HUNT

MINING CORP

Audited Consolidated Financial Statements
(Expressed in Canadian Dollars)
Years Ended December 31, 2013 and 2012

Management’s Report

To the Shareholders of Hunt Mining Corp. (the “Company”)

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors has appointed an Audit Committee, consisting entirely of independent directors who are neither management nor employees of the Company. The Audit Committee is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Audit Committee has the responsibility of meeting with management, and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Company's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the Shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

(signed)
Tim Hunt
President and Chief Executive Officer

(signed)
Bob Little
Chief Financial Officer

Spokane, Washington
April 30, 2014

Independent Auditors' Report

To the Shareholders of Hunt Mining Corp.:

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

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, 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 and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes assessing 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 during our audits 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 Hunt Mining Corp. and its subsidiaries as at December 31, 2013 and 2012, and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter - Going Concern

Without qualifying our opinion, we draw attention to Note 3 in the consolidated financial statements which indicates that Hunt Mining Corp. has had minimal revenues and has accumulated losses of $31,176,283. These conditions indicate the existence of substantial doubt on Hunt Mining Corp.'s ability to continue as a going concern.

MNP LLP

April 30, 2014
Calgary, Alberta

Chartered Accountants

Hunt Mining Corp.

Consolidated Financial Statements

Years ended December 31, 2013 and 2012 **Page**

Consolidated Statements of Financial Position	4
Consolidated Statements of Loss and Comprehensive Loss	5
Consolidated Statement of Changes in Shareholders' Equity	6
Consolidated Statements of Cash Flows	7
Notes to the Consolidated Financial Statements	8

Hunt Mining Corp.
An Exploration Stage Enterprise

Expressed in Canadian Dollars

Consolidated Statements of Financial Position

	NOTE	December 31, 2013	December 31, 2012
CURRENT ASSETS:			
Cash and equivalents	7	$ 2,364,062	$ 5,220,727
Marketable Securities	8	47,828	-
Accounts receivable		121,084	44,722
Prepaid expenses		26,531	36,031
Deposits receivable	15	-	62,231
Total Current Assets		2,559,505	5,363,711
NON-CURRENT ASSETS:			
Property and equipment	9	1,111,759	963,596
Performance bond	12	340,183	285,341
VAT receivable, net of discount	13	548,676	682,074
Deposits receivable	15	-	52,177
Other deposit	18(c)	80,085	-
Minimal presumed income tax receivable		362,559	355,080
Total Non-Current Assets:		2,443,262	2,338,268
TOTAL ASSETS:		$ 5,002,767	$ 7,701,979
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities		$ 274,364	$ 811,016
Taxes payable		317,582	126,080
Total Current Liabilities:		591,946	937,096
NON-CURRENT LIABILITIES:			
Provision	18(c)	125,000	125,000
Total Non-Current Liabilities:		125,000	125,000
TOTAL LIABILITIES:		$ 716,946	$ 1,062,096
SHAREHOLDERS' EQUITY:			
Preferred shares	10	$ -	$ 177,417
Share capital	10	26,062,481	25,885,064
Contributed surplus	11	9,358,217	3,491,659
Warrants	10	-	5,860,183
Deficit		(31,176,283)	(28,496,195)
Accumulated other comprehensive income (loss)		41,406	(278,245)
Total Shareholders' Equity:		$ 4,285,821	$ 6,639,883
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY:		$ 5,002,767	$ 7,701,979

Going Concern (Note 3)
Subsequent Events (Note 20)
Commitments and Provision (Note 18)

Approved on behalf of the Board of Directors

Signed "Tim Hunt"

Signed "Alan Chan"

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

Hunt Mining Corp.

An Exploration Stage Enterprise

Expressed in Canadian Dollars

Consolidated Statements of Loss and Comprehensive Loss

	NOTE	Years ended December 31, 2013	2012
REVENUE:			
Operator's Fee		$ 107,797	$ 125,655
OPERATING EXPENSES:			
Professional fees		508,288	733,377
Directors fees		108,690	121,163
Exploration expenses		667,796	594,904
Travel expenses		272,242	365,332
Administrative and office expenses		575,466	1,000,442
Payroll expenses		1,871,466	2,144,767
Share based compensation	11	6,375	331,833
Banking charges		59,564	49,205
Depreciation	9	302,516	224,472
Cost recovery		(1,790,032)	(1,795,066)
Total operating expenses:		2,582,371	3,770,429
OTHER INCOME/(EXPENSE):			
Interest income		49,626	67,708
Miscellaneous income	8;18(f)	455,669	200,000
VAT discount and accretion	13	(16,076)	(616,331)
Loss on foreign exchange		(465,475)	(184,558)
Gain on disposal of property and equipment		-	33,977
Total other income:		23,744	(499,204)
LOSS - before income tax		(2,450,830)	(4,143,978)
Income taxes	14	(229,258)	(28,104)
NET LOSS FOR THE YEAR		$ (2,680,088)	$ (4,172,082)
Other comprehensive income (loss), net of tax:			
Items that may be reclassified subsequently to net loss			
Change in value of performance bond	12	54,842	57,745
Translation of foreign operations into Canadian dollar presentation		264,809	(206,472)
TOTAL NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR:		$ (2,360,437)	$ (4,320,809)
Weighted average shares outstanding - basic and diluted		115,773,866	100,613,330
NET LOSS PER SHARE - BASIC AND DILUTED:		$ (0.02)	$ (0.04)

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

Hunt Mining Corp.

An Exploration Stage Enterprise

Expressed in Canadian Dollars

Consolidated Statement of Changes in Shareholders' Equity

	Share Capital	Deficit	Accumulated Other Comprehensive Loss	Contributed Surplus	Warrants	Preferred Shares	Total
Balance - January 1, 2012	$ 25,885,064	$ (24,324,113)	$ (129,518)	$ 3,159,826	$ 5,860,183	$ 177,417	$ 10,628,859
Net Loss	-	(4,172,082)	-	-	-	-	(4,172,082)
Other comprehensive loss	-	-	(148,727)	-	-	-	(148,727)
Share based compensation	-	-	-	331,833	-	-	331,833
Balance - December 31, 2012	$ 25,885,064	$ (28,496,195)	$ (278,245)	$ 3,491,659	$ 5,860,183	$ 177,417	$ 6,639,883
Balance - January 1, 2013	$ 25,885,064	$ (28,496,195)	$ (278,245)	$ 3,491,659	$ 5,860,183	$ 177,417	$ 6,639,883
Net Loss	-	(2,680,088)	-	-	-	-	(2,680,088)
Other comprehensive income	-	-	319,651	-	-	-	319,651
Share based compensation	-	-	-	6,375	-	-	6,375
Conversion of preferred shares to common shares	177,417	-	-	-	-	(177,417)	-
Expiry of warrants	-	-	-	5,860,183	(5,860,183)	-	-
Balance - December 31, 2013	$ 26,062,481	$ (31,176,283)	$ 41,406	$ 9,358,217	$ -	$ -	$ 4,285,821

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

Hunt Mining Corp.

An Exploration Stage Enterprise

Expressed in Canadian Dollars

Consolidated Statements of Cash Flows

	NOTE	Years ended December 31, 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss		$ (2,680,088)	$ (4,172,082)
Items not affecting cash			
Depreciation	9	302,516	224,472
Deferred tax recovery		(148,517)	-
Loss (gain) of foreign exchange		(156,394)	6,397
Share based compensation	11	6,375	331,833
Gain on disposal of property and equipment		-	(33,977)
Unrealized gain on marketable securities	8	(1,599)	
Realized gain on marketable securities	8	(3,173)	-
Net change in non-cash working capital items			
Decrease in deposits receivable		114,408	42,123
Decrease (increase) in minimum presumed income tax receivable		17,784	(167,464)
Decrease in VAT receivable		176,524	436,841
Increase in other deposit		(77,157)	-
Decrease (increase) in accounts receivable		(71,407)	19,506
Decrease in prepaid expenses		10,002	9,760
Increase (decrease) in accounts payable and accrued liabilities		(562,097)	304,025
Increase (decrease) in taxes payable		175,627	(93,353)
Net cash used in operating activities		(2,897,196)	(3,091,919)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	9	(18,718)	(535,747)
Proceeds on sale of property and equipment		-	57,201
Purchases of marketable securities		(358,799)	-
Redemption of marketable securities		315,743	-
Net cash used in investing activities		(61,774)	(478,546)
NET DECREASE IN CASH AND EQUIVALENTS:		$ (2,958,970)	$ (3,570,465)
CHANGE DUE TO FOREIGN EXCHANGE		102,305	(48,808)
CASH AND EQUIVALENTS, BEGINNING OF YEAR:		5,220,727	8,840,000
CASH AND EQUIVALENTS, END OF YEAR:		$ 2,364,062	$ 5,220,727
Cash and cash equivalents consist of:			
Cash		614,062	1,220,727
Term deposits (less than 90 days)		1,750,000	4,000,000
		2,364,062	5,220,727
SUPPLEMENTAL CASH FLOW INFORMATION			
Taxes paid		(396,800)	(33,974)
Interest received		32,164	50,127

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

(Expressed in Canadian Dollars)

1. Nature of Business

Hunt Mining Corp. (the “Company” or “Hunt”), is a mineral exploration company incorporated on January 10, 2006 under the laws of Alberta, Canada and, together with its subsidiaries, is engaged in the exploration of mineral properties in Santa Cruz Province, Argentina.

The Company’s registered office is located at 1810, 1111 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4M3. The Company’s head office is located at 23800 E Appleway Avenue, Liberty Lake, Washington, USA.

The consolidated financial statements include the accounts of the following subsidiaries after elimination of intercompany transactions and balances:

Corporation	Incorporation	Percentage ownership	Business Purpose
Cerro Cazador S.A.	Argentina	100%	Holder of Assets and Exploration Company
1494716 Alberta Ltd.	Alberta	100%	Nominee Shareholder
Hunt Gold USA LLC	Washington, USA	100%	Management Company

The Company’s primary activity is the exploration of mineral properties in Argentina. On the basis of information to date, the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the mineral properties is entirely dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production or a sale of these properties.

2. Basis of presentation

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

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments and share based compensation measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The Company's functional and presentation currency is the Canadian Dollar.

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Judgments made by management in the application of IFRS that have a significant effect on the consolidated financial statements and estimates with significant risk of material adjustment in the current and following years are discussed in Note 6.

These consolidated financial statements were authorized for issue on April 30, 2014 by the Board of Directors of the Company.

3. Going Concern

The accompanying consolidated financial statements have been prepared under the assumption that the Company will continue as a going concern. The Company is an exploration stage company and has incurred significant losses since its inception. As shown in these consolidated financial statements, the Company has had minimal revenues and has incurred an accumulated loss of $31,176,283 through December 31, 2013 (2012 - $28,496,195). However, the Company believes it has sufficient cash at December 31, 2013 to fund operations for the next 12 months.

The Company's ability to continue as a going concern is dependent upon the discovery of economically recoverable mineral reserves, the ability to obtain necessary financing to complete development and fund operations and future production or proceeds from their disposition. Additionally, the current capital markets and the deteriorating commodity markets worldwide provide no assurance that the Company's funding initiatives will continue to be successful. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The consolidated financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern. If the going concern basis was not appropriate for these consolidated financial statements, adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used.

4. Significant Accounting Policies

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

(a) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value.

(b) Consolidation

The Company's consolidated financial statements consolidate the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions, balances and unrealized gains or losses from intercompany transactions are eliminated on consolidation.

(c) Foreign currency translation

Monetary assets and liabilities, denominated in currencies other than the Canadian dollar are translated into Canadian dollars at the rates of exchange prevailing at the reporting date. Non-monetary assets and liabilities are translated at the exchange rate prevailing at the transaction date. Revenues and expenses are translated at average exchange rates throughout the reporting period. Gains and losses on translation of foreign currencies are included in the consolidated statement of loss and comprehensive loss.

The Company's subsidiaries have adopted the United States Dollar as their functional currency. Financial statements are translated to their Canadian dollar equivalents using the current rate method. Under this method, the statements of loss and comprehensive loss and cash flows for each period have been translated using the average exchange rates prevailing during each period. All assets and liabilities have been translated using the exchange rate prevailing at the statement of financial position date. Translation adjustments are recorded as income or losses in other comprehensive income or loss. Transaction gains and losses resulting from fluctuations in currency exchange rates on transactions denominated in currencies other than the United States dollar are recognized as incurred in the accompanying consolidated statement of loss and comprehensive loss.

(d) Financial instruments

Financial assets and liabilities are recognized when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instrument were acquired.

<u>Financial assets</u>

Fair value through profit or loss
A financial asset can be classified as fair value through profit or loss only if it is designated at fair value through profit or loss or held-for-trading. The Company's financial assets at fair value through profit or loss are held for trading financial assets. They are measured at fair value with changes in fair value included in the statement of loss and comprehensive loss.

Loans and receivables
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at amortized cost using the effective interest method. Any gains or losses on the realization of receivables are included in the statement of loss and comprehensive loss.

Assets available for sale
Assets available for sale ("AFS") represent securities and other financial investments that are non-strategic, that are neither held for trading, nor held to maturity, nor held for strategic reasons, and that have a readily available market price. As such, gains or losses from revaluation of the asset are recorded as other comprehensive loss, except to the extent that any losses are assessed as being permanent, and the asset is therefore impaired, under IAS 39, or if the asset is sold or otherwise disposed of. If the asset is impaired, sold or otherwise disposed of the revaluation gain or loss implicit in the transaction is recognized as a revenue or expense in the statement of loss and comprehensive loss.

Impairment of financial assets
All financial assets except for those at fair value through profit or loss are subject to review for impairment at each reporting date or when events indicate that impairment may exist. Financial assets are impaired when there is objective evidence that a financial asset or a group of financial assets are impaired. Impairment losses on financial assets carried at amortized cost are reversed in subsequent

periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Financial liabilities

Fair value through profit or loss
These liabilities are comprised of derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are measured at fair value with changes in fair value included in the statement of loss and comprehensive loss.

Other financial liabilities
They are measured at amortized cost using the effective interest method. Any gains or losses in the realization of other financial liabilities are included in the statement of loss and comprehensive loss.

Fair values

Fair values of financial assets and liabilities are based upon quoted market prices available from active markets or are otherwise determined using a variety of valuation techniques and models using quoted market prices.

(e) Cash and equivalents

Cash and equivalents include cash on hand, deposits held with banks and other highly liquid short-term investments with original maturities of three months or less.

(f) Value added tax ("VAT")

VAT is generally charged for goods and services purchased in Argentina. The VAT paid may be recovered from future sales and therefore the Company recognizes VAT paid as an asset. The Company discounts its VAT receivable in order to reflect the present value of the VAT asset.

(g) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of an asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced.

Repairs and maintenance costs are charged to the consolidated statement of loss and comprehensive loss during the period in which they are incurred.

Depreciation is calculated to amortize the cost of the property and equipment over their estimated useful lives using the straight-line method. Equipment and vehicles are stated at cost and depreciated over an estimated useful life of three years.

The Company allocates the amount initially recognized in respect of an item of property and equipment to its significant parts and depreciates separately each such part. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains or losses in the consolidated statement of loss and comprehensive loss.

Exploration and evaluation expenditures

All exploration expenditures are expensed as incurred. Expenditures to acquire mineral rights, to develop new mines, to define further mineralization in mineral properties which are in the development or operating stage, and to expand the capacity of operating mines, are capitalized and amortized on a units-of-production basis over proven and probable reserves.

Should a property be abandoned, its capitalized costs are charged to the consolidated statement of loss and comprehensive loss. The Company charges to the consolidated statement of loss and comprehensive loss the allocable portion of capitalized costs attributable to properties sold. Capitalized costs are allocated to properties sold based on the proportion of claims sold to the claims remaining within the project area.

Impairment

The carrying value of property and equipment and exploration and evaluation expenditures is reviewed for indicators at each reporting period and whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs).

The recoverable amount is the higher of an asset's fair value less cost to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Expected future cash flows for property and equipment and exploration and evaluation expenditures are based on estimates of future metal prices and foreign exchange rates, proven and probable reserves, and future operating, capital, and reclamation cost assumptions.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

(h) Provisions

Provisions are liabilities that are uncertain in timing or amount. The Company records a provision when and only when:

(i) The Company has a present obligation (legal or constructive) as a result of past events;
(ii) It is probable that an outflow of resources will be required to settle the obligation; and
(iii) A reliable estimate can be made of the amount of the obligation.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material. The increase in the provision due to passage of time is recognized as accretion expense. Changes in assumptions or estimates are reflected in the period in which they occur.

Provision for environmental restoration represents the legal and constructive obligations associated with the eventual closure of the Company's exploration properties. These obligations consist of expenditures associated with reclamation and monitoring of activities and the removal of tangible assets. The discount rate used is based on a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, excluding the risks for which future cash flow estimates have already been adjusted. The Company doesn't have any material environmental restoration obligations at this time.

(i) Current and deferred tax

Income tax expense represents the sum of current tax and deferred tax expense. Income tax is recognized in the consolidated statement of loss and comprehensive loss except to the extent it relates to items recognized directly in shareholders' equity, in which case the income tax expense is recognized in shareholders' equity. Current taxes are measured at the amount, if any, expected to be recoverable from or payable to taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period.

The Company follows the liability method of accounting for deferred taxes. Under this method, deferred tax assets or liabilities are recorded to reflect differences between the accounting and tax base of assets and liabilities, and income tax loss carry forwards. Deferred taxes are measured using tax rates that are expected to apply to the period when the deferred tax asset is realized or deferred tax liability is settled, based on income tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The effect of any changes in tax rate is recognized in the statement of loss and comprehensive loss in the period in which the change occurs or in shareholders' equity, depending on the nature of the item(s) affected by the adjustment.

Deferred tax assets and liabilities are not recognized for temporary differences relating to: the initial recognition of goodwill; the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit or loss or taxable profit or loss; certain differences associated with subsidiaries, branches and associates, and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for deductible temporary differences to the extent it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent it is no longer probable that sufficient profits will be available to allow the asset to be recovered.

The Company offsets deferred tax assets and deferred tax liabilities relating to the same taxable entity. The Company may also offset deferred tax assets and deferred tax liabilities relating to different taxable entities, where the amounts relate to income taxes levied by the same taxation authority and the entities intended to realize the assets and settle the liabilities simultaneously.

(j) Provision for Minimum Presumed Income Tax

The Company determines the Minimum Presumed Income Tax ("MPIT") by applying the rate of 1% on the taxable assets in Argentina as of the reporting period. This tax is separate from current and deferred taxes. The Company's tax obligations in each fiscal year will be comprised of the greater of both taxes. However, if the MPIT exceeds the income tax in the fiscal year, such surplus may be computed as payment on account of the income tax that may arise in any of the ten subsequent fiscal years.

(k) Share-based compensation

The Company offers a share option plan for its directors, officers, employees and consultants. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Share based compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

Any consideration paid on exercise of share options is credited to share capital. The contributed surplus resulting from share-based compensation is transferred to share capital when the options are exercised.

(l) Revenue Recognition

Revenue for the Company is derived from Operator's fees and ongoing lease payments are derived once projects have advanced from Stage I to Stage II. Operator's fees are recognized when the services are provided, when persuasive evidence of an arrangement exists, the fee is determinable, and there is reasonable assurance of collection. Operator's fees are generated when the Company operates an exploration program under a budget approved by the project partner. The Company charges the project partner a pre-determined fee based on a percentage of the total exploration expenditures incurred. As operator, the Company may recover certain direct and indirect costs, and overhead which are recognized as a cost recovery, through the consolidated statement of loss and comprehensive loss.

The Company recovers costs from its exploration partner through the advancement of funds for expenditures before an exploration period has begun. On a monthly basis, the Company provides its exploration partner a reconciliation of expenses over the previous month and any surplus or shortage is carried over and applied to the following month's budget. This recovery of expenditures is classified as Cost Recovery.

The Company also generates one time payments that are classified as miscellaneous income when a project is accepted into the agreement as a Stage I project, when a project advances from a Stage I project to a Stage II project and when a project advances from a Stage II project to Stage III. Stage I, is an early exploration project that is not ready for exploration drilling; Stage II; is a project that is drill ready, or being drilled; Stage III, requires that the Company and its exploration partner jointly create a new company where by the Company will retain a 25% interest in the new company and its exploration partner, or a nominee of their choice, will be granted a 75% interest in the new company. The Company had two Stage II projects, Bajo Pobré and La Valenciana, and one new Stage I project, La Josefina.

(m) Earnings per share

The calculation of earnings per share (“EPS”) is based on the weighted average number of shares outstanding for each year. The basic EPS is calculated by dividing the earnings or loss attributable to the equity owners of the Company by the weighted average number of common shares outstanding during the year.

The computation of diluted EPS assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the earnings per share. The treasury stock method is used to determine the dilutive effect of the warrants and share options. When the Company reports a loss, the diluted net loss per common share is equal to the basic net loss per common share due to the anti-dilutive effect of the outstanding warrants and share options.

5. Standards and amendments to existing standards effective January 1, 2013

At the date of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company. Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standard, amendment and interpretation that is expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements.

i) Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The Company has applied the amendments to IAS 1 titled Presentation of Items of Other Comprehensive Income in the current period. The amendments introduce new terminology for statement of comprehensive income and income statement. Under the amendments to IAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

ii) Application of new and revised IFRSs on consolidation, joint arrangements, associates and disclosures

The Company has applied the requirements of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosures of Interests in Other Entities and IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine in the current period.

The impact of the application of these standards is set out below.

Impact of the application of IFRS 10
IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The application of IFRS 10 has no impact on the Company's consolidated financial statements as the adoption did not result in a change in the consolidation status of any of the Company's subsidiaries.

Impact of the application of IFRS 11
IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. The application of IFRS 11 has no impact on the consolidated financial statements as the Company has no interests in joint arrangements.

Impact of the application of IFRS 12
IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in additional disclosures in the Company's consolidated financial statements.

Impact of the application of IFRIC 20
IFRIC 20 sets out principles for the recognition of production stripping costs in the balance sheet. The interpretation recognizes that some production stripping in surface mining activity will benefit production in future periods and sets out criteria for capitalizing such costs. The application of IFRIC 20 has no impact on the consolidated financial statements as the Company is not yet in production.

iii) Application of IFRS 13 Fair Value Measurement

The Company has applied the requirements of IFRS 13 Fair Value Measurement in the current period. IFRS 13 improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. In general, the application of IFRS 13 has resulted in additional disclosures in the Company's consolidated financial statements.

Standards issued but not yet effective

The Company has not yet applied the following new standards, interpretations or amendments to standards that have been issued as at December 31, 2013 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations.

IFRS 2 *Share-based payment*
The amendments to IFRS 2, issued in December 2013 clarify the definition of "vesting conditions", and separately define a "performance condition" and a "service condition". A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The amendments are effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

IFRS 7 *Financial instruments: disclosures* and IAS 32 *Financial instruments: presentation*
Financial assets and financial liabilities may be offset, with the net amount presented in the statement of financial position, only when there is a legally enforceable right to set off and when there is either an intention

to settle on a net basis or to realize the asset and settle the liability simultaneously. The amendments to IAS 32, issued in December 2011, clarify the meaning of the offsetting criterion "currently has a legally enforceable right to set off" and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014.

IFRS 8 *Operating segments*
The amendments to IFRS 8, issued in December 2013, require an entity to disclose the judgments made by management in applying the aggregation criteria for reportable segments. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014.

IFRS 9 *Financial instruments*
IFRS 9 was issued in November 2009 as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting January 1, 2015, with early adoption permitted. The IASB intends to expand IFRS 9 during the intervening period to add new requirements for classifying and measuring financial liabilities, de-recognition of financial instruments, impairment and hedge accounting. The Company is currently assessing the impact of this standard on the consolidated financial statements.

IFRS 10 *Consolidated financial statements* and IFRS 12 *Disclosure of interests in other entities* and IAS 27 *Separate financial statements*
The amendments to IFRS 10, issued in October 2012, introduce a consolidation exception for investment entities. They do this by defining an investment entity and requiring an investment entity to measure subsidiaries at fair value through profit or loss in accordance with IFRS 9 *Financial instruments* or IAS 39 *Financial Instruments: Recognition and measurement*. The related amendments to IFRS 12, issued at the same time, require additional disclosure for investment entities. The amendments are effective for annual periods beginning on or after January 1, 2014.

IFRS 13 *Fair value measurement*
The Company applies the “portfolio exception”. Accordingly, it measures the fair value of financial assets and liabilities, with offsetting positions in market or counterparty credit risk, consistently with how market participants would price the net risk exposure. The amendments to IFRS 13, issued in December 2013, clarify that the portfolio exception applies to all contracts within the scope of IFRS 9 *Financial instruments* or IAS 39 *Financial instruments: Recognition and measurement*, regardless of whether they meet the definitions of financial assets or financial liabilities in IAS 32 *Financial instruments: Presentation*. The amendments are effective for annual periods beginning on or after July 1, 2014.

IAS 16 *Property, plant and equipment* and IAS 38 *Intangible assets*
The amendments to IAS 16 and IAS 38, issued in December 2013, clarify how an entity calculates the gross carrying amount and accumulated depreciation when a revaluation is performed. The amendments are effective for annual periods beginning on or after July 1, 2014.

IAS 24 *Related party disclosures*
The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014.

IAS 36 ***Impairment of assets***
The amendments to IAS 36, issued in May 2013, require:
- Disclosure of the recoverable amount of impaired assets; and
- Additional disclosures about the measurement of the recoverable amount when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount.

The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014.

6. Critical accounting judgments and estimates

(a) Significant judgments

Preparation of the consolidated financial statements requires management to make judgments in applying the Company's accounting policies. Judgments that have the most significant effect on the amounts recognized in these consolidated financial statements relate to functional currency; exploration and evaluation expenditures; income taxes; provisions and reclamation and closure cost obligations. These judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Functional Currency

Management determines the functional currency for each entity. This requires that management assess the primary economic environment in which each of these entities operates. Management's determination of functional currencies affects how the Company translates foreign currency balances and transactions. Determination includes an assessment of various primary and secondary indicators. In determining the functional currency of the Company's operations in Canada (Canadian dollar) and Argentina (U.S. dollar), management considered the currency that primarily influences or determines the selling prices of goods and services and the cost of production, including labor, material and other costs, and the currency whose competitive forces and regulations mainly determine selling prices.

Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. The Company's policy is to expense all exploration and evaluation expenditures.

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain and subject to judgement. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law in the various jurisdictions in which it operates. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

Provisions

Management makes judgments as to whether an obligation exists and whether an outflow of resources embodying economic benefits of a liability of uncertain timing or amount is probable, not probable or remote. Management considers all available information relevant to each specific matter.
Reclamation and closure costs obligations

The Company does not have a reclamation provision and expenses all exploration expenditures as they are incurred. If management makes the judgment in the future that a material reclamation obligation exists; it will use the magnitude and timing of costs to be incurred, inflation rates, regulatory changes and discount rates in calculating its expected obligation.

(b) Estimation uncertainty

The preparation of the consolidated financial statements in conformity with IFRS requires the Company 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company also makes estimates and assumptions concerning the future. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

The more significant areas requiring the use of management estimates and assumptions relate to title to mineral property interests; share-based payments, provisions and value added tax. These estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Company is also exposed to legal risk. The outcome of currently pending and future proceedings cannot be predicted with certainty. Thus, an adverse decision in a lawsuit could result in additional costs that are not covered, either wholly or partly, under insurance policies and that could significantly influence the business and results of operations.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company’s title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions is done by application of the Black-Scholes option pricing model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the Black-Scholes option pricing model, including the expected life of the stock option, volatility and dividend yield and making assumptions about them.

(Expressed in Canadian Dollars)

Provisions

In the normal course of business, legal proceedings and other claims brought against the Company expose us to potential losses. Given the nature of these events, in most cases the amounts involved are not reasonably estimable due to uncertainty about the final outcome. In estimating the final outcome of litigation, management makes assumptions about factors including experience with similar matters, past history, precedents, relevant financial, scientific and other evidence, and facts specific to the matter. This determines whether management requires a provision or disclosure in the consolidated financial statements.

Value added tax ("VAT")

The Company estimates the VAT based on when it expects the project will go into production and uses a discount rate to calculate net present value. The Company plans to get reimbursement on the VAT once the exports of minerals have commenced, the Company has estimated that if successful in finding an economic mineral deposit, production will begin in 2019, this is based on the end of the exploration period on the Company's La Josefina project. The asset is reported at net present value based upon the Company's estimate of when it will have future revenues. The Company used an expected production date of December 31, 2019, and a discount rate of 18.6% based upon the average Argentine interest rates.

7. Cash and Equivalents

Cash and equivalents are comprised of the following:

	December 31, 2013	December 31, 2012
Cash	$ 614,062	$ 1,220,727
Short-term investments	1,750,000	4,000,000
	$ 2,364,062	$ 5,220,727

Short-term investments consist of a $1,750,000 (2012 - $4,000,000) term deposit with an annual interest rate of 1.10% (2012 – 1.10%). The 2013 term deposit was issued on December 3, 2013 with a maturity date of March 4, 2014.

8. Marketable Securities

Marketable securities consist of equities in the Buenos Aires stock exchange at December 31, 2013. The Company purchased 8,400 shares of Tenaris SA. The Company sold 6,400 shares in December 2013 at a gain of $3,173, which has been recorded as miscellaneous income in the Company's consolidated statement of loss and comprehensive loss. Of the 6,400 shares sold, the proceeds from the sale of 3,000 shares, $71,186, were outstanding at December 31, 2013 and recorded as accounts receivable in the Company's consolidated statement of financial position. The remaining 2,000 shares were valued at $47,828, representing mark-to-market value at December 31, 2013 and a $1,599 gain in value was recorded as miscellaneous income in the Company's consolidated statement of loss and comprehensive loss. Subsequent to December 31, 2013, the Company collected the outstanding accounts receivable of $71,186.

(Expressed in Canadian Dollars)

9. Property and Equipment

	Land	Vehicles and equipment	Total
Cost			
Balance at December 31, 2011	$ 530,227	$ 613,806	$ 1,144,033
Additions	-	397,756	397,756
Disposals	-	(134,366)	(134,366)
Foreign exchange movement	(75,693)	25,028	(50,665)
Balance at December 31, 2012	$ 454,534	$ 902,224	$ 1,356,758
Additions	-	18,718	18,718
Foreign exchange movement	304,740	283,810	588,550
Balance at December 31, 2013	**$ 759,274**	**$ 1,204,752**	**$ 1,964,026**
Accumulated amortization			
Balance at December 31, 2011	$ -	$ 319,744	$ 319,744
Depreciation for the year	-	224,472	224,472
Disposals	-	(111,142)	(111,142)
Foreign exchange movement	-	(39,912)	(39,912)
Balance at December 31, 2012	$ -	$ 393,162	$ 393,162
Depreciation for the period	-	302,516	302,516
Foreign exchange movement	-	156,589	156,589
Balance at December 31, 2013	**$ -**	**$ 852,267**	**$ 852,267**
Net book value			
At December 31, 2012	$ 454,534	$ 509,062	$ 963,596
At December 31, 2013	**$ 759,274**	**$ 352,485**	**$ 1,111,759**

The majority of the Company's assets are located in Argentina. The Company owns a 130,000-acre ranch called the La Josefina Estancia, on which the Company's La Josefina project is located.

The Company also owns small mobile housing units, trucks and additional mechanical equipment to support exploration activities on the Company's projects, all located in Argentina.

(Expressed in Canadian Dollars)

10. Share Capital

a) Authorized:

Unlimited number of common shares without par value
Unlimited number of preferred shares without par value

Issued:

Common Shares

	December 31, 2013 Number	December 31, 2013 Amount	December 31, 2012 Number	December 31, 2012 Amount
Balance, beginning of year	**100,613,330**	**$ 25,885,064**	100,613,330	$ 25,885,064
Conversion of preferred shares to common shares	**20,881,493**	**177,417**	-	-
Balance, end of year	**121,494,823**	**$ 26,062,481**	100,613,330	$ 25,885,064

Preferred Shares

	December 31, 2013 Number	December 31, 2013 Amount	December 31, 2012 Number	December 31, 2012 Amount
Balance, beginning of year	**20,881,493**	**$ 177,417**	20,881,493	$ 177,417
Conversion of preferred shares to common shares	**(20,881,493)**	**(177,417)**	-	-
Balance, end of year	-	$ -	20,881,493	$ 177,417

Warrants

	December 31, 2013 Number	December 31, 2013 Amount	December 31, 2012 Number	December 31, 2012 Amount
Balance, beginning of year	**25,481,450**	**$ 5,860,183**	25,481,450	$ 5,860,183
Expiry of warrants	**(25,481,450)**	**(5,860,183)**	-	-
Balance, end of year	-	$ -	25,481,450	$ 5,860,183

b) Stock options:

Under the Company's share option plan, and in accordance with TSX Venture Exchange requirements, the number of common shares reserved for issuance under the option plan shall not exceed 10% of the issued and outstanding common shares of the Company. In connection with the foregoing, the number of common shares reserved for issuance to: (a) any individual director or officer will not exceed 5% of the issued and outstanding common shares; and (b) all consultants will not exceed 2% of the issued and outstanding common shares.

	Range of exercise prices	Number outstanding	Weighted average life (years)	Weighted average exercise price	Number exercisable on December 31, 2013
Stock options	$0.10 - $0.65	6,882,530	1.88	$0.31	6,482,530

	December 31, 2013 Number of options	December 31, 2013 Weighted Average Price	December 31, 2012 Number of options	December 31, 2012 Weighted Average Price
Balance, beginning of year	7,147,470	$0.32	6,570,466	$0.32
Granted to officers and directors	400,000	$0.10	1,250,000	$0.30
Forfeiture of stock options	(527,205)	$0.31	(100,000)	$0.30
Expiration of stock options	(137,735)	$0.30	-	-
Expiration of agent's options	-	-	(572,996)	$0.30
Balance, end of year	6,882,530	$0.31	7,147,470	$0.32

(Expressed in Canadian Dollars)

On April 23, 2013, the Company granted 400,000 stock options to certain directors, officers and employees of the Company in accordance with the Company's stock option plan. The options are exercisable at a price of $0.10 for a period of five years. Of these options, 200,000 will vest on April 23, 2014 with the remainder vesting on April 23, 2015. The associated fair value of the stock options of $13,002 was calculated using the Black-Scholes option pricing model and using the following assumptions:

	April 23, 2013
Risk free interest rate	1.13%
Expected volatility	143.19%
Expected life (years)	5
Expected dividend yield	0%
Forfeiture rate	2.80%

On February 27, 2012, the Company granted 1,250,000 stock options to certain directors, officers and employees of the Company in accordance with the Company's stock option plan. The options are exercisable at a price of $0.30 for a period of five years. All options vested immediately. The associated fair value of the stock options of $313,966 was calculated using the Black-Scholes option pricing model and using the following assumptions:

	February 27, 2012
Risk free interest rate	1.28%
Expected volatility	127.40%
Expected life (years)	5
Expected dividend yield	0%
Forfeiture rate	1.59%

c) Warrants:

	December 31, 2013		December 31, 2012	
	Number of warrants	Weighted Average Price	Number of warrants	Weighted Average Price
Balance, beginning of year	29,997,404	$0.48	30,450,738	$0.48
Expiration of warrants	(25,481,450)	$0.50	-	-
Expiration of broker warrants	(4,515,954)	$0.36	(453,334)	$0.30
Balance, end of year	-	$0.00	29,997,404	$0.48

11. Contributed Surplus

	December 31, 2013	December 31, 2012
Balance, beginning of year	$ 3,491,659	$ 3,159,826
Expiry of warrants	5,860,183	-
Share based compensation	6,375	331,833
Balance, end of year	$ 9,358,217	$ 3,491,659

12. Performance bond

The performance bond, originally required to secure the Company's rights to explore the La Josefina property, is a step-up US dollar denominated coupon bond issued by the Government of Argentina with a face value of US$600,000 and a maturity date of 2035. The bond trades in the secondary market in Argentina. The bond was originally purchased for $292,877 (US$247,487). As of the twelve months ended December 31, 2013, the value of the bond increased to $340,183 (US$318,106). The changes in the face value of the performance bond of $54,842 for the twelve months ended December 31, 2013 (2012 - $57,745) are recorded as comprehensive income in the Company's consolidated statement of loss and comprehensive loss.

(Expressed in Canadian Dollars)

Since Cerro Cazador S.A. ("CCSA") fulfilled its exploration expenditure requirement mandated by the agreement with Fomento Minero de Santa Cruz Sociedad del Estado ("Fomicruz"), the performance bond was no longer required to secure the La Josefina project. Therefore, in June 2010 the Company used the bond to secure the La Valenciana project, an additional Fomicruz exploration project.

13. Value added tax receivable ("VAT")

The Company's VAT receivable as of December 31, 2013 was $548,676 (December 31, 2012- $682,074). These amounts reflect the VAT receivable accrued due to the payment of VAT on certain transactions in Argentina. The Company expects reimbursement on the VAT once the exports of minerals have commenced, the Company has estimated that if successful in finding an economic mineral deposit, production will begin in 2019. The asset is reported at net present value based upon the Company's estimate of when it will have future revenues. The Company used an expected production date of December 31, 2019, and a discount rate of 18.6% based upon the average Argentine interest rates and has recorded, as other expense, an adjustment in the present value of the VAT receivable. The net change of the VAT receivable for the twelve months ended December 31, 2013 was $(133,398) (2012 – $(461,435)).

Balance at December 31, 2011	**$ 1,143,509**
Change	154,896
Discount and accretion	(616,331)
Balance at December 31, 2012	**$ 682,074**
Change	(117,322)
Discount and accretion	(16,076)
Balance at December 31, 2013	**$ 548,676**

14. Income Taxes

The income tax provision differs from income taxes, which would result from applying the expected tax rate to net loss before income taxes. The differences between the "expected" income tax expenses and the actual income tax provision are summarized as follows:

	December 31, 2013	**December 31, 2012**
Loss before income taxes	$(2,450,829)	$(4,143,978)
Expected income tax recovery at 25.0% (2012 – 25.0%)	(612,707)	(1,035,995)
Non-deductible items and other	1,955	36,629
Share based compensation	1,594	82,958
Change in prior year estimates	376,728	231,696
Tax rate differences (mostly comprised of difference from effective Argentina tax rate of 35% and effective United States tax rate of 34%)	(460,387)	(676,547)
Foreign exchange	3,641,715	1,157,012

(Expressed in Canadian Dollars)

Change in deferred tax assets not recognized	(2,719,640)	232,351
Total income taxes	$ 229,258	$ 28,104

The components of the deferred tax asset are as follows:

	December 31, 2013	**December 31, 2012**
Canada		
Share issuance costs	$272,165	$468,040
Unrealized foreign exchange gain	(148,517)	-
Non-capital losses available for future periods	285,289	613,017
Deferred tax assets not recognized	(408,937)	(1,081,057)
Canada deferred tax asset	$ -	$ -
Argentina		
Property and equipment	$3,215,830	$5,961,941
VAT receivable	299,107	594,208
Non-capital losses available for future periods	31,321	761,015
Contingency accrual and other	1,464,767	47,216
Deferred tax assets not recognized	(5,011,025)	(7,364,380)
Argentina deferred tax asset	$ -	$ -
United States		
Property and equipment	$12,780	$13,461
Non-capital losses available for future periods	1,037,850	731,313
Deferred tax assets not recognized	(1,050,630)	(744,794)
United States deferred tax asset	$ -	$ -
Total deferred tax asset	$ -	$ -

As at December 31, 2013, the Company has, for tax purposes, non-capital losses available to carry forward to future years totaling $8,110,260 (2012 - $6,777,317).

(Expressed in Canadian Dollars)

The non-capital loss carry-forwards reflected above expire as follows:

Year of Expiry	**Canada**	**Argentina**	**United States**	**Total**
2016	-	562,747	-	562,747
2017	-	1,611,581	-	1,611,581
2018	-	923,144	-	923,144
2029	-	-	480,811	480,811
2030	-	-	267,889	267,889
2031	1,141,156	-	255,155	1,396,311
2032	-	-	1,147,066	1,147,066
2033	-	-	901,583	901,583
Total	**$ 1,141,156**	**$ 3,097,472**	**$ 3,052,504**	**$8,110,260**

As at December 31, 2013, the MPIT available for future periods is as follows:

Generation year	**Amount**	**Expiration year**
2010	$3,674	2020
2011	$98,617	2021
2012	$117,838	2022
2013	$142,430	2023
Total	**$362,559**	

15. Related Party Transactions

During the year ended December 31, 2013, the Company paid $Nil (2012 - $179,055) to HuntMountain Resources Ltd. (“HuntMountain”), an entity controlled by the Company’s Executive Chairman, for the rental of office space. Of the $179,055 paid to HuntMountain in 2012, $84,291 relates to settlement of a lease break fee, of that $42,123 was applied to refundable deposit made to HuntMountain.

During the year ended December 31, 2013, the Company incurred $137,298 (2012 – $191,651) in professional fees expense relating to the services of the President of CCSA. Included in accounts payable and accrued liabilities as at December 31, 2013 was $13,879 (December 31, 2012 - $14,999) owing to the President of CCSA for professional geological fees. Included in prepaid expenses as at December 31, 2013, the Company had a receivable due from the President of CCSA for $1,087 (December 31, 2012 - $45) for cash advanced for field expenses.

During the year ended December 31, 2013, the Company incurred $22,444 (2012 – $31,075) in general and administrative expenses relating to rent paid for office space to the President of CCSA. Included in accounts payable and accrued liabilities as at December 31, 2013 was $Nil (December 31, 2012 – $2,754) owing to the President of CCSA relating to rent paid for office space.

During the year ended December 31, 2013, the Company incurred $53,924 (2012 - $58,212) in professional fees expense relating to the accounting services of a director of CCSA. Included in accounts payable and accrued liabilities as at December 31, 2013, the Company had a payable owing to the director of CCSA of $3,868 (December 31, 2012 – $6,098). Included in prepaid expenses as at December 31, 2013, the Company had a receivable due from the director of CCSA of $18 (December 31, 2012 - $196) for cash advanced for miscellaneous expenses.

(Expressed in Canadian Dollars)

In conjunction with the Company's Qualifying Transaction, on December 23, 2009, the Company advanced $200,000 to HuntMountain, CCSA's former parent corporation, as a refundable deposit. As at the year ended December 31, 2013, the balance owed by HuntMountain to the Company was $nil (2012 - $114,408). During the year, HuntMountain paid expenses, including professional fees and administrative and office expenses, on behalf of the Company that were offset against the amount owing.

All related party transactions are in the normal course of business.

Remuneration of directors and key management of the Company

The remuneration awarded to directors and to senior key management, including the Executive Chairman, the Chief Executive Officer, the Chief Financial Officer and the President of CCSA, is as follows:

	Years ended	
	December 31, 2013	**December 31, 2012**
Salaries and benefits	$ 540,845	$ 723,609
Consulting fees	297,812	368,363
Share based compensation	5,580	294,421
	$ 844,237	$ 1,386,393

16. Financial Instruments

The Company's financial instruments consist of cash and equivalents, accounts receivable, performance bond and accounts payable and accrued liabilities.

The Company characterizes inputs used in determining fair value using a hierarchy that prioritizes inputs depending on the degree to which they are observable. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

- Level 2: inputs, other than quoted prices, that are observable, either directly or indirectly. Level 2 valuations are based on inputs, including quoted forward prices for commodities, market interest rates, and volatility factors, which can be observed or corroborated in the market place.

- Level 3: inputs are less observable, unavoidable or where the observable data does not support the majority of the instruments' fair value.

Fair value

As at December 31, 2013, there were no changes in the levels in comparison to December 31, 2012. The fair values of financial instruments are summarized as follows:

	December 31, 2013		December 31, 2012	
	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Financial Assets				
FVTPL				
Cash and equivalents (Level 1)	2,364,062	2,364,062	5,220,727	5,220,727
Available for sale				
Performance bond (Level 1)	340,183	340,183	285,341	285,341
Marketable securities (Level 1)	47,828	47,828	-	-
Loans and receivables				
Accounts receivable	121,084	121,084	44,722	44,722
Financial Liabilities				
Other financial liabilities				
Accounts payable and accrued liabilities	274,364	274,364	811,016	811,016

Cash and equivalents, marketable securities and performance bond are measured based on level 1 inputs of the fair value hierarchy on a recurring basis. There were no transfers between levels 1, 2 and 3 inputs during the year.

The carrying value of accounts receivable and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments. The Company assessed that there were no indicators of impairment for these financial instruments.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, interest rate risk, market risk, liquidity risk and currency risk.

Financial risk management

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, price risk and interest rate risk.

i. Currency risk

The Company holds cash balances, incurs payables and has receivables that are denominated in the Canadian Dollar, the United States Dollar and the Argentine Peso. These balances are subject to fluctuations in the exchange rate between the Canadian Dollar, and the United States Dollar and the Argentine Peso, resulting in currency gains or losses for the Company.

As at December 31, 2013, the following are denominated in US dollars:

Cash and equivalents	$ 5,957
Accounts payable and accrued liabilities	$ 78,229

As at December 31, 2013, the following are denominated in Argentine Peso:

Cash and equivalents	$ 8,094
Marketable securities	$ 47,828
Performance bond	$ 340,183
Accounts receivable	$ 109,243
Other credits	$ 80,085
Accounts payable and accrued liabilities	$ 85,408

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. A significant change in the currency exchange rates between the United States dollar relative to the Canadian dollar and the Argentine Peso could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

At December 31, 2013, if the U.S. dollar strengthened or weakened by 10% relative to the Canadian dollar the impact on loss and other comprehensive loss would be as follows:

	Impact on net loss and comprehensive loss
U.S. Dollar Exchange rate – 10% increase	$ 4,100
U.S. Dollar Exchange rate – 10% decrease	$ (4,100)

At December 31, 2013, if the Argentine Peso strengthened or weakened by 10% relative to the Canadian dollar the impact on loss and other comprehensive loss would be as follows:

	Impact on net loss and comprehensive loss
Argentine Peso Exchange rate – 10% increase	$ (43,094)
Argentine Peso Exchange rate – 10% decrease	$ 43,094

ii. Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and equivalents are held through Canadian, United States and Argentine financial institutions.

The Company maintains its cash and equivalents in multiple financial institutions. The Company maintains cash in an Argentine bank. The Argentine accounts, which had a Canadian dollar balance of $8,094 at December 31, 2013 (December 31, 2012 - $675,090) are considered uninsured and may be at risk in case of the failure of the bank.

The Company controls for this risk by only keeping funds in Argentina sufficient to meet approximately two months of operating expenses.

The Company pays VAT to the Argentine government on all expenses in Argentina. This creates a VAT receivable owed by the government of Argentina. The Company's receivable at December 31, 2013 is $548,676 ($1,526,260 – undiscounted) (December 31, 2012 - $682,074 ($2,248,028 – undiscounted)). The Company believes this to be a collectible amount and it is backed in the strength and laws of the Argentine government. If for some reason the government did not pay, changed the laws, defaulted on the receivable or the Company never achieved any mineral production, the Company could lose the full value of the receivable.

(Expressed in Canadian Dollars)

iii. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk through the management of its capital structure. The Company is dependent on the capital markets to raise capital by issuing equity in the Company to support operations. The current environment is prohibitive for the issuance of capital and there is no guarantee that should the Company need to raise new capital to support operations it will be able to do so on favorable terms, if at all. All of the Company's accounts payable and accrued liabilities are current and payable within one year.

iv. Price risk

The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. A dramatic decline in commodity prices could impact the viability of the Company and the carrying value of its properties. The Company is exposed to price risk with respect to commodity prices. There is minimal price risk at the present time as the Company is not yet in the production phase.

v. Interest rate risk

Interest rate risk is the impact that changes in interest rates could have on the Company's earnings and liabilities. In the normal course of business, the Company is not exposed to interest rate fluctuations because it has no interest bearing debt as at December 31, 2013 and invested cash is short-term in nature.

17. Segmented Information

All of the Company's operations are in the mineral properties exploration industry with its principal business activity in the acquisition and exploration of mineral properties. The Company conducts its resource properties exploration activities primarily in Argentina.

The location of the Company's assets by geographic area as of December 31, 2013 and December 31, 2012 is as follows:

	December 31, 2013	December 31, 2012
Canada	$ 2,382,334	$ 4,692,176
Argentina	2,597,804	2,965,328
United States	22,629	44,475
	$ 5,002,767	$ 7,701,979

(Expressed in Canadian Dollars)

The location of the Company's net loss by geographic area as of December 31, 2013 and December 31, 2012 is as follows:

	December 31, 2013	December 31, 2012
Canada	$ 1,909,043	$ 972,055
Argentina	(3,668,012)	(3,923,855)
United States	(921,119)	(1,220,282)
	$ (2,680,088)	$ (4,172,082)

The Company generates 100% of its revenue from its former exploration partnership in Argentina. All revenue is paid in Canada and generated from service performed in Argentina.

18. Commitments and Provision

a) On March 27, 2007, the Company signed a definitive lease purchase agreement with FK Minera S.A. to acquire a 100% interest in the Bajo Pobré gold property located in Santa Cruz Province, Argentina. The Company may earn up to a 100% equity interest in the Bajo Pobré property by making cash payments and exploration expenditures over a five-year earn-in period. The required expenditures and ownership levels upon meeting those requirements are:

Year of the Agreement	Payment to FK Minera SA		Exploration Expenditures Required	Ownership
First year – 2007	US$50,000	PAID	US$250,000	0%
Second year – 2008	US$30,000	PAID	US$250,000	0%
Third year –2009	US$50,000	PAID	-	51%
Fourth year – 2010	US$50,000	PAID	-	60%
Fifth year – 2011	US$50,000	PAID	-	100%

After the fifth year, the Company is obligated to pay FK Minera S.A. the greater of a 1% net smelter royalty ("NSR") on commercial production or US$100,000 per year. The Company has the option to purchase the NSR for a lump-sum payment of US$1,000,000 less the sum of all royalty payments made to FK Minera S.A. to that point.

As of December 31, 2013, the Company has made all required payments to F.K. Minera, however CCSA has not made sufficient exploration expenditures required by the Bajo Pobré contract. The parties to the contract have not finalized an amendment to the contract terms and therefore the Company's ability to retain rights to explore the Bajo Pobré property is uncertain at this time. The Company does not believe that not making the exploration expenditures required by the FK Minera lease purchase agreement jeopardizes the Company's Bajo Pobré project.

The Company is actively working with F.K. Minera and the court to resolve this issue.

b) In March 2007, the Company was the successful bidder for the exploration and development rights to the La Josefina project from Fomicruz. On July 24, 2007, the Company entered into an agreement with Fomicruz pursuant to which the Company agreed to invest a minimum of US$6 million in exploration and development expenditures over a four year period, including US$1.5 million before July 2008. The agreement provides that, in the event that a positive feasibility study is completed on the La Josefina property, a Joint Venture Corporation ("JV Corporation") would be formed by the Company and Fomicruz. A revised schedule for exploration and development of the La Josefina project was submitted in writing to Fomicruz and was adopted on May 3, 2011, mandating that an economic feasibility study and production decision be made by the Company for the La Josefina project by the end of 2013. The Company would own 91% of the joint venture company and Fomicruz would own the remaining 9%.

On November 15, 2012 the Company signed an amended agreement with Fomicruz extending the exploration term by 4 years; the new agreement requires the Company to make a production decision by the end of 2019. The Company's projected production date is December 31, 2019.

The Company has agreed to make a minimum investment of US$12 million, of which it has already invested approximately US$9 million. Additionally, and subject to proof of compliance with committed investments, the Company has the option to continue exploration for a second additional term of four years, ending on June 30, 2019, requiring it to make an additional investment US$6 million, which will bring the total investments in the La Josefina Project to US$18 million.

A participating interest of Fomicruz over the minerals and metals extracted from the field and the purchase option of up to a 49% participating interest in the incorporation of the future Company to be organized for the productions and exploitation of the project, having Fomicruz to contribute the equivalent of such percentage of the investments made. The Company has the right to buy back any increase in Fomicruz's ownership interest in the JV Corporation at a purchase price of USD$200,000 per each percentage interest owned by Fomicruz down to its initial ownership interest of 19%; the Company can purchase 10% of the Fomicruz's initial 19% JV Corporation ownership interest by negotiating a purchase amount with Fomicruz.

c) On June 30, 2010, a former director and accounting consultant ("the Consultant") to the Company severed his business relationship with the Company. On August 5, 2010 the Consultant claimed that since 2006, he was actually an employee of, not a consultant to, CCSA. On September 7, 2010, the Argentine Ministry of Labor, Employment and Social Security filed a Certificate of Notice on CCSA and the Company indicating that a representative from CCSA and the Company must appear before a mediator to address the Consultant's claims. The certificates of notice stated the value of the Consultant's claim against the Company at 500,000 pesos (US$126,811).

On March 18, 2011, a lawsuit was filed against the Company and its subsidiaries by the Consultant. The lawsuit claimed that the Consultant was an employee of the Company, not a consultant, since 2006. The total value of the claim was US$249,041, including wages, alleged bonus payments, interest and penalties. The consolidated financial statements include a provision of $125,000 at December 31, 2013. Management considers the lawsuit to be without merit and intends to defend the Company and its subsidiaries to the fullest extent possible.

On August 29, 2013, the Company was notified that $80,085 was withheld from its Argentine bank account and placed in escrow with the Court pending the outcome of the lawsuit filed on March 18, 2011 against the Company.

d) On October 31, 2011, the Company signed an agreement with the owners of the Piedra Labrada Ranch for the use and lease of facilities on the same premises as the Company's La Josefina facilities. The term is for three years beginning November 1, 2011 and ending on October 31, 2014, including annual commitments of $60,000.

e) On April 1, 2012 the Company entered into a 9 month agreement with the surface rights holder of the Piedra Grande Ranch, located in Santa Cruz province, Argentina for access and use of their property.

(Expressed in Canadian Dollars)

The agreement allows for the Company to engage in exploration activity as well as use the property and the facilities to house and store the Company's equipment and personnel. The Company agreed to consideration of US$3,000 per month under this agreement. The initial term of the agreement ended on December 31, 2012, The Company was given an exclusive option to extend the agreement for 1 year, which it exercised. The agreement now ends on December 31, 2013. The Company's total obligation under this new agreement for the year ended December 31, 2013 is US$36,000. The Company did not extend this agreement for another year.

f) On May 3, 2012, the Company entered into an exploration agreement with Eldorado Gold Corp. ("Eldorado") for the purpose of exploring the Company's exploration projects in Santa Cruz province, Argentina. The agreement classifies projects into three stages: Stage I is an early exploration project that is not ready for exploration drilling; Stage II is a project that is drill ready, or being drilled; Stage III requires that the Company and its exploration partner jointly create a new company where by the Company will retain a 25% interest in the new company and Eldorado Gold Corp., or a nominee of their choice, will be granted a 75% interest in the new company. The Company had two Stage II projects, Bajo Pobré and La Valenciana, and one new Stage I project, La Josefina.

On May 24, 2013, the Company received one-time payments of $200,000 for its La Valenciana project and $125,000 for its La Josefina project, as well as a yearly lease payment of $125,000 for its Bajo Pobre project.

On July 10, 2013, the Company was notified by Eldorado that they were terminating the agreement. The Company is actively pursuing new exploration partners.

At December 2013, the Company has paid severance for $205,540, included as payroll expenses in the consolidated statement of loss and comprehensive loss, which became effective in the month of July 2013.

g) On September 1, 2012, the Company moved into new office space. The Company signed a new office lease with a three-year term, which included the first four months for free. The office lease expires on December 31, 2015 and calls for monthly payments of approximately US$2,886 in 2014; and US$2,960 in 2015.

Minimal annual lease payments pursuant to the lease agreement are as follows (in US$):

2014	$ 34,632
2015	35,520
	$ 70,152

In December 2013, the Company moved out of the office space and terminated the lease. The Company included in accounts payable and accrued liabilities as at December 31, 2013 US$21,000 for settlement of a lease break fee.

h) On October 1, 2012, the Company entered into an agreement with the surface owner of the Bajo Pobré Ranch in Santa Cruz province, Argentina. As consideration for access to the Bajo Pobré property and use of the Bajo Pobré Ranch, the Company agreed to pay the owner $5,000 per month over a period of 9 months ending on June 30, 2013. At the Company's sole option it can extend the agreement for an additional year, ending June 1, 2014. The Company's total commitment for 2013 under this agreement is US$30,000. The Company did not extend the lease for an additional year.

i) On November 1, 2012, the Company entered into an agreement with Fomicruz for the exploration of the La Valenciana project in Santa Cruz province, Argentina. The agreement is for a total of 7 years, expiring on October 31, 2019. The 7 years is broken into 3 economic periods, at the end of each period the Company will have the option of reporting its results to Fomicruz or terminating the agreement.

The agreement with Fomicruz requires the Company to spend USD $5,000,000 in exploration on the project over 7 years. If the Company elects to exercise its option to bring the La Valenciana project into production it must grant Fomicruz a 9% ownership in a new JV Corporation to be created by the Company to manage the project. If Fomicruz elects to increase their ownership they can under the following formula up to a maximum of 49% interest.

- To purchase an additional 10% in the JV corporation, Fomicruz must reimburse the Company for 10% of the exploration expenses made by the Company during the exploration period;
- To purchase the next 10% interest in the JV corporation, Fomicruz must reimburse the Company for 20% of the exploration expenses made by the Company during the exploration period;
- To purchase a final additional 20% interest in the JV Corporation, Fomicruz must reimburse the Company for 25% of the exploration expenses made by the Company during the exploration period; bringing Fomicruz's total ownership interest in the JV Corporation to 49%.

At the Company's option it can purchase all but the 9% granted ownership interest in the JV Corporation from Fomicruz for USD $200,000 per percentage point owned. The remaining 9% can be purchased for a mutually agreed amount, to be determined by negotiation between Fomicruz and the Company.

j) On October 3, 2013, the Tax Authorities of the Santa Cruz Province, started a claim requesting omitted stamp tax on a) the Exploration Agreement signed during fiscal year 2012 (Amendment of "La Josefina" and "La Valenciana" contract) and b) Loan Agreement signed between the parent Companies and CCSA. Request is in the amount of $248,673. This amount does not include potential fines. An accrual for this amount has been included in taxes payable in the consolidated statements of financial position.

On October 17, 2013, the answer to the requirement was filed.

As of January 22, 2014, the Secretary of Public Revenues of the Province of Santa Cruz approved the tax assessment. As of February 12, 2014, the Company filed a new request. As of the date of these consolidated financial statements, no answer has been received to the last requirement.

(Expressed in Canadian Dollars)

19. Capital Disclosure

Capital management is the key to achieving the Company's growth plans, the maintenance of a strong capital base to ensure financial flexibility, and providing returns to shareholders.

The Company's capital is comprised of shareholders' equity, as follows:

Management of capital risk

	December 31, 2013	December 31, 2012
Shareholders' equity	$4,285,821	$6,639,883

The Company does not have covenants associated with the Company's long-term liabilities. The Company regularly reviews its on-going capital requirements to fund capital expenditures and service upcoming obligations.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or acquire or dispose of assets. In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments.

The Company is not subject to externally imposed capital requirements.

20. Subsequent Events

In January 2014, the Company sold the 2,000 shares that remained in marketable securities as at December 31, 2013 for $42,625.

On April 4, 2014, the Company granted 2,850,000 share options at an exercise price of $0.10 per share to certain directors and officers of the Company. The options granted vest immediately and expire on April 4, 2019.