Global Hunter Corp.

Condensed Consolidated Interim Financial Statements

Three months ended May 31, 2013 and 2012

(Expressed in Canadian dollars)

(unaudited)

NOTICE TO READER

These condensed consolidated interim financial statements of Global Hunter Corp. have been prepared by management and approved by the Audit Committee of the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these interim financial statements, notes to the financial statements and the related Management Discussion and Analysis.

Global Hunter Corp.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited – expressed in Canadian dollars)

	Notes		May 31, 2013		February 28, 2013
ASSETS					
Current assets					
Cash and cash equivalents	*4*	$	18,479	$	77,714
Receivables	*5*		16,773		14,641
Marketable securities	*6*		3,250		2,250
			38,502		94,605
Property, plant and equipment	*7*		67,932		75,096
Exploration and evaluation assets	*8*		1,561,864		1,561,864
Deposits			13,495		13,495
		$	1,681,793	$	1,745,060
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	*9*	$	983,030	$	963,563
Loans payable	*10*		3,727,187		3,490,428
			4,710,217		4,453,991
SHAREHOLDERS' EQUITY					
Share capital	*12*		27,155,681		27,155,681
Shares to be issued (receivable)	*12*		(46,500)		(46,500)
Share-based payment reserve	*12*		3,738,978		3,738,978
Equity component of convertible debt reserve	*12*		628,535		628,535
Accumulated other comprehensive loss			1,000		-
Deficit			(34,506,118)		(34,185,625)
			(3,028,424)		(2,708,931)
		$	1,681,793	$	1,745,060

Nature of operations and going concern *1*

Approved and authorized on behalf of the Board of Directors on July 29, 2013:

"Rudy Brauer"
"Gurminder Sangha"

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

Global Hunter Corp.
Condensed Consolidated Interim Statements of Comprehensive Loss
(Unaudited – expressed in Canadian dollars)

	Notes	Three months ended May 31, 2013	Three months ended May 31, 2012
Expenses			
Consulting	*11*	$ 3,875	$ 84,352
Depreciation		7,164	5,397
Exploration and evaluation expenditures	*8*	168,012	309,677
Insurance		-	9,461
Interest and finance charges	*10*	86,935	195,712
Management fees	*11*	60,000	71,750
Office and miscellaneous		9,535	39,702
Professional fees		6,384	22,280
Rent		-	21,377
Transfer agent and filing fees		1,748	13,226
Travel		5,604	47,159
Loss from operations		349,257	820,093
Other items			
Interest and other income		(24,544)	(1,746)
Loss on foreign exchange		(4,220)	31,362
Net loss for the year		320,493	849,709
Other comprehensive (income) loss			
Unrealized gain on marketable securities		(1,000)	(2,250)
Comprehensive loss for the year		$ 319,493	$ 847,459
Basic and diluted loss per share		$ (0.02)	$ (0.06)
Weighted average number of common shares outstanding - basic and diluted		14,038,058	13,263,058

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

Global Hunter Corp.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited – expressed in Canadian dollars)

	Three months ended May 31,	
	2013	2012
Cash from (used in)		
Operating Activities:		
Net loss	$ (320,493)	$ (849,709)
Items not involving cash:		
Depreciation	7,164	5,397
Non-cash interest	86,759	195,712
Change in non-cash working capital items:		
Receivables	(2,132)	(17,335)
Accounts payable and accrued liabilities	19,467	(29,040)
Cash used in operating activities	(209,235)	(694,975)
Investing activities		
Additions to property, plant and equipment	-	(6,604)
Cash used in investing activities	-	(6,604)
Financing activities		
Share subscritions receivables	-	665,000
Loan advances	150,000	-
Cash provided from financing activities	150,000	665,000
Change in cash and cash equivalent for the period	(59,235)	(36,579)
Cash and cash equivalents, beginning	77,714	945,541
Cash and cash equivalents, ending	$ 18,479	$ 908,962

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

Global Hunter Corp.
Condensed Consolidated Interim Statement of Changes in Shareholders' Equity
(Unaudited – expressed in Canadian dollars)

	Notes	Number of Shares	Share capital	Shares to be issued (receivable)	Share-based payment reserve	Equity component of convertible debt	Accumulated other comprehensive income (loss)	Deficit	Total Shareholder's equity (Note 4)
Balance, February 29, 2013		14,038,058	$ 27,155,681	$ (46,500)	$ 3,738,978	$ 628,535	$ -	$(34,185,625)	$ (2,708,931)
Net loss		-	-	-	-	-	-	(320,493)	(320,493)
Unrealized gain on marketable securities classified as available-for-sale		-	-	-	-	-	1,000	-	1,000
Balance, May 31, 2013		14,038,058	$ 27,155,681	$ (46,500)	$ 3,738,978	$ 628,535	$ 1,000	$(34,506,118)	$ (3,028,424)
Balance, February 29, 2012		13,263,058	$ 26,537,407	$ (46,500)	$ 3,559,140	$ 564,407	$ (24,500)	$(30,735,622)	$ (145,668)
Share issues:									
Private placements, net of issuance costs	*12*	-	-	665,000	-	-	-	-	665,000
Net loss		-	-	-	-	-	-	(849,709)	(849,709)
Unrealized gain on marketable securities classified as available-for-sale		-	-	-	-	-	2,250	-	2,250
Balance, May 31, 2012		13,263,058	$ 26,537,407	$ 618,500	$ 3,559,140	$ 564,407	$ (22,250)	$(31,585,331)	$ (328,127)

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

1. Nature of Operations and Going Concern

Global Hunter Corp. (the "Company") is an exploration stage enterprise incorporated under the laws of British Columbia. The Company is listed on the Toronto Stock Exchange Venture ("TSX-V") under the symbol BOB-V. The Company and its subsidiary are engaged in the acquisition and exploration of mineral properties located in Canada and Chile. The Company is considered to be in the exploration stage and is not able to finance day to day activities through operations. The head office, registered and principal address and records office of the Company are located at 502-535 Thurlow Street, Vancouver, British Columbia, Canada.

As a result of the Company not making required payments of principal and interest owing on the outstanding Convertible Loan (Note 10) the Convertible Loan is in default as at May 31, 2013, and as of the date that these consolidated financial statements were approved. As a result of being in default, the loan has become repayable on demand. As at May 31, 2013, the amount owing on the loan, including principal and interest, was $3,341,414. The principal and interest relating to this loan is secured by a pledge of the shares of the Company's subsidiary, Global Hunter Chile Ltda. This subsidiary holds the rights to the Company's primary exploration and evaluation asset, La Corona de Cobre Project (Note 8). Within the going concern assertion it is presumed that the Company will be able to remedy the loan default and continue to control the subsidiary and therefore the primary Chilean asset. As of the date these consolidated financial statements were approved, the lender has not taken action to obtain control of the shares of the subsidiary.

The Company has not generated any revenue since inception and has never paid any dividends and is unlikely to pay dividends or generate earnings in the immediate or foreseeable future. The Company has not yet established the technical feasibility and commercial viability of extracting mineral resources from its exploration and evaluation assets. The recoverability of the amounts incurred to acquire rights to exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties.

These condensed consolidated interim financial statements have been prepared on the assumption the Company will continue as a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Management believes that the Company does not have sufficient funds to meet planned expenditures over the next twelve months and will need to seek additional equity financing. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties raise significant doubt regarding the Company's ability to continue as a going concern.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

2. Significant accounting policies and basis of presentation

These condensed consolidated interim financial statements were authorized for issue on July 29, 2013, by the directors of the Company.

Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards (IASB) and interpretations of the International Reporting Interpretations Committee (IFRIC).

Basis of presentation

These condensed consolidated interim financial statements have been prepared using the same accounting policies and methods of their application as the most recent annual consolidated financial statements of the Company for the year ended February 28, 2013. These condensed consolidated interim financial statements have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments which

2. Significant accounting policies and basis of presentation (continued)

are measured at fair value. These condensed consolidated financial statements are presented in Canadian dollars, unless otherwise indicated.

Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned Chilean subsidiary, Global Hunter Chile Ltd.. Inter-company balances and transactions are eliminated on consolidation.

Use of estimates and judgments

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

(i) Critical accounting estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Critical accounting estimates made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

Estimated useful lives of property, plant and equipment

The estimated useful lives of property, plant and equipment which are included in the consolidated statements of financial position will impact the amount and timing of the related depreciation included in profit or loss.

Share-based compensation

The fair value of stock options and certain warrants issued with Canadian dollar exercise prices are subject to the limitation of the Black- Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price, changes in the subjective input assumptions can materially affect the fair value estimate.

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the statements are, but are not limited to, the following:

Determination of functional currency

In accordance with IAS 21, “The Effects of Changes in Foreign Exchange Rates” management determined that the functional currency of the Company and its Chilean subsidiary is the Canadian dollar.

Impairment indicators for exploration and evaluation assets

In accordance with IFRS 6, *Exploration for and Evaluation of Mineral Resources*, the Company use judgment to assess whether or not facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.

Foreign currency translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company and its subsidiary’s functional and presentation currency.

Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the

(Unaudited - Presented in Canadian dollars)

2. Significant accounting policies and basis of presentation (continued)

transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive income in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

3. New standards, interpretations and amendments issued but not yet effective

A number of standards, amendments to standards and interpretations are not yet effective as of May 31, 2013 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a material effect on the financial statements of the Company.

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. Cash and cash equivalents

		May 31, 2013		February 28, 2013
Cash	$	13,304	$	72,539
Term deposit		5,175		5,175
Total	$	18,479	$	77,714

5. Receivables

Receivables are comprised of Canadian refundable input tax credits.

(Unaudited - Presented in Canadian dollars)

6. Marketable Securities

The Company's marketable securities consist of 50,000 shares in Goldbank Mining Corp.:

	May 31, 2013	February 28, 2013
Balance, beginning	$ 2,250	$ 1,500
Increase fair value	1,000	750
Balance, ending	$ 3,250	$ 2,250

The fair value of the shares has been determined by reference to the closing price of the shares on the TSX-V on May 31, 2013. At that date, the closing price was $0.06 per share (February 28, 2013 - $0.045).

7. Property, plant and equipment

	May 31, 2013			February 28, 2013		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Furniture and fixtures:	$ 21,983	$ (9,153)	$ 12,830	$ 21,983	$ (7,718)	$ 14,265
Office and other equipment:	108,959	(53,857)	55,102	108,959	(48,128)	60,831
	$ 130,942	$ (63,010)	$ 67,932	$ 130,942	$ (55,846)	$ 75,096

8. Exploration and evaluation assets

Exploration and evaluation assets deferred to the statement of financial position are as follows:

	La Corona de Cobre Project, Chile	Rabbit South Project, Canada	Other	Total
Acquisition costs				
Balance, May 31, 2013 and February 28, 2013	$ 1,561,861	$ 1	$ 2	$ 1,561,864

Exploration expenditures included in the loss for the three months ended May 31, 2013, and May 31, 2012, are as follows:

	For the three months ended May 31, 2013	For the three months ended May 31, 2012
La Corona de Cobre, Chile		
Communication	$ 484	$ -
Exploration	9,848	142,532
Geological	2,938	50,504
Licensing and permitting	139,625	116,641
Logistics and support	7,902	-
Salaries	6,040	-
Vehicle costs	1,175	-
Exploration and evaluation expenditures	$ 168,012	$ 309,677

Details of the Company's exploration and evaluation assets are found in Note 9 of the February 28, 2013 financial statements.

(Unaudited - Presented in Canadian dollars)

9. Accounts payable and accrued liabilities

		May 31, 2013		February 28, 2013
Trade payables	$	724,683	$	656,940
Accrued expenses and other		45,250		161,898
Amounts due to related parties (Note 11)		213,097		144,725
Total	$	983,030	$	963,563

10. Loans Payable

		May 31, 2013		February 28, 2013
Loans payable				
Emerald Fortune Ltd. (a)	$	7,245	$	7,245
Convertible loan (b)		3,341,414		3,266,414
RMP Trading Ltd. (c)		168,700		161,272
Pro Group Services Ltd. (d)		13,446		12,854
Mara Management Ltd. (e)		44,418		42,643
Mara Management Ltd. (f)		151,964		-
Total	$	3,727,187	$	3,490,428

a) At May 31, 2013, the Company had a balance owing to Emerald Fortune Ltd. in the amount of $7,245 (February 28, 2013 - $7,245). The loan is unsecured, non-interest bearing and does not have a fixed term of repayment.

b) On October 1, 2010, the Company received a $2,500,000 loan (“Convertible Loan”) to advance its Corona de Cobre project in Chile. The Convertible Loan had an eighteen month term and the principal was convertible at the option of the lender in whole or in part into units (“Principal Unit”) of the Company until eighteen months from the date of the loan advance at the price of $1.20 per Principal Unit. Each Principal Unit is comprised of one common share and one-half of a non-transferable warrant. Each whole warrant is exercisable to purchase one additional common share for $2.00 at any time until eighteen months from the date of the loan advance. The Convertible Loan bears interest at the rate of 12% per annum, payable on maturity, and accrued and unpaid interest was convertible at the option of the lender in whole or in part into units (“Interest Unit”) of the Company until eighteen months from the date of the loan advance at the market price of Interest Unit. Each Interest Unit will be comprised of one common share and one-half of a non-transferable warrant. Each whole warrant is exercisable to purchase one additional common share for 150% of the market price of the Company’s shares at any time until eighteen months from the date of the loan advance. The Convertible Loan principal and accrued interest is secured by a pledge of the shares of the Company’s subsidiary, Global Hunter Chile Ltda., and may be repaid without penalty or bonus on 30-day notice. All shares issued on any conversion of principal or interest will be subject to a four month hold period from the date of advance of loan proceeds.

On June 18, 2012, the Company entered into a first amending agreement and on September 19, 2012, entered into a second amending agreement, collectively being the Amended Convertible Loan Agreement to the Convertible Loan agreement dated October 1, 2010. The terms of repayment of the Convertible Loan have been amended such that up to half of the principal and 100% of the accrued interest will be due and payable on January 31, 2013, if lender gives notice of the requirement of repayment by December 31, 2012. The remaining balance of the principle and accrued interest will become due and payable without demand on October 1, 2013. The conversion price has been amended from $1.20 to $2.00 per Principal Unit. As consideration for the extension and new conversion price, the Company will issue the lender detachable

(Unaudited - Presented in Canadian dollars)

10. Loans Payable (continued)

warrants exercisable to purchase up to 625,000 shares at $2.00 per share until the earlier of October 1, 2015 and the time of repayment of that portion of the principal in respect of which such detachable warrants would be issuable if such detachable warrants were a conversion warrant. The Company recognized a finance charge of $61,706 relating to the obligation to issue these warrants determined using the Black-Scholes option pricing model with the following assumptions: Expected dividend – 0; Expected stock price volatility – 132%; Risk-free interest rate –1.04%; Expected life – 0.83 years

The Company received notice from the lender requiring payment of up to one-half of the Convertible Loan plus accrued interest by January 31, 2013. The Company did not make this payment and therefore the Convertible Loan is in default.

The loan is a compound financial instrument as it includes both liability and equity components. On initial recognition, the Company determined the fair value of the liability component on the date of issue to be $1,935,593. The fair value of the liability was determined by calculating the fair value of the future cash flows of the loan assuming a discount rate of 30%. The equity component was determined to be $564,407 which is the residual of the proceeds less the liability component. The debt component of the convertible loan is accreted over the term to maturity, with the accretion charge included in interest expense.

As a result of extending the maturity date of the Convertible Loan, the Company charged $64,128 to the carrying value of the liability representing the incremental increase in the fair value of the equity component determined using the Black-Scholes option pricing model with the following assumptions: Expected dividend – 0; Expected stock price volatility – 132%; Risk-free interest rate – 1.03%; Expected life – 0.83 years.

		May 31, 2013		February 28, 2013
Balance, beginning	$	3,266,414	$	2,885,017
Increase in value of equity component on extension		-		(64,128)
Value of warrants issued on extension		-		(61,706)
Interest expense accrual		75,000		341,688
Accretion expense		-		165,543
Balance, ending	$	3,341,414	$	3,266,414

c) On October 4, 2012, the Company entered into a loan agreement for $150,000 with RMP Trading Ltd. The loan has a term of 12 months and bears interest at the rate of 16.5% per annum, payable monthly. The principal amount is due on October 4, 2013.

d) On January 3, 2013, the Company entered into a loan agreement for $12,500 with Pro Group Geological Ltd. The loan has a term of 12 months and bears interest at the rate of 18% per annum, payable monthly. The principal amount is due on February 14, 2014.

e) On January 29, 2013, the Company entered into a loan agreement for $42,000 with Mara Management Ltd. The loan has a term of 10 months and 16 days and bears interest at the rate of 18% per annum, payable monthly. The principal amount is due on December 13, 2013.

f) On May 1, 2013, the Company entered into a loan agreement for $200,000 with Mara Management Ltd ("Lender"), to which it received $150,000 on May 31, 2013, and the remaining balance of $50,000 on June 20, 2013. The loan will become due and payable at any time after 6 months from the date of loan on demand made by the Lender. The loan bears interest at the rate of 18% per annum.

(Unaudited - Presented in Canadian dollars)

11. Related Party Transactions and Balances

a) The Company was charged the following amounts by directors officers or companies owned by officers and directors during the three months ended May 31, 2013, and May 31, 2012, as follows:

	Three months ended			
		May 31, 2013		May 31, 2012
Management fees:				
Directors and officers	$	60,000	$	63,000
Total	$	60,000	$	63,000

b) Key management personnel compensation

The remuneration of directors and other members of key management personnel, including amounts disclosed in Note 11 a), during the three month periods ended May 31, 2013, and 2012, were as follows:

	Three months ended			
		May 31, 2013		May 31, 2012
Short-term benefits	$	60,000	$	63,000

c) Amounts due to related parties

		May 31, 2013		February 28, 2013
Due to the president of the Company	$	126,753	$	71,228
Due to a director of the Company		22,440		13,440
Due to an officer of the Company		2,000		-
Due to a company with directors and officers in common		61,904		60,057
	$	213,097	$	144,725

12. Share Capital

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

At May 31, 2013, the Company had 14,038,058 issued and outstanding common shares (February 28, 2013 – 14,038,058).

See the Consolidated Statement of Changes in Shareholder`s Equity for a summary of changes in share capital and reserves for the three months ended May 31, 2013.

Three months ended May 31, 2012

As of the period ended May 31, 2012, the Company had received subscription funds of $665,000 pursuant to the Company's non-brokered private placement announced on May 14, 2012. The non-brokered private placement will consist of up to 40,000,000 units ("Unit") to be issued at the price of $0.05 per unit for gross proceeds of up to $2,000,000. Each Unit will be comprised of one common share and one-half of one transferable share purchase warrant. One whole warrant will entitle the holder to purchase one common share for a period of one year at the price of $0.10.

(Unaudited - Presented in Canadian dollars)

12. Share Capital (continued)

c) Share purchase warrants

The continuity for the Company's share purchase warrants for the three months ended May 31, 2013, is as follows:

Expiry date	Exercise price	Balance February 28, 2013	Issued	Exercised	Expired	Balance May 31, 2013
June 6, 2013	$ 2.00	387,500	-	-	(387,500)	-
		387,500	-	-	(387,500)	-
Weighted average exercise price		$ 2.00	$ -	$ -	$ 2.00	$ -

c) Stock Options

The Company has adopted an incentive stock option plan (the "Plan"). The Plan provides that the aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the plan may not exceed ten percent of the issued and outstanding shares of the Company at the relevant time. Options granted under the Plan may have a maximum term of five years. The exercise price of options granted under the Plan will not be less than the discounted market price of the shares (defined as the last closing market price of the Company's shares immediately preceding the grant date, less the maximum discount permitted by TSX-V Policy), or such other price as may be agreed to by the Company and accepted by the TSX-V. Stock options granted to consultants providing investor relations activities under the Plan are subject to vesting restrictions such that one-quarter of the option shall vest on each of the date of grant and three, nine and twelve months after the date of grant.

There are no outstanding stock options as at May 31, 2013, and February 28, 2013.

d) Reserves

Share-based payment reserve

The share-based payment reserve record items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Equity component of convertible debt

The equity component of convertible debt reserve reflects equity component of convertible debt with liability and equity components. On conversion, the amount recorded will be transferred to share capital.

13. Segmented Information

The Company is involved in one industry segment comprising the acquisition and exploration of exploration and evaluation assets and two geographic segments: Canada and Chile. Expenses are incurred and the assets are located in both Canada and Chile. The Company's equipment and exploration and evaluation assets are distributed by geographic area as follows:

At May 31, 2013:

	Property, plant and equipment	Exploration and evaluation assets	Total
Canada	$ 27,553	$ 3	$ 27,556
Chile	40,379	1,561,861	1,602,240
	$ 67,932	$ 1,561,864	$ 1,629,796

13. Segmented Information (continued)

At February 29, 2013:

	Property, plant and equipment		Exploration and evaluation assets		Total
Canada	$	30,525	$ 3	$	30,528
Chile		44,571	1,561,861		1,606,432
	$	75,096	$ 1,561,864	$	1,636,960

14. Risk and Capital Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada and Chile. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

(b) 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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis.

At May 31, 2013, the Company has liabilities of $4,710,217 that are either overdue or payable within the next twelve months. Historically, the Company's source of funding has been the issuance of equity securities for cash, primarily through private placements and loans and advances from related and third parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding, or continued support from related parties by way of loans or advances.

(c) Market Risk

The significant market risks to which the Company is exposed are interest rate risk, currency risk and other price risk. These are discussed further below:

Interest Rate Risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash equivalents as these instruments have original maturities of three months or less and are therefore exposed to interest rate fluctuations on renewal. This risk is considered to be minimal.

Currency Risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's Chilean subsidiary is exposed to currency risk as it incurs expenditures that are denominated in Chilean pesos and US dollars while its functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates. At May 31, 2013, the Canadian dollar equivalent of amounts included in accounts payable and accrued liabilities that are denominated in US dollars is $116,089, and in Chilean pesos is $37,035.

14. Risk and Capital Management (continued)

Other Price Risk

Other price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk, price risk or foreign exchange risk.

The Company is exposed to changes in market prices as this can impact the value of its marketable securities.

(d) Political Uncertainty

In conducting operations in Chile, the Company is subject to considerations and risks not typically associated with companies operating in North America. These include risks such as the political, economic and legal environments. Among other things, the Company's results may be adversely affected by changes in the political and social conditions in Chile, and by changes in governmental policies with respect to mining laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation.

(e) Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of its business. The capital structure of the Company consists of share and working capital.

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

The Company is not subject to any externally imposed capital requirements.

(f) Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount because of the short-term nature of these instruments.