexico S.A. de C.V. The Company acquired all 6,649,200 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. 3,306,500 of these share were purchased from Palos Merchant Bank LP, an existing shareholder of the Company. The Company's current Chief Executive Officer also served as CEO of Camex until 2012; he also owned approximately 6% of the outstanding shares of Camex as of the acquisition date. With this acquisition the Company is able to acquire additional mineral properties in Mexico, along with an interest in the Samalayuca property. Details of the asset acquisition are as follows:

Fair value of 59,900,000 shares issued	$	2,995,000
Transaction costs		128,970
	$	3,123,970
Recognized amounts of identifiable net assets:		
Cash	$	4,266
Trade, other receivables and prepaid expenses		365,870
Notes receivable		376,099
Investments in the equity of other companies		2,275,772
Equipment		11,548
Mineral property and exploration costs		289,689
Trade payables		(37,763)
Short-term debt		(161,511)
Net assets acquired	$	3,123,970

Transaction costs incurred in connection with the Camex acquisition amounting to $128,970 have been included in the cost of the net assets acquired.

Included in investments in the equity of other companies is 5,058,594 shares of the Company valued at $252,930. These shares are considered to have been repurchased by the Company and held in treasury for resale (Note 13(b)(ii)).

20. SUBSEQUENT EVENTS

(i) On March 5, 2014, the Company completed a non-brokered private placement of 17,149,500 units of the Company at a price of $0.05 for gross proceeds of $857,475. Each units consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.12 per share for two years and $0.18 thereafter until March 4, 2019. $438,705 of the gross proceeds were received prior to the reporting date (Note 13(e)). The Company paid $22,091 in finders' fees of which $8,616 was paid in cash and $13,475 was paid by the issuance of 269,500 shares of the Company.

(ii) On February 18, 2014, the Company repaid in full the remaining $18,000 short-term debt principal amount (Note 12) plus accrued interest (due December 3, 2013) to Palos Merchant Bank LP.

(iii) On March 27, 2014 and May 27, 2014, the Company sold 800,000 and 1,612,000 of its own common shares (held by Camex) to unrelated third parties for gross proceeds of $40,000 and $50,000, respectively.

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