

**MPVC INC.**

**Financial Statements**

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

**MPVC INC.**  
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**Years ended December 31, 2013 and 2012**

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## INDEPENDENT AUDITOR'S REPORT

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To the Shareholders of MPVC Inc.

*Report on the Financial Statements*

We have audited the accompanying financial statements of MPVC Inc., which comprise the statements of financial position as at December 31, 2013 and 2012, and the statements of loss, changes in 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 Financial Statements*

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

*Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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## INDEPENDENT AUDITOR'S REPORT, continued

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*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of MPVC Inc. as at December 31, 2013 and 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

*Emphasis of Matter*

Without qualifying our opinion, the accompanying financial statements have been prepared assuming the Company will continue as a going concern. As more fully described in the notes to these financial statements, the Company has not generated revenues to date. This condition raises material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of these uncertainties.

MISSISSAUGA, Ontario  
April 24, 2014

  
Chartered Professional Accountants  
Licensed Public Accountants

**MPVC INC.**  
**Statements of Financial Position**  
**December 31**

	2013	2012
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 13,322	\$ 15,948
Prepaid expenses	-	12,000
Sales taxes recoverable	19,421	-
	32,743	27,948
Mineral exploration property (Note 5)	35,025	-
	\$ 67,768	\$ 27,948
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 157,349	\$ 56,345
Advances from a Shareholder (Note 6)	-	14,258
	157,349	70,603
LOANS PAYABLE (Note 7)	-	132,287
	157,349	202,890
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
Share capital (Note 8)	2,991,383	2,395,645
Contributed surplus (Note 9)	197,911	197,911
Warrants reserve	130,625	-
Deficit	(3,409,500)	(2,768,498)
	(89,581)	(174,942)
	\$ 67,768	\$ 27,948

**ON BEHALF OF THE BOARD**

Signed "Jennifer Irons" Director

Signed "Chad Ulansky" Director

**MPVC INC.**  
**Statements of Loss**  
**Years ended December 31**

	2013	2012
<b>REVENUE</b>	<b>\$ -</b>	<b>\$ -</b>
<b>EXPENSES</b>		
Management fees (Note 12)	41,670	-
Selling, general and administrative	58,558	(1,929)
Transfer agent and listing fees	11,878	6,425
Professional fees	154,899	73,381
Exploration and evaluation expense	350,340	-
Filing fees	23,657	-
	<b>641,002</b>	<b>77,877</b>
<b>LOSS</b>	<b>\$ (641,002)</b>	<b>\$ (77,877)</b>
<b>BASIC AND DILUTED LOSS PER SHARE (Note 11)</b>	<b>(0.05)</b>	<b>(0.03)</b>

**MPVC INC.**  
**Statements of Changes in Equity**  
**Years ended December 31**

	Shares	Share capital	Contributed surplus	Warrants reserve	Deficit	Total
Balance, December 31, 2011	14,105,843	\$ 2,395,645	\$ 197,911	\$ -	\$ (2,690,621)	\$ (97,065)
Loss	-	-	-	-	(77,877)	(77,877)
Balance, December 31, 2012	14,105,843	2,395,645	197,911	-	(2,768,498)	(174,942)
Loss	-	-	-	-	(641,002)	(641,002)
Changes	3,681,173	595,738	-	130,625	-	726,363
<b>Balance, December 31, 2013</b>	<b>17,787,016</b>	<b>\$ 2,991,383</b>	<b>\$ 197,911</b>	<b>\$ 130,625</b>	<b>\$ (3,409,500)</b>	<b>\$ (89,581)</b>

**MPVC INC.**  
**Statements of Cash Flows**  
**Years ended December 31**

	2013	2012
<b>OPERATING ACTIVITIES</b>		
Loss	\$ (641,002)	\$ (77,877)
Change in non-cash working capital:		
Prepaid expenses	12,000	(12,000)
Sales taxes recoverable	(19,421)	-
Accounts payable and accrued liabilities	101,004	37,894
<b>Cash flow used by operating activities</b>	<b>(547,419)</b>	<b>(51,983)</b>
<b>INVESTING ACTIVITIES</b>		
Advances (to) from shareholder	(14,258)	-
Mineral exploration property	(35,025)	-
<b>Cash flow used by investing activities</b>	<b>(49,283)</b>	<b>-</b>
<b>FINANCING ACTIVITIES</b>		
Increase in loans payable	130,030	62,287
Advances from a Shareholder	(14,258)	-
Issuance of share capital	347,679	-
Warrants reserve	130,625	-
<b>Cash flow from financing activities</b>	<b>594,076</b>	<b>62,287</b>
<b>(DECREASE) INCREASE IN CASH</b>	<b>(2,626)</b>	<b>10,304</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>15,948</b>	<b>5,644</b>
<b>CASH - END OF YEAR</b>	<b>\$ 13,322</b>	<b>\$ 15,948</b>



**MPVC INC.**

**Notes to the Financial Statements**

**December 31, 2013 and 2012**

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1. NATURE OF OPERATIONS

MPVC Inc. (the "Company") was incorporated on July 19, 2005 under the Canada Business Corporations Act. The Company trades on the NEX Exchange of the TSX Venture Exchange under the ticker symbol MVC.H.

The Company currently has no business operations. The Company has spent most of the year identifying and evaluating potential acquisitions of assets, properties or businesses with the plan of meeting the minimum listing requirements of the TSX Venture Exchange. The Company has started the process of acquiring a uranium exploration project in Manitoba.

The address of the Company's corporate office and principal place of business is 3 Hardy Bay, Winnipeg, Manitoba, Canada.

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2. GOING CONCERN

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. The Company incurred negative cash flows from operations and has a working capital deficiency of \$124,606 (2012 \$42,655) and has accumulated losses totaling to \$3,409,500 (2012 \$2,768,498). The Company does not have a regular revenue stream. Whether and when the Company can attain profitability and positive cash flows is uncertain. These uncertainties cast doubt upon the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

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3. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee (IFRIC).

These audited financial statements were authorized for issuance by the Board of Directors of the Company on April 24, 2014.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis as set out in the accounting policies found in Note 4. Certain items including some financial instruments are stated at fair value.

(c) Adoption of New and Revised Standards and Interpretations

The IASB issued a number of new and revised International Accounting Standards, International Financial Reporting Standards, amendments and related interpretations which are effective for the Company's financial year beginning on or after January 1, 2014.

**MPVC INC.**

**Notes to the Financial Statements**

**December 31, 2013 and 2012**

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3. BASIS OF PREPARATION, continued

At the date of authorization of these Financial Statements, the IASB and IFRIC has issued IFRS 9 "Financial Instruments: Classification and Measurement" - effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.

The Company has not early adopted this standard, however, the Company is currently assessing what impact the application of this standard will have on the financial statements of the Company.

(d) Use of Estimates and Judgments

The preparation of the financial statements in conformity with IFRSs require management to make judgments, estimates 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.

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.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with International Financial Reporting Standards. The significant policies are detailed as follows:

(a) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash balances at a major financial institution.

(b) Earnings (Loss) Per Share

Basic earnings or loss per share represents the profit or loss for the period, divided by the weighted average number of common shares in issue during the period. Diluted earnings or loss per share represents the profit or loss for the period, divided by the weighted average number of common shares in issue during the period plus the weighted average number of dilutive shares resulting from the exercise of stock options, warrants and other similar instruments where the inclusion of these would not be anti-dilutive. During the year ended December 31, 2013, the calculation of basic and diluted loss per share is the same.

(c) Revenue Recognition

Revenue is recognized as good and services are provided in accordance with contract terms and when the price is fixed or determinable and is recorded when ultimate collection is reasonably assured.

**MPVC INC.**

**Notes to the Financial Statements**

**December 31, 2013 and 2012**

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Share capital and deferred financing fees

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

Costs related to shares not yet issued are recorded as deferred financing fees. These fees are deferred until the issuance of the shares to which the fees related to, at which time the fees will be charged against the related share capital or charged to operations if the shares are not issued.

(e) Exploration and evaluation expenditures

Exploration and evaluation costs are capitalized as exploration properties on a project-by-project basis pending determination of the technical feasibility and the commercial viability of the project. Capitalized costs include costs directly related to exploration and evaluation activities in the property's area of interest.

Costs incurred before the legal rights are obtained to explore an area and costs relating to a relinquished or abandoned license are recognized in the statement of loss.

Upon determination of the technical feasibility and commercial viability of a project, exploration properties attributable to those projects are reclassified from exploration properties to development properties. Exploration and evaluation assets shall be assessed for impairment and any impairment losses will be recognized prior to such reclassification.

Exploration properties are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability of the project or facts and circumstances suggest that the carrying amount of the exploration properties exceeds the recoverable amount.

(f) Measurement of equity instruments

The Company has adopted the residual method with respect to the measurement of common shares with attached warrants issued as private placement units or initial public offering units. Warrants attached to these units are measured based on the fair value of the warrants using the Black-Scholes option pricing model and the common share price at the time of issuance, and the difference between the proceeds raised and the value assigned to the warrants is the residual amount assigned to the common shares.

**MPVC INC.**

**Notes to the Financial Statements**

**December 31, 2013 and 2012**

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Income Taxes

Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or liability is settled, based on tax rates (and tax laws) that have been enacted at the date of the statement of financial position. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of loss and deficit.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

(h) Financial Instruments

The Company's financial instruments consist of, cash, accounts payable, advances from a shareholder and loans payable. Unless otherwise noted it is management's opinion that the Company is not exposed to significant interest, currency or credit risk.

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss.

Financial assets classified as loans and receivables and held-to-maturity are measured at amortized cost using the effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

**MPVC INC.**

**Notes to the Financial Statements**

**December 31, 2013 and 2012**

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Financial Instruments, continued

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered significant or prolonged decline in the fair value of that investment below its cost.

Transaction costs associated with FVTPL financial assets are expensed as incurred while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives, are also classified as held-for-trading unless they are designated as effective hedging instruments. Transaction costs on financial liabilities classified as FVTPL are expensed as incurred. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income or loss.

At the end of each reporting period subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise. The net gain or loss recognized in profit or loss excludes any interest paid on the financial liabilities.

Derecognition of financial assets and liabilities

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

Financial liabilities are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

**MPVC INC.**

**Notes to the Financial Statements**

**December 31, 2013 and 2012**

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(i) Stock-based compensation

The Company has established an equity-settled stock option plan for the benefit of full-time and part-time employees, officers, directors and consultants of the Company and its affiliates.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded vesting basis over the period during which the employee becomes unconditionally entitled to equity instruments, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(j) Measurement Uncertainty

The preparation of the financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses.

Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to the use of going concern assumption in the preparation of the financial statements.

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**MPVC INC.**  
**Notes to the Financial Statements**  
**December 31, 2013 and 2012**

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5. MINERAL EXPLORATION PROPERTY

	<u>2013</u>	<u>2012</u>
Mineral exploration property	<u>\$ 35,025</u>	<u>\$ -</u>

During the year the Company entered into an agreement, with amendments subsequent to the year end, with CanAlaska Uranium Ltd. ("CanAlaska") to acquire up to 80% of its Northwest Manitoba Property which covers 143,603 hectares and is comprised of 3 licences (MEL-236B, MEL-166B, and MEL-247B).

Under the terms of the Option Agreement, MPVC can earn up to an 80% interest in the Property by carrying out a three-stage \$11.6 million exploration program. The first stage allows MPVC to obtain a 50% interest by making a non-refundable cash deposit of \$35,000 and by issuing 2,250,000 common shares at a deemed price of \$0.10 per share, 1,000,000 common share purchase warrants with an exercise price of \$0.10 for a term of two years and 1,250,000 common share purchase warrants with an exercise price of \$0.15 for a term of two years, on or before March 21, 2014. MPVC must incur \$600,000 in exploration expenditures on or before March 31, 2014, and an additional 2,250,000 common shares are to be issued at a deemed price in accordance with TSX Venture Exchange (the "Exchange") pricing policies, on or before June 1, 2014. A further \$2,600,000 in exploration expenditures must be incurred by MPVC on or before December 31, 2014.

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6. ADVANCES FROM A SHAREHOLDER

Advances from a Shareholder were non-interest bearing, unsecured and due on demand. During fiscal 2013 the advances were converted to common shares in a shares for debt exchange. See share capital note below for details.

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**MPVC INC.**  
**Notes to the Financial Statements**  
**December 31, 2013 and 2012**

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7. LOANS PAYABLE

	<u>2013</u>	<u>2012</u>
Grant Hall	\$ -	\$ 47,312
LatAm Investments Ltd.	-	20,000
Rob Dzisiak	-	42,500
Marysol Ruiz	-	22,475
	<u>\$ -</u>	<u>\$ 132,287</u>

The Company had agreed to reimburse borrowed funds by the issuance of shares or in cash at the discretion of lenders, once the re-listing of MPVC Inc. on either the CSX or the TSX has been completed. Loans payable had no stated interest rates. During fiscal 2013 the loans payable were converted to common shares in a shares for debt exchange. See share capital note below for details.

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**MPVC INC.**  
**Notes to the Financial Statements**  
**December 31, 2013 and 2012**

8. SHARE CAPITAL

	2013		2012	
	Issued	Amount	Issued	Amount
Authorized:				
Unlimited Common shares				
Issued:				
	<b>14,105,843</b>	<b>\$ 2,395,645</b>	14,105,843	\$ 2,395,645
Share cancellation	<b>(2,226,630)</b>	-	-	-
Share consolidation	<b>(9,503,370)</b>	-	-	-
Issued for cash consideration	<b>10,450,000</b>	<b>522,500</b>	-	-
Share issuance cost	-	<b>(44,196)</b>	-	-
Reserve on the issuance of warrants	-	<b>(130,625)</b>	-	-
Issued in exchange for debt	<b>4,961,173</b>	<b>248,059</b>	-	-
	<b>17,787,016</b>	<b>\$ 2,991,383</b>	14,105,843	\$ 2,395,645

The holders of the common shares are entitled to one vote per share and are entitled to dividends, when and if declared by the directors of the Company, and to the distribution of the residual assets of the Company in the event of the liquidation, dissolution or winding-up of the Company. No dividends have ever been declared or paid as at December 31, 2013.

(1) On June 4, 2013 there was cancellation of 2,226,630 units of issued share capital and a subsequent 5 for 1 share consolidation resulting in a 9,503,370 units reduction in the total number of issued shares at that time.

(ii) On August 30, 2013 the Company completed a private placement of 10,450,000 units for gross proceeds of \$522,500. Each unit was issued for \$0.05 and comprised of one common share and a one common share purchase warrant. Each warrant allows for the purchase of an additional common share by paying \$0.10 per share at anytime during the 12 month period following closing or the date occurring 15 business days from the date the holder receives notice from the Company that the trading price of the common shares has closed at \$0.25 per share or higher for five consecutive trading days. The Company incurred \$44,196 with respect to share issue costs and deducted \$130,625 representing the value ascribed to the common share purchase warrants which was recorded as a separate component of shareholder's equity.

(iii) On September 9, 2013 the Company completed a debt for equity exchange and issued 4,961,173 common shares at a price of \$0.05 per share to eliminate \$248,059 of debt.

Common share purchase warrants

As part of the August 30, 2013 private placement, the Company issued 10,450,000 common share purchase warrants. The Company has measured these warrants at \$130,625 using the Black-Scholes pricing model applying a life of 1 year, volatility of 114%, dividend yield of 0% and a risk free interest rate of 1%. These common share purchase warrants expire on September 3, 2014.

**MPVC INC.**

**Notes to the Financial Statements**

**December 31, 2013 and 2012**

8. SHARE CAPITAL, continued

Stock options

The Company has established a stock option plan (the "Plan") for the benefit of full-time and part-time employees, officers, directors and consultants of the Company and its affiliates. The maximum number of shares available under the Plan is limited to 10% of the issued common shares. Awards may be granted for a maximum term of ten years from the date of grant. As at December 31, 2013 no stock options have been issued and outstanding.

9. CONTRIBUTED SURPLUS

	2013	2012
Balance, beginning and end of the year	<b>\$ 197,911</b>	\$ 197,911

10. INCOME TAXES

The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the statutory income tax rate of 27.0% (2012 - 27.0%) to the loss for the years as follows:

	2013	2012
Loss for the year before income taxes	<b>\$ (641,000)</b>	\$ (78,000)
Tax (recovery) on accounting loss	<b>\$ (173,000)</b>	\$ (21,000)
Tax effect of the following:		
Deductible share issuance expense	<b>(2,387)</b>	-
Exploration expenses carried forward	<b>94,592</b>	-
Change in valuation allowance	<b>80,795</b>	21,000
	<b>\$ -</b>	\$ -

**Tax loss carry forward balances**

As at December 31, 2013, the Company has non-capital loss carry forwards, available to offset future taxable income, expiring as follows:

2026	\$ 261,900
2027	1,221,000
2029	71,900
2030	20,200
2031	70,600
2032	77,900
2033	299,500
	<b>\$ 2,023,000</b>

**MPVC INC.**  
**Notes to the Financial Statements**  
**December 31, 2013 and 2012**

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10. INCOME TAXES, continued

**Deferred income tax assets (liabilities)**

The primary differences that give rise to the deferred income tax balances at December 31, 2013 and 2012 are as follows:

	2013	2012
Non-capital losses carried forward	\$ 546,000	\$ 465,000
Deductible share issuance costs	9,500	-
Deductible exploration expenses	104,000	-
	659,500	465,000
Less: valuation allowance	(659,500)	(465,000)
	\$ -	\$ -

The unamortized share issuance costs for income tax purposes amounts to approximately \$35,000 and will be deductible over the next four years.

The Company also has cumulative Canadian exploration and development expenditures, available to offset future taxable income, of \$385,365 that may be carried forward indefinitely.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. The future tax benefit of the Canadian loss carryforwards and temporary timing differences have not been reflected in these financial statements.

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**MPVC INC.**

**Notes to the Financial Statements**

**December 31, 2013 and 2012**

11. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is calculated using the weighted average number of shares outstanding during the year. Diluted loss per share is calculated to reflect the dilutive effect of stock options outstanding. At December 31, 2013 and 2012, the Company had recorded a loss. As a result, potential ordinary shares on issue (in relation to share options and warrants) were excluded, because its effect was anti-dilutive. Basic and diluted loss per share is calculated as follows:

		2013		2012		
		Weighted average common shares	Basic and diluted loss per share	Loss	Weighted average common shares	Basic and diluted loss per share
Loss		Loss		Loss		
Net loss for the year	<b>\$ (641,002)</b>	<b>12,414,507</b>	<b>\$ (0.05)</b>	(77,877)	2,375,843	<b>\$ (0.03)</b>

The weighted average number of common shares outstanding during fiscal 2012 has been restated in order to reflect the share consolidation and share cancellation which occurred during fiscal 2013.

**MPVC INC.**

**Notes to the Financial Statements**

**December 31, 2013 and 2012**

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12. RELATED PARTY TRANSACTIONS

The Company's related parties consist of directors and officers or companies associated with them. Other than as outlined below the Company incurred no transactions with related parties during the year ended December 31, 2013.

Key management include the Chief Executive Officer and the Chief Financial Officer. The Company has incurred management fees of \$12,900 (2012 nil) to the Chief Executive Officer and \$28,770 (2012 nil) to the Chief Financial Officer during fiscal 2013.

These transactions are in the normal course of operations and have been measured in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

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13. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to maintain adequate levels of funding to maintain its operational functions.

The Company considers its capital structure in a manner that provides sufficient funding for its operational activities. Funds are primarily secured through equity capital raised by way of private placements and exercise of stock options and warrants. There can be no assurances that the Company will be able to continue raising equity capital in this manner.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is subject to TSX imposed capital requirements.

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**MPVC INC.**

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14. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates.

(b) Credit risk

The Company is not exposed to credit risk. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk did not change from prior year.

(c) Liquidity risk

The Company does have a liquidity risk in accounts payable of \$157,349 (2012 \$56,345). Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due. In the opinion of management, the liquidity risk exposure to the Company is low and is not material.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and operational risk. These are described more fully in the appropriate sections below.

(e) Currency risk

The Company is not exposed to currency risk. Currency risk is the risk that the exchange rate that was in effect on the date that an obligation in a foreign currency was made to the Company by a customer, or that an obligation in a foreign currency was made by the Company to a supplier, is different at the time of settlement than it was at time that the obligation was determined. Currency risk did not change from prior year.

(f) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company is not exposed to interest rate risk because it did not borrow funds during the year and management anticipates no borrowing subsequent to the year end. Interest risk did not change from prior year.

**MPVC INC.**

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14. FINANCIAL INSTRUMENTS, continued

(g) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is the responsibility of the directors of the Company. This responsibility is supported by the development of overall Company standards for management of operational risk in the following areas:

- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Operational risk has changed from prior year as a result of the mineral exploration activity commenced during the year.

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15. COMMITMENTS

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations as well as the Memorandum of Understanding between CanAlaska and Northlands Denesuline First Nation with respect to the exploration activities in the Northwest Manitoba Property.

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16. SUBSEQUENT EVENTS

In connection with its change of business, on March 25, 2014, the Company completed a non-brokered private placement of units, raising gross proceeds of \$1,172,200 and a non-brokered private placement of flow-through common shares, raising gross proceeds of \$1,090,000.

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