TUVERA EXPLORATION INC.

(formerly Arnevut Resources Inc.)

December 31, 2013 and 2012

Consolidated Financial Statements

(Expressed in United States Dollars)

- Independent Auditors' Report
- Consolidated Statements of Financial Position
- Consolidated Statements of Changes in Shareholders' Equity
- Consolidated Statements of Comprehensive Loss
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Independent Auditors' Report

To the Shareholders of:
TUVERA EXPLORATION INC. (formerly ARNEVUT Resources Inc.)

We have audited the accompanying consolidated financial statements of TUVERA Exploration Inc. (formerly ARNEVUT Resources Inc.) and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2013 and 2012, the consolidated statements of changes in shareholders' equity, comprehensive loss, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the 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 TUVERA Exploration Inc. and its subsidiaries as at December 31, 2013 and 2012, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter – Going Concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in Note 1 to the consolidated financial statements concerning the ability of TUVERA Exploration Inc. and its subsidiaries to continue as a going concern. The company incurred a net loss of $2,206,566 during the year ended December 31, 2013 and has an accumulated deficit of $5,522,382 and a working capital deficiency of $121,401 as at December 31, 2013. These conditions, along with the other matters explained in Note 1 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The consolidated financial statements do not include the adjustments that would result if TUVERA Exploration Inc. and its subsidiaries were unable to continue as a going concern.

WDM
Chartered Accountants

Vancouver, B.C., Canada
March 31, 2014

TUVERA EXPLORATION INC.
(formerly ARNEVUT Resources Inc.)

Consolidated Statements of Financial Position
As at December 31, 2013 and 2012

(Expressed in United States Dollars)

	Note	2013 $	2012 $
ASSETS			
CURRENT			
Cash		346,418	198,033
Prepaid Expense and Deposit		1,900	-
		348,318	198,033
Exploration and Evaluation Assets	6	636,375	623,675
Property and Equipment	7	164,249	-
Reclamation Bond	6(a)	110,380	110,380
		911,004	734,055
		1,259,322	932,088
LIABILITIES			
CURRENT			
Trade and Other Payables	8	76,374	37,409
Due to Related Parties	12(a)	372,466	392,273
Loan Payable – Current Portion	9	20,879	-
		469,719	429,682
Loan Payable	9	68,763	-
		538,482	429,682
SHAREHOLDERS' EQUITY			
Share Capital	10	6,243,222	3,818,222
Deficit		(5,522,382)	(3,315,816)
		720,840	502,406
		1,259,322	932,088

Nature and Continuance of Operations (Note 1)
Commitments (Note 16)
Subsequent Events (Note 17)

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

These consolidated financial statements were approved and authorized for issue by the Board of Directors on March 31, 2014.
Signed on behalf of the Board of Directors by:

"Douglas C. Peters"	"William R. Wilson"
Douglas C. Peters, President & CEO	William R. Wilson, CFO

TUVERA EXPLORATION INC.

(formerly ARNEVUT Resources Inc.)

Consolidated Statements of Changes in Shareholders' Equity

For The Years Ended December 31, 2013 and 2012

(Expressed in United States Dollars)

	Note	Number of Common Shares	Share Capital $	Deficit $	Total Shareholders' Equity $
Balance, December 31, 2011		20,637,767	1,582,505	(1,425,335)	157,170
Shares Issued for Cash	10(b)(i),(ii)	23,693,667	1,929,050	-	1,929,050
Shares Issued on Exercise of Warrants	10(b)(iii)	1,901,667	306,667	-	306,667
Net Comprehensive Loss		-	-	(1,890,481)	(1,890,481)
Balance, December 31, 2012		46,233,101	3,818,222	(3,315,816)	502,406
Share Consolidation	10(b)(v)	(30,822,028)	-	-	-
Balance, April 12, 2013		15,411,073	-	-	-
Shares Issued for Cash	10(b)(vi)	3,958,333	1,900,000	-	1,900,000
Shares Issued on Exercise of Warrants	10(b)(vii)	625,000	300,000	-	300,000
Shares Issued for Property	10(b)(viii)	450,000	225,000	-	225,000
Net Comprehensive Loss		-	-	(2,206,566)	(2,206,566)
Balance, December 31, 2013		20,444,406	6,243,222	(5,522,382)	720,840

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

TUVERA EXPLORATION INC.
(formerly ARNEVUT Resources Inc.)

Consolidated Statements of Comprehensive Loss
For the Years Ended December 31, 2013 and 2012

(Expressed in United States Dollars)

	Note	2013 $	2012 $
GENERAL AND ADMINISTRATIVE EXPENSES			
Accounting, Audit and Legal		348,172	74,153
Administration		36,153	30,163
Consulting	12(b)	156,464	103,657
Dues and Subscriptions		6,879	1,036
Meals and Entertainment		4,457	1,280
Office and Miscellaneous Expense		15,060	5,445
Rent		15,950	12,100
Telephone		3,235	2,499
Travel		20,489	4,935
		606,859	235,268
EXPLORATION COSTS	6	1,319,483	1,654,913
LOSS BEFORE OTHER ITEMS		(1,926,342)	(1,890,181)
Foreign Exchange Loss		(224)	-
Unrealized Loss on Marketable Securities	5	-	(300)
Write-down of Resource Property	6(d)	(280,000)	-
NET LOSS FOR THE YEAR		(2,206,566)	(1,890,481)
Other Comprehensive Loss		-	-
COMPREHENSIVE LOSS FOR THE YEAR		(2,206,566)	(1,890,481)
Basic and Diluted Loss per Share		(0.13)	(0.20)
Weighted Average Number of Common Shares Outstanding	10(b)(iv)	17,297,485	9,415,627

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

TUVERA EXPLORATION INC.
(formerly ARNEVUT Resources Inc.)

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2013 and 2012

(Expressed in United States Dollars)

	2013	2012
CASH PROVIDED FROM (UTILIZED FOR):	$	$
OPERATING ACTIVITIES		
Net Loss for the Year	(2,206,566)	(1,890,481)
Non-Cash Items		
Exploration Costs - Depreciation	4,751	-
Unrealized Loss on Marketable Securities	-	300
Write-down of Resource Property	280,000	-
	(1,921,815)	(1,890,181)
Change in Non-Cash Working Capital Accounts		
Prepaid Expense and Deposit	(1,900)	-
Trade and Other Payables	38,965	(40,258)
Due to Related Parties	(19,807)	72,396
	(1,904,557)	(1,858,043)
FINANCING ACTIVITIES		
Loan Payable	89,642	-
Shares Issued for Cash	2,200,000	2,235,717
	2,289,642	2,235,717
INVESTING ACTIVITIES		
Purchase of Property and Equipment	(169,000)	-
Resource Property Expenditures	(67,700)	(110,900)
Reclamation Bond	-	(69,300)
	(236,700)	(180,200)
INCREASE IN CASH	148,385	197,474
Cash, Beginning of the Year	198,033	559
CASH, END OF THE YEAR	346,418	198,033

Supplemental Cash Flow Information (Note 11)

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

NOTE 1 – NATURE AND CONTINUANCE OF OPERATIONS

ARNEVUT Resources Inc. ("ARNEVUT") and TUVERA Exploration Inc. ("TUVERA") merged on January 13, 2014 following a Fairness Hearing in Utah and findings by the Utah Division of Securities that the transaction was fair to all ARNEVUT shareholders. TUVERA, through its Utah subsidiary TUVERA Utah, Inc., took over responsibility for all of ARNEVUT's mineral properties and existing obligations. These consolidated financial statements have been presented giving effect to the merger of ARNEVUT and TUVERA as if it had occurred on December 31, 2013.

TUVERA (the "Company") was incorporated under the Business Corporations Act (British Columbia) on March 19, 2013. The Company is a development stage junior mining company engaged in the identification, acquisition, evaluation, exploration, and development of mineral properties in the United States.

The head office, principal address, and records office of the Company are located at Suite 202 – 2700 Youngfield Street, Lakewood, Colorado, United States.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards on the basis that the Company is a going concern and will be able to meet its obligations and continue its operations for its next fiscal year. Several conditions as set out below cast uncertainties on the Company's ability to continue as a going concern.

From inception to date, the Company has incurred losses from operations, and has an accumulated deficit of $5,522,382 and a working capital deficiency of $121,401 as at December 31, 2013. In addition, the Company has a significant exploration and development program requiring ongoing investments in the continuing exploration and development of its resource properties, as well as the evaluation of additional resource properties.

The Company's ability to continue operations is dependent upon the financial support from its shareholders and other related parties, its ability to obtain additional financing, the existence of economically recoverable reserves, and the attainment of profitable operations or sufficient proceeds from disposition of the properties. The outcome of these matters cannot be predicted at this time. While management has been successful in obtaining sufficient funding for its operating, capital, development, and exploration requirements from the inception of the Company to date, there is no assurance that additional future funding will be available to the Company or on terms that are acceptable to management.

These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

a) 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").

These consolidated financial statements were approved and authorized for issue by the Board of Directors on March 31, 2014.

b) Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as available-for-sale that have been measured at fair value. Cost is the fair value of the consideration given in exchange for net assets.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Consolidation

These consolidated financial statements include the accounts of TUVERA and its wholly-owned subsidiaries; intercompany balances and transactions are eliminated in preparing the consolidated financial statements. The following companies have been consolidated within these consolidated financial statements:

Entity	Country of Incorporation	Holding	Functional Currency
TUVERA Exploration Inc.	B.C., Canada	Parent Company	United States
TUVERA Utah, Inc.	Utah, United States	100%	United States
ARNEVUT Resources Nevada, LLC	Nevada, United States	100%	United States
ARNEVUT Resources Utah, LLC	Utah, United States	100%	United States

d) Foreign Currency Translation

These consolidated financial statements are presented in U.S. dollars, which is also the functional currency of the parent company. Each subsidiary determines its own functional currency (Note 2(c)) and items included in the financial statements of each subsidiary are measured using that functional currency.

Foreign currency transactions are translated into the functional currency of the respective entity, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss.

e) Exploration and Evaluation Assets

The cost of acquiring resource properties or property rights are capitalized, net of recoveries, until such time as these resource properties are placed into commercial production, sold, or abandoned. Once available for use, resource properties are depreciated on a units-of-production basis over the proven and probable reserves to which they relate. If a resource property is sold or abandoned, the related capitalized costs will be expensed to the consolidated statement of comprehensive loss in that period.

From time to time, the Company may acquire or dispose of all or part of its resource property interests under the terms of property option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, option payments are recorded as property costs or recoveries when paid or received. When recoveries exceed the carrying value of the mineral property, the excess is reflected in the consolidated statement of comprehensive loss.

On an ongoing basis, the Company evaluates each resource property for potential impairment based on results obtained to date to determine the nature of exploration, other assessments, and development work, if any, that is warranted in the future, and the potential for recovery of the capitalized costs. Furthermore, if there is little prospect of future work on a property to be carried out within a three-year period from completion of previous activities, then the capitalized costs related to that property are written down to the recoverable amount unless there is persuasive evidence that an impairment allowance is not required. The amounts capitalized for exploration and evaluation assets represent acquisition costs incurred to date less write-downs, and are not intended to reflect present or future values.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Exploration and Evaluation Assets (Continued)

Although the Company has taken steps to verify the title to resource properties in which it has an interest in accordance with general industry standards, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and as such, title may be affected.

f) Exploration Costs

Expenditures related to the exploration and development of resource properties are expensed and charged to earnings in the period in which they are incurred.

g) Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized to write off the cost of property and equipment less their residual values over their useful lives using the straight line method at the following rates, except in the year of acquisition, when one half of the rates are used:

Building	20 Years
Vehicle	5 Years

h) Impairment of Non-Current Assets

The carrying amounts of non-current assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Individual assets are grouped together as a cash generating unit for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are independent from other group assets.

The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. An impairment loss exists if the asset's or cash generating unit's carrying amount exceeds the recoverable amount and is recorded as an expense immediately. In assessing the value in use, the estimated future cash flows are adjusted for the risks specific to the cash generating unit and are discounted to their present value with a discount rate that reflects the current market indicators.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

i) Due Diligence

Transaction costs, such as professional fees and filing fees, relating to proposed acquisition or reverse-takeover transactions are expensed as incurred.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Provisions

(i) Decommissioning and Restoration Provision

Future obligations to retire an asset, including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations are initially recognized and recorded as a provision based on estimated future cash flows discounted at a credit adjusted risk free rate. This decommissioning and restoration provision is adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows, and the discount rate. The provision is accreted to full value over time through periodic charges to profit. This unwinding of the discount is charged to financing expense in the statement of comprehensive income.

The amount of the decommissioning and restoration provision initially recognized is capitalized as part of the related asset's carrying value and depreciated to profit. The method of depreciation follows that of the underlying asset. The costs related to a decommissioning and restoration provision is only capitalized to the extent that the amount meets the definition of an asset and can bring about future economic benefit.

As at December 31, 2013 and 2012, the Company has no material decommissioning and restoration provision.

(ii) Other Provisions

Provisions are recognized when a present legal or constructive obligation exists, as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted using an appropriate current market-based pre-tax discount rate.

k) Income Taxes

Tax expense recognized in profit or loss comprises the sum of current income tax and deferred income tax and not recognized in other comprehensive income or directly in equity.

i) Current Income Tax

Current income tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current income tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current income tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

ii) Deferred Income Tax

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Income Taxes (Continued)

ii) Deferred Income Tax (Continued)

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset them from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

l) Share Capital

Share capital includes cash consideration received for share issuances, net of commissions and issue costs. Shares issued for non-monetary consideration are valued at the fair value of the goods or services received or of the shares issued, whichever is more reliably measurable.

m) Share-Based Payments

The fair value method of accounting is used for share-based payment transactions. Under this method, the cost of stock options and other share-based payments is recorded based on the estimated fair value using the Black-Scholes option pricing model at the grant date and is charged to profit over the vesting period. The amount recognized as an expense is adjusted to reflect the number of equity instruments expected to vest.

Upon the exercise of stock options and other share-based payments, consideration received on the exercise of these equity instruments is recorded as share capital and the related share-based payment reserve is transferred to share capital.

n) Loss per Share

Basic loss per share is calculated by dividing net loss by the weighted average number of common shares issued and outstanding during the reporting period. Diluted loss per share is the same as basic loss per share, as the issuance of shares on the exercise of stock options and share purchase warrants is anti-dilutive.

o) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified at fair value through profit or loss) are added to, or deducted from, the fair value of the financial assets or financial liabilities as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified at fair value through profit or loss are recognized immediately in profit or loss.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Financial Instruments (Continued)

Financial assets and financial liabilities are measured subsequently as described below. The Company does not have any derivative financial instruments.

i) Financial Assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Held-to-maturity investments; and
- Available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

- ***Financial assets at fair value through profit or loss*** – Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The Company's cash falls into this category of financial instruments

- ***Loans and receivables*** – Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less any provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company currently does not hold financial assets in this category.

- ***Held-to-maturity investments*** – Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity. The Company currently does not hold financial assets in this category.

- ***Available-for-sale financial assets*** – Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company currently does not hold financial assets in this category.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Financial Instruments (Continued)

i) Financial Assets (Continued)

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

ii) Financial Liabilities

For the purpose of subsequent measurement, financial liabilities are classified as either financial liabilities at fair value through profit or loss, or other financial liabilities upon initial recognition.

- ***Financial liabilities at fair value through profit or loss*** – Financial liabilities at fair value through profit or loss include financial liabilities that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. Liabilities in this category are measured at fair value with gains or losses recognized in profit or loss. The Company currently does not hold financial liabilities in this category.

- ***Other financial liabilities*** – Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method amortization process. The Company's trade and other payables, amounts due to related parties, and loan payable fall into this category of financial instruments.

A financial liability is derecognized when it is extinguished, discharged, cancelled, or expired.

NOTE 3 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Company's accounting policies which are described in Note 2, management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant judgments, estimates, and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

a) Impairment of Non-Current Assets

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. Actual results may vary and may cause significant adjustments to the Company's assets within the next financial year.

NOTE 3 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

a) Impairment of Non-Current Assets (Continued)

In addition, when determining the applicable discount rate, estimation is involved in determining the appropriate adjustments to market risk and asset-specific risk factors.

As at December 31, 2013, the Company has an impairment loss on the Zia property of $280,000. The impairment is further described in Note 6(d).

b) Decommissioning and Restoration Provision

The decommissioning and restoration provision is based on future cost estimates using information available at the reporting date. The decommissioning and restoration provision is adjusted at each reporting period for changes to factors such as the expected amount of cash flows required to discharge the liability, the timing of such cash flows, and the discount rate. The decommissioning and restoration provision requires other significant estimates and assumptions such as requirements of the relevant legal and regulatory framework, and the timing, extent, and costs of required decommissioning and restoration activities. Actual costs may differ from these estimates.

As at December 31, 2013 and 2012, the Company has no material decommissioning and restoration liabilities.

c) Deferred Tax Assets

Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

The Company has recorded a full valuation allowance against its deferred tax assets due to the uncertainty in the realization of these assets.

NOTE 4 – ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new accounting standards, amendments to standards, and interpretations are issued but not yet effective up the date of issuance of the Company's consolidated financial statements. The Company intends to adopt the following standards when they become effective. These standards are required to be applied for accounting periods beginning on or after January 1, 2014, with earlier adoption permitted. The Company has not yet determined the impact of these standards on its consolidated financial statements.

a) IFRS 9 – Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities, as defined in IAS 39. The standard was initially effective for annual period beginning on or after January 1, 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to January 1, 2015.

(Expressed in United States Dollars)

NOTE 5 – MARKETABLE SECURITIES

On January 12, 2010, the Company received 30,000 common shares of Strategic Mining Corporation upon the execution of an option agreement. The shares were valued at $10,000 based on the quoted market price of the shares. On December 31, 2012, these shares were fully written down as the fair market value was determined to be less than $0.0001 per share.

NOTE 6 – EXPLORATION AND EVALUATION ASSETS

As of December 31, 2013 and 2012, the Company has incurred and capitalized the following acquisition and holding costs related to its resource properties:

	December 31, 2011	Additions	December 31, 2012	Additions	December 31, 2013
	$	$	$	$	$
Island Mountain Property					
Acquisition Costs	207,775	105,900	313,675	283,700	597,375
East Canyon Property					
Acquisition Costs	12,000	5,000	17,000	5,000	22,000
Option Payment Received	(7,000)	-	(7,000)	-	(7,000)
	5,000	5,000	10,000	5,000	15,000
Blair Property					
Acquisition Costs	-	-	-	4,000	4,000
Zia Property					
Acquisition Costs	300,000	-	300,000	-	300,000
Write-down of Resource Property (Note 6(d))	-	-	-	(280,000)	(280,000)
	300,000	-	300,000	(280,000)	20,000
TOTAL RESOURCE PROPERTIES	512,775	110,900	623,675	12,700	636,375

(Expressed in United States Dollars)

NOTE 6 – EXPLORATION AND EVALUATION ASSETS (Continued)

During the years ended December 31, 2013 and 2012, the Company incurred the following exploration expenditures:

	2013	2012
	$	$
Island Mountain Property		
Administrative	48,377	21,267
Assaying	124,036	182,038
Depreciation	4,751	-
Exploration and Surveying	770,241	1,169,700
Geological Consulting (Note 12(b))	265,122	179,229
Maintenance Fees and Licenses	12,414	13,673
Royalty Expense	19,437	-
Travel	54,402	44,703
	1,298,780	1,610,610
East Canyon Property		
Maintenance Fees and Licenses	5,329	12,380
Geological Consulting (Note 12(b))	6,545	11,218
Travel	64	1,732
	11,938	25,330
Blair Property		
Maintenance Fees and Licenses	8,590	-
Zia Property		
Maintenance Fees and Licenses	175	18,973
TOTAL EXPLORATION COSTS	1,319,483	1,654,913

a) Island Mountain Property, Nevada

On November 16, 2007, the Company entered into an option agreement (as amended by agreements dated April 1, 2008, October 31, 2008, November 9, 2009, May 10, 2010, October 11, 2011, and November 2, 2012) to acquire up to a 75% interest in 53 mineral claims comprising the Island Mountain property located in Elko County in Northeast Nevada.

(Expressed in United States Dollars)

NOTE 6 – EXPLORATION AND EVALUATION ASSETS (Continued)

a) Island Mountain Property, Nevada (Continued)

The Company achieved a 51% ownership interest in the property (the "First Option") by issuing 1,350,000 common shares, paying $150,000 in cash, and incurring $2,500,000 in work related expenditures as follows:

		Number of Shares	Cash $	Exploration Expenditures $
On execution of agreement	(issued and paid)	100,000	10,000	-
By November 16, 2008	(issued and paid)	150,000	5,000	-
By November 16, 2009	(issued)	350,000	-	-
By May 16, 2010	(paid)	-	20,000	150,000
By November 16, 2010	(issued and paid)	250,000	30,000	250,000
By November 16, 2011	(issued)	500,000	-	-
By February 16, 2012	(paid)	-	35,000	-
By November 1, 2012	(paid)	-	50,000	-
By November 16, 2012	(completed)	-	-	1,350,000
By November 16, 2013	(completed)	-	-	750,000
		1,350,000	150,000	2,500,000

The Company has elected to pursue the "Second Option" under the option agreement allowing it to earn an additional 14% interest in the property. This requires issuing 600,000 common shares of the Company, paying $75,000 in cash, and incurring an additional $2,500,000 in work expenditures as follows:

		Number of Shares	Cash $	Exploration Expenditures $
One year after earning of First Option	(issued and paid)	300,000	35,000	1,250,000
Two years after earning of First Option	(Note 17(a))	300,000	40,000	1,250,000
		600,000	75,000	2,500,000

Upon earning the Second Option, the Company may earn a further 10% interest in the property by completing a feasibility study by the third year after earning the First Option.

In 2010, the Company entered into agreements to lease three patented claim groups at the property for a term of 20 years with an option to renew for an additional 20 years provided that the Company has advanced the property to the production stage. The Company is required to pay annual lease payments which progressively increase by $1,800 annually for the duration of the lease, from annual lease payments totaling $10,300 in the first year of the lease to $44,500 in the twentieth year of the initial lease term.

NOTE 6 – EXPLORATION AND EVALUATION ASSETS (Continued)

a) Island Mountain Property, Nevada (Continued)

In 2011, the Company entered into a lease agreement to lease a patented claim group at the property for a term of five years with an option to renew for an additional five years provided the Company has proven advancement of the property by exploration or has advanced the property to the production stage. Subsequent five-year renewals are contingent upon the property being advanced to the production stage and so long as production continues from the property. The Company is required to pay an annual lease payment which progressively increases by $1,000 annually for the duration of the lease, from an annual lease payment of $6,000 in the first year of the lease to $10,000 in the fifth year of the initial lease term.

These patented lease claims are subject to a net smelter return ("NSR") royalty of up to 3% upon commencement of commercial production. During the year ended December 31, 2013, the Company paid total lease payments of $23,700 (2012 – $20,900). As at December 31, 2013, the cumulative lease payments paid were $73,000 (2012 – $49,300).

The Company has two reclamation bonds totaling $110,380 (2012 – $110,380), with $41,080 (2012 – $41,080) held with the Nevada Division of Environmental Protection and $69,300 (2012 – $69,300) held with the United States Forest Service, for future site reclamation costs.

b) East Canyon Property, Nevada and Utah

On October 20, 2009, the Company entered into an agreement to lease 100% of ten mineral claims comprising the East Canyon Property located in Box Elder County in Utah and Elko County in Nevada. Consideration to lease the property included an initial issuance of 50,000 common shares of the Company (issued), a payment of $2,000 (paid), and ongoing payments of $5,000 every subsequent anniversary of the agreement. Should the Company enter into a joint venture with another company on the property, the annual lease payment increases to $7,500.

The property is subject to a 2.5% NSR royalty on base metals and a 3% NSR on precious metals. The Company has the option to purchase the property and NSR royalty in full for $4,000,000 payable in cash or in stocks.

During the year ended December 31, 2013, the Company paid the annual $5,000 lease payment.

c) Blair Property, Utah

The Company acquired a Utah State Section Mineral Lease and, under a Joint Venture with Precious Minerals LLC., the right to hold majority interest in 20 unpatented claims covering most of the known silver trends. The section and claims comprise the Blair silver property located in Iron County, Utah.

During the year ended December 31, 2013, the Company paid $4,000 upon signing the purchase agreement.

d) Zia Property, New Mexico

On January 26, 2013, the Company entered into an agreement to grant an exclusive option to an optionee to acquire a portion of the Company's interest of the Zia property claims located in Cibola and McKinley Counties, New Mexico.

The cash settlement for the claims, or value of claims, with the optionee is significantly less than the capitalized acquisition costs related to the property. Accordingly, capitalized costs totaling $280,000 were written off in the year year ended December 31, 2013.

(Expressed in United States Dollars)

NOTE 7 – PROPERTY AND EQUIPMENT

	Land $	Building $	Vehicle $	Total $
COST				
Balance, December 31, 2012	-	-	-	-
Additions	50,971	94,029	24,000	169,000
Balance, December 31, 2013	50,971	94,029	24,000	169,000
ACCUMULATED DEPRECIATION				
Balance, December 31, 2012	-	-	-	-
Depreciation	-	2,351	2,400	4,751
Balance, December 31, 2013	-	2,351	2,400	4,751
NET BOOK VALUE				
December 31, 2012	-	-	-	-
December 31, 2013	50,971	91,678	21,600	164,249

NOTE 8 – TRADE AND OTHER PAYABLES

	2013	2012
Trade Payables	51,374	12,409
Accrued Liability	25,000	25,000
	76,374	37,409

NOTE 9 – LOAN PAYABLE

On April 19, 2013, the Company entered into a purchase agreement for a real estate property near the Island Mountain Property, in the community of Wild Horse, Nevada (Note 7). Upon covering a down-payment on the property, the Company entered into a loan agreement with an arm's length party which is payable over five years with an annual interest rate of 6%. The loan is secured by the seller with the real estate property.

(Expressed in United States Dollars)

NOTE 9 – LOAN PAYABLE (Continued)

The future principal repayment schedule due annually is as follows:

	$
2014	18,000
2015	18,000
2016	18,000
2017	18,000
2018	17,642
	89,642

NOTE 10 – SHARE CAPITAL

a) Authorized Share Capital

The Company is authorized to issue 100,000,000 common shares with no par value.

b) Issued and Outstanding Common Shares

As at December 31, 2013, the Company had 20,444,406 common shares issued and outstanding (2012 – 15,411,073 post-consolidation shares) as presented in the consolidated statements of changes in shareholders' equity.

(i) In August 2012, the Company signed a Letter of Intent ("LOI") with Precious Minerals and Energy Company ("PME") for an investment by PME in the share capital of the Company. Pursuant to the terms of the LOI, the Company issued 22,500,000 common shares (7,499,923 post-consolidation) at a price of $0.08 per share for total cash proceeds of $1,800,000. Upon completion of the August 2013 subscription, the Company was required to issue to PME 15,625,000 share purchase warrants (5,208,328 post-consolidation). Each share purchase warrant entitles PME to purchase one common share of the Company at a price of $0.16 per share. The warrants expire on April 1, 2013.

(ii) During the year ended December 31, 2012, the Company issued, by way of private placements, 186,667 units (62,222 post-consolidation) at a price of $0.15 per unit, raising gross proceeds of $28,000, and 1,000,000 units (333,330 post-consolidation) at a price of $0.10 per unit, raising gross proceeds of $100,000. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into one common share at $0.25 per share and expires on December 20, 2012 (relating to the 186,667 units), and into one common share at $0.10 per share and expires on February 1, 2015 (relating to the 1,000,000 units).

In addition, the Company completed a private placement of 7,000 common shares (2,333 post-consolidation) at a price of $0.15 per share, raising gross proceeds of $1,050.

(iii) In November and December 2012, the Company issued 26,667 common shares (8,888 post-consolidation) valued at $0.25 per share and 1,875,000 common shares (624,999 post-consolidation) at $0.16 per share upon the exercise of warrants raising gross proceeds totaling $306,667.

(Expressed in United States Dollars)

NOTE 10 – SHARE CAPITAL (Continued)

b) Issued and Outstanding Common Shares (Continued)

(iv) As at December 31, 2013, the weighted average of issued and outstanding common shares of the Company is 17,297,485. The share consolidation was assumed to have been completed on January 1, 2012 for comparison purposes with the 2012 weighted average calculation.

(v) On April 12, 2013, the Company's shareholders approved a consolidation of its outstanding share capital on a basis of one post-consolidation share for every three pre-consolidation shares, and an amendment to the Company's Articles of Incorporation in Colorado to allow majority voting of shareholders without requiring a meeting of all shareholders.

(vi) During the year ended December 31, 2013, the Company issued, by way of private placements, 3,958,333 shares at a price of $0.48 per share, raising gross proceeds of $1,900,000.

(vii) During the year ended December 31, 2013, the Company issued 625,000 common shares valued at $0.48 per share upon the exercise of warrants raising gross proceeds totaling $300,000.

(viii) During the year ended December 31, 2013, the Company issued 450,000 common shares valued at $0.50 per share for the Island Mountain property valued at $225,000.

c) Share Purchase Warrants

The continuity of post-consolidation warrants for the years ended December 31, 2013 and 2012 is summarized below. The share consolidation was assumed to have completed on January 1, 2012, for comparison purposes.

Expiry Date	Exercise Price	December 31, 2012	Issued	Exercised	Expired/ Cancelled	December 31, 2013
April 1, 2014	$0.48	4,583,334	-	(625,000)	-	3,958,334
February 1, 2015	$0.30	333,334	-	-	-	333,334
Total		4,916,668	-	(625,000)	-	4,291,668
Weighted Average Exercise Price		$0.47	-	$0.48	-	$0.46

Expiry Date	Exercise Price	December 31, 2011	Issued	Exercised	Expired/ Cancelled	December 31, 2012
June 15, 2012	$0.75	166,665	-		(166,665)	-
December 20, 2012	$0.75	-	62,222	(8,889)	(53,333)	-
April 1, 2014	$0.48	-	5,208,281	(624,937)	-	4,583,334
February 1, 2015	$0.30	-	333,334	-	-	333,334
Total		500,000	16,811,667	(1,901,667)	(660,000)	4,916,668
Weighted Average Exercise Price		$0.25	$0.48	$0.48	$0.75	$0.47

(Expressed in United States Dollars)

NOTE 11 – SUPPLEMENTAL CASH FLOW INFORMATION

Significant Non-Cash Investing Activity

	2013 $	2012 $
Shares Issued for Resource Property	225,000	-

NOTE 12 – RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed. Details of transactions between the Company and other related parties, in addition to those transactions disclosed elsewhere in these consolidated financial statements, are described below.

a) Related Party Balances

As at December 31, 2013, the Company has $372,466 (2012 – $392,273) owed to Directors and Officers of the Company and a related company controlled by a Director (also an Officer) for advances made and consulting services provided to the Company and expenses incurred on behalf of the Company. The amounts are unsecured, non-interest bearing, and have no specified terms for repayment.

b) Compensation of Key Management Personnel

The Company incurred consulting fees for general, geological, and financing services provided by key management personnel for the years ended December 31, 2013 and 2012 as described below. The Company has entered into management agreements with key management personnel for management and technical services provided (Note 16(a)). All related party transactions were in the ordinary course of business and were measured at their exchange amount.

Geological Consulting Fees	103,945	79,995
General Consulting Fees	126,314	96,865
	230,259	176,860

(Expressed in United States Dollars)

NOTE 13 – INCOME TAXES

a) Income Tax Expense

The income tax expense of the Company is reconciled to the net loss for the year as reported in the consolidated statement of comprehensive loss as follows:

	2013 $	2012 $
Loss before Income Tax	2,206,566	1,890,481
Recovery of Income Tax Calculated at the Statutory Rate of 35%	(772,640)	(659,918)
Permanent Differences	2,321	1,608
Deferred Tax Assets Not Recognized	770,319	658,310
Income Tax Expense	-	-

b) Deferred Tax Assets and Liabilities

Deferred tax assets have not been recognized with respect to the following items:

Deferred Tax Assets (Liabilities)		
Net Operating Losses Carry-Forward	1,871,907	1,183,593
Exploration and Evaluation Assets	59,167	(21,175)
Marketable Securities	3,500	3,500
Property and Equipment	1,663	-
Net Deferred Tax Assets (Liabilities)	1,936,237	1,165,918

As at December 31, 2013, the Company has net operating losses of $5,348,305 which may be applied to reduce future taxable income in the United States. The net operating losses expire as follows:

2027	54,841
2028	103,788
2029	177,562
2030	723,444
2031	689,790
2032	1,632,268
2033	1,966,612
	5,348,305

NOTE 14 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 2(o). The Company's risk management is coordinated in close co-operation with the board of directors and focuses on actively securing the Company's short to medium-term cash flows and raising finances for the Company's acquisition and exploration activities on its resource properties. The Company does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

a) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through cash flow forecasting of cash requirements to fund exploration and development projects and operating costs. The Company is dependent upon the availability of credit from its suppliers and its ability to generate sufficient funds from equity and debt financing to meet current and future obligations. The Company has a working capital deficiency of $121,401 as at December 31, 2013. There can be no assurance that such financing will be available on terms acceptable to the Company.

b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management considers that risk related to interest is not significant to the Company at this time. Amounts owed to related parties are non-interest bearing and the loan payable is subject to a fixed interest rate.

c) Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company is in the exploration stage and has not yet commenced commercial production or sales. Therefore, the Company is not exposed to significant credit risk.

d) Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk to the extent it incurs operating costs in foreign currencies including the Canadian dollar. The Company does not use derivatives to manage its exposure to foreign exchange risk. Management considers that risk related to foreign exchange is not significant to the Company at this time.

e) Commodity Price Risk

Commodity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commodity prices. The ability of the Company to develop its mineral resource properties and the future profitability of the Company are directly related to the market price of gold and silver. The Company has not hedged any of its future gold and silver sales. The Company's input costs are also affected by the price of fuel. The Company closely monitors precious and base metal prices to determine the appropriate course of action to be taken by the Company.

NOTE 14 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

f) Fair Values

The Company uses the following hierarchy for determining fair value measurements:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. The Company's financial instruments measured at fair value use Level 1 valuation technique during the years ended December 31, 2013 and 2012. The carrying values of the Company's financial assets and liabilities approximate their fair values as at December 31, 2013 and 2012.

NOTE 15 – CAPITAL MANAGEMENT

The Company manages its share capital as capital, which as at December 31, 2013 was $6,243,222 (2012 – $3,818,222). The Company's objectives when managing capital are to preserve the Company's access to capital markets and its ability to meet its financial obligations, and to finance its exploration and development activities.

The Company manages its capital structure using future forecasts of cash flows, particularly those related to its exploration and development programs. To maintain or adjust its capital structure, the Company may adjust its exploration and development programs and operating expenditure plans, issue new shares or debt, or dispose of assets. There can be no assurance that the Company will be able to obtain debt or equity capital in the case of operating cash deficits.

The Company's share capital is not subject to external restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future, in order to conserve cash reserves and to maximize ongoing development efforts.

There were no changes in the Company's approach to capital management in 2013.

NOTE 16 – COMMITMENTS

a) Management Agreements with Key Management Personnel

On October 1, 2010, the Company entered into management agreements with Officers and Directors of the Company for management, strategic, administration, and technical consulting services. The agreements require hourly rates and maximum daily rates for each officer, with no daily minimum payment required for any officer. All officers are reimbursed at cost for approved expenses. For the President and Chief Operating Officer (also a Director), the hourly rate is $65 for general and administrative (G&A) activities and $85 for activities related to Island Mountain and East Canyon properties, with maximum daily rates of $500 for G&A and $700 for projects and a monthly maximum of $5,500 for all G&A activities. For each of the Chief Executive Officer (also the Chairman), Chief Financial Officer (also a Director), the Vice President for Environmental Technologies, and the Corporate Secretary, the hourly rate is $50 and the daily maximum rate is $400.

The agreements have an initial term of two years and will automatically extend for one-year periods unless terminated by the Company or the Officers and Directors. Should the agreements be cancelled by the Company unilaterally or because of a takeover by or merger with another company, the Company will pay severance up to a maximum of 12 months of management's pay in effect at the time of cancellation.

b) Consulting Agreements

In October 2010, the Company entered into consulting agreements with two arm's length consultants for exploration consulting services at a daily compensation rate ranging from $600 to $650 (or $75 to $82 per hour) plus expense reimbursement. The agreements have a term of two years and may be extended for one-year periods as mutually agreed upon by the Company and the consultant.

In 2012, one of the consultant contracts was terminated. The second existing consultant's contract was amended to increase the hourly rate to $85 and allow for charges for actual time spent over 8 hours per day for days where the consultant was managing a drill rig where 12-hour shifts were common. An additional consulting agreement with an arm's length consultant was entered into for exploration consulting services at a daily compensation rate of $300 (or $38 per hour) plus expense reimbursement and allowing for charges for actual time spent over 8 hours per day for days where the consultant was managing a drill rig where 12-hour shifts were common.

In 2012, the Company entered into a new consulting agreement with an arm's length consultant for exploration consulting services at a daily compensation rate of $300 (or $38 per hour) plus expense reimbursement. The agreement has a term of one year and may be extended for one-year periods as mutually agreed upon by the Company and the consultant.

In 2013, the Company entered into a consulting agreement with a shareholder of the Company to perform exploration consulting services at a daily compensation rate of $300 (or $38 per hour) plus expense reimbursement. The agreement has a term of one year and may be extended for one-year periods as mutually agreed upon by the Company and the consultant.

NOTE 16 – COMMITMENTS (Continued)

c) Lease/Purchase Agreement

In September 2013, the Company entered into a lease/purchase agreement with an arm's length company (the "seller/lessor") for a commercial lease of 1111 Metzler Avenue, Elko, Nevada with an option to purchase. The total rent to be paid over the two-year term is $43,200, or $1,800 per month. Pursuant to the first Addendum of the lease agreement, the property shall continue to be listed for sale during the terms of the lease/option agreement. If the seller/lessor receives an offer from a third party to purchase the property, the lessee (being TUVERA) will be able to exercise its option to purchase the property at a price of $219,000.

NOTE 17 – SUBSEQUENT EVENTS

a) Island Mountain Property – Second Option

The Company issued 300,000 common shares on January 16, 2014 as required by the Second Option of the Island Mountain option agreement.

b) Proposed Reverse Takeover ("RTO")

The Company signed an agreement with PI Financial Corp. ("PI Financial") on February 18, 2014 for PI Financial to serve as financial advisor to the Company on a proposed RTO in order to obtain a public listing for the Company. This agreement required an initial payment of $22,500 to PI Financial to be followed by an additional $22,500 payment upon completion of the RTO. Additional fees may be incurred depending on the circumstances of the RTO and final valuation of the RTO partner company.

c) Private Placement

On March 27, 2014, the Company issued additional 500,000 common shares to an arm's length party for total cash proceeds of $200,000 as the result of a Private Placement.