NOTICE TO SHAREHOLDERS

VVC EXPLORATION CORPORATION
Condensed Consolidated Financial Statements
For The Three Months Ended April 30, 2013

Responsibility for Consolidated Financial Statements

The accompanying unaudited condensed consolidated financial statements for VVC Exploration Corporation have been prepared by management and were approved by the Audit Committee and the Board of Directors. These unaudited condensed consolidated financial statements have been prepared in accordance with international financial reporting standards and were consistently applied. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the consolidated financial statements, management is satisfied that these consolidated financial statements have been fairly presented.

Auditor involvement

The auditors of VVC Exploration Corporation have not performed a review of the unaudited condensed consolidated financial statements for the three months ended April 30, 2013 and April 30, 2012.

TABLE OF CONTENTS

VVC Exploration Corporation
Consolidated Statements of Financial Position

		(Unaudited) April 30, 2013		(Audited) January 31, 2013
Assets				
Current assets				
Cash	**$**	**168,267**	$	513,674
Accounts receivable		**26,058**		80,530
Prepaid expenses		**5,625**		-
		199,950		594,204
Equipment (Note 5)		**3,359**		2,921
Mineral properties (Note 6)		**1,678,068**		1,462,921
	$	**1,881,377**	$	2,060,046
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (Note 4)	**$**	**181,919**	$	182,022
Income taxes payable		**7,835**		7,835
Due to related party (Notes 7)		**471,780**		504,562
		661,534		694,419
Shareholders' equity				
Share capital (Note 8(b))		**23,426,643**		23,426,643
Contributed surplus (Note 8(c) and 8(d) and 9)		**5,731,528**		5,724,003
Deficit		**(27,938,328)**		(27,785,019)
		1,219,843		1,365,627
	$	**1,881,377**	$	2,060,046

Going Concern (note 1)

Approved by the Board

James A. Culver
Director

Patrick Forest
Director

VVC Exploration Corporation

Consolidated Statements of Loss, Comprehensive Loss and Deficit

(Unaudited)

For the Three Months Ended April 30,	2013	2012
Expenses		
Management and consulting fees	**$ 61,500**	$ 40,712
Professional fees	**25,000**	15,750
Interest expense	**18,788**	8,032
Office and sundry	**14,651**	12,494
Investor relations	**13,669**	24,661
Travel and promotion	**9,156**	12,487
Stock-based compensation (Note 8(c))	**7,525**	56,764
Listing and transfer fees	**5,124**	1,185
Rent	**4,425**	5,237
Telephone	**1,214**	1,577
Bank charges	**398**	946
Amortization	**230**	313
Fair value of extended warrants	**-**	176,371
	161,680	356,529
Other income:		
Foreign exchange gain	**8,371**	-
Loss on disposition of asset	**-**	(3,832)
Net loss and comprehensive loss	**$ (153,309)**	$ (360,361)
Basic and diluted loss per share (Note 10)	**$ -**	$ (0.01)

Consolidated Statements of Deficit

Deficit, beginning of period	**$(27,785,019)**	$(27,064,069)
Net loss for the period	**(153,309)**	(360,361)
Deficit, end of period	**$(27,938,328)**	$(27,424,430)

VVC Exploration Corporation

Consolidated Statements of Changes in Shareholders' Equity

April 30,	**2013**	2012
Share Capital		
Beginning balance	**$ 23,426,643**	$ 22,468,883
Balance April 30,	**23,426,643**	22,468,883
Contributed Surplus		
Beginning balance	**5,724,003**	5,305,431
Stock-based compensation	**7,525**	233,135
Balance April 30,	**5,731,528**	5,538,566
Deficit		
Beginning balance	**(27,785,019)**	(27,064,069)
Net loss	**(153,309)**	(360,361)
Balance April 30,	**(27,938,328)**	(27,424,430)
Total shareholders' equity	**$ 1,219,843**	$ 583,019

VVC Exploration Corporation

Consolidated Statements of Cash Flows

For the Three Months Ended April 30,		2013		2012
Cash flow from operating activities				
Loss for the year	**$**	**(153,309)**	$	(360,361)
Items not affecting cash:				
Amortization		**230**		313
Stock-based compensation		**7,525**		56,764
Fair value of extended warrants		**-**		176,371
Loss on disposition of asset		**-**		3,832
		(145,554)		(123,081)
Other uses of cash from operations:				
Accounts receivable		**54,472**		(126)
Prepaid expenses		**(5,625)**		-
Accounts payable and accrued liabilities		**(104)**		(18,451)
		(96,811)		(141,658)
Cash flow from investing activities				
Additions to mineral properties		**(215,147)**		(157,818)
Purchase of equipment		**(667)**		-
		(215,814)		(157,818)
Cash flow from financing activities				
Funds (paid to) advanced from related party		**(32,782)**		208,035
		(32,782)		208,035
Change in cash		**(345,407)**		(91,441)
Cash, beginning of period		**513,674**		92,925
Cash, end of period	**$**	**168,267**	$	1,484

1. NATURE OF OPERATIONS AND GOING CONCERN

VVC Exploration Corporation (the "Company") was incorporated on April 11, 1983 under the Company Act (British Columbia) and in August 2003, was continued federally under the Canada Business Corporations Act. The Company's principal business activities include the exploration and development of precious metals mineral properties in Canada and Mexico.

For the Company's exploration stage mineral properties, the Company is in the process of exploration and has not yet determined whether they contain economically recoverable reserves. The recoverability of amounts shown for exploration stage mineral properties (note 6) is dependent upon the discovery of economically recoverable ore reserves in its mineral properties, the ability of the Company to obtain the necessary financing to complete development, maintenance of the Company's interest in the underlying mineral claims and leases and upon future profitable production from or the proceeds from the disposition of its mineral properties.

The ability of the Company to continue as a going concern is dependent on the successful completion of the actions taken or planned. In order to meet future expenditures and cover administrative costs, the Company will need to raise additional financing. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. As at April 30, 2013 , the Company has accumulated losses of $27,938,328 and has a working capital deficit of $461,584.

These factors raise substantial doubt regarding the Company's ability to continue as a going concern. These unaudited condensed interim consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed interim consolidated financial statements of the Company and its subsidiary were prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"). The policies applied in these consolidated financial statements are presented below and are based on IFRS issued and outstanding as of June 28, 2013, the date the Board of Directors approved the consolidated financial statements.

These unaudited condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated audited financial statements for the year ended January 31, 2013.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

Basis of presentation and consolidation
These unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS and include the accounts of the Company and its wholly-owned subsidiary, VVC Exploracion de Mexico, S. de R.L. de C.V., incorporated under the laws of Mexico. All intercompany transactions and balances have been eliminated upon consolidation.

Financial instruments
Financial instruments are required to be classified as one of the following: held-to-maturity; loans and receivables, fair value through profit or loss; available-for-sale or other financial liabilities.

The Company's financial instruments include cash, accounts receivable, short-term investments, accounts payable and accrued liabilities and notes payable. The Company designated its cash as fair value through profit or loss, short-term investments as available-for-sale, its accounts receivable as loans and receivables, and its account payable and accrued liabilities as other financial liabilities, both of which are measured at amortized cost.

Fair value through profit or loss financial assets are measured at fair value with gains and losses recognized in operations. Financial assets held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost. Available-for-sale financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, the fair value of a financial instrument that is quoted in active markets is based on the bid price for a financial asset held and the offer price for a financial liability. When an independent price is not available, fair value is determined by using a valuation which refers to observable market data. Such a valuation technique includes comparisons with a similar financial instrument where an observable market price, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants exist. If no reliable estimate can be made, an the Company is permitted to measure the financial instrument at cost less impairment.

Equipment

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

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

Mineral properties

Mineral property acquisition costs and related direct exploration and development expenditures, net of recoveries, are deferred until the properties are placed into production. These net costs will be amortized against income using the unit of production method based on estimated recoverable reserves if the properties are brought into commercial production, or written off if the properties are abandoned or the carrying value is determined to be in excess of possible recoverable amounts. The cost of mineral properties includes any cash consideration paid, and the fair market value of shares issued, if any, on the acquisition of property interests. The recorded amounts of property acquisition costs and their related deferred pre-production exploration costs represent actual expenditures incurred and are not intended to reflect present or future values.

The recoverability of amounts shown for mineral properties and deferred expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future profitable production or proceeds from the disposition thereof.

Mineral properties are reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When events or changes in circumstances suggest possible impairment, estimated future net cash flows for a mine or development project are calculated using estimated future prices, mineral resources and operating and capital costs on an undiscounted basis. When estimated future undiscounted cash flows are less than the carrying value, the asset is considered impaired. Reductions in carrying value are recorded to the extent the book value exceeds the fair value of the assets.

Impairment of long-lived assets

The Company's tangible and intangible assets are reviewed for indications of impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. An assessment is made at each reporting date whether there is any indication that an asset may be impaired.

An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss for the year. The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized There were no significant indicators of impairment of the carrying values of long-lived assets at April 30, 2013 or January 31, 2013.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Stock-based compensation
Stock options and warrants awarded to non employees are accounted for using the fair value of the instrument awarded or service provided whichever is considered more reliable. Stock options and warrants awarded to employees are accounted for using the fair value method. The fair value of such stock options and warrants granted is recognized as an expense on a proportionate basis consistent with the vesting features of each tranche of the grant. The fair value is calculated using the Black-Scholes option pricing model with assumptions applicable at the date of grant.

Loss per share
Basic loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the year after giving effect to potentially dilutive financial instruments. The dilutive effect of stock options and warrants is determined using the treasury stock method.

Income taxes
Current income tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred income tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or expected to be enacted that are expected to be applied to taxable income in the years in which the temporary differences are expected to be recovered or settled.

A deferred income tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Foreign exchange
The functional and presentation currency of the Company and its subsidiaries is the Canadian dollar ("CA$").

The Company recognizes transactions in currencies other than the Canadian dollar (foreign currencies) at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year end exchange rates are recognized in the consolidated statements of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Measurement uncertainty
The preparation of financial statements, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those reported.

Significant estimates used in the preparation of these consolidated financial statements include, but are not limited to the estimated recoverability of the carrying value of mineral properties.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Policies Recently Adopted
IFRS 7, Financial Instruments Disclosures, was amended by the IASB in January 2010 and provides guidance on identifying transfers of financial assets and continuing involvement in transferred assets for disclosure purposes. The amendments introduce new disclosure requirements for transfers of financial assets including disclosures for financial assets that are not derecognized in their entirety, and for financial assets that are derecognized in their entirety but for which continuing involvement is retained. The Company adopted IFRS 7 on February 1, 2013. The adoption of IFRS 7 did not have an impact on the Company.

IFRS 10, Consolidated Financial Statements and IFRS 12, Disclosure of Interests in Other Entities: In May 2011, IASB issued IFRS 10 and IFRS 12. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This IFRS defines the principle of control and establishes control as the basis for determining which entities are consolidated in an entity's consolidated financial statements. IFRS 10 sets out three elements of control: a) power over the investee; b) exposure, or rights, to variable returns from involvement with the investee; and c) the ability to use power over the investee to affect the amount of the investors return. IFRS 10 sets out the requirements on how to apply the control principle. IFRS 12 outlines the disclosure requirements for interests in subsidiaries and other entities to enable users to evaluate the risks associated with interests in other entities and the effects of those interests on an entity's financial position, financial performance and cash flows. IFRS 10 and IFRS 12 supersede IAS 27, Consolidated and Separate Financial Statements and SIC-12, Consolidation – Special Purpose Entities.

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

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

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

IFRS 13, Fair Value Measurement: In May 2011, the IASB issued IFRS 13. This standard defines fair value, sets out a single IFRS framework for measuring fair value and outlines disclosure requirements about fair value measurements. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement so assumptions that market participants would use should be applied in measuring fair value.

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

IAS 1, Preparation of Financial Statements: In June 2011, issued by the IASB and the Financial Accounting Standards Board ("FASB") amends standards to align the presentation requirements for other comprehensive income ("OCI"). The IASB issued amendments to IAS 1, Presentation of Financial Statements ("IAS 1") to require companies preparing financial statements under IFRS to separately group items within OCI that may be reclassified to profit or loss. The amendments also reaffirmexisting requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements.

The amendments to IAS 1 set out in Presentation of Items of Other Comprehensive Income was adopted on February 1, 2013. This admendment had on impact on the Company.

3. RECENT ACCOUNTING PRONOUNCEMENTS

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. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the year beginning January 1, 2015 and has not yet considered the potential impact of the adoption of IFRS 9.

The Company is currently assessing the impact of the following recent accounting pronouncements on the consolidated financial statements.

4. ACCOUNTS PAYABLE

	April 30, 2013	January 31, 2013
Interest payable	**$ 93,708**	$ 74,920
Other trade payables	**42,148**	61,324
Payables related to mineral properties	**46,063**	45,778
Accounts payable and accrued liabilities	**$ 181,919**	$ 182,022

5. EQUIPMENT

	Small equipment	Computer equipment	Automobile	Total
Cost				
Balance, February 1, 2012	$ -	$ 41,913	$ 12,929	$ 54,842
Disposals	-	-	(12,929)	(12,929)
Balance, January 31, 2013	-	41,913	-	41,913
Additions	668	-	-	668
Balance, April 30, 2013	668	$ 41,913	$ -	$ 42,581
Accumulated Depreciation				
Balance, February 1, 2012	$ -	$ 37,740	$ 9,098	$ 46,838
Depreciation for the year	-	1,252	-	1,252
Disposals	-	-	(9,098)	(9,098)
Balance, January 31, 2013	-	38,992	-	38,992
Depreciation for the period	11	219	-	230
Disposals	-	-	-	-
Balance, April 30, 2013	11	$ 39,211	$ -	$ 39,222
Carrying Amounts				
At January 31, 2013	$ -	$ 2,921	$ -	$ 2,921
At April 30, 2013	$ 657	$ 2,702	$ -	$ 3,359

6. MINERAL PROPERTIES AND DEFERRED PROPERTY ACQUISITION COSTS

	Balance January 31, 2013	Additions/ (Recoveries)	Write-downs/ Disposals	Balance April 30, 2013
Mineral properties:				
Cumeral and La Tuna mineral properties (Mexico):				
Administration	$ 279,594	$ 8,591	$ -	**$ 288,185**
Drilling and exploration	79,403	1,707	-	**81,110**
Consulting	20,846	37,448	-	**58,294**
Geologist	93,700	3,786	-	**97,486**
Camp and travel	36,295	1,723	-	**38,018**
Acquisition	792,056	76,409	-	**868,465**
Supervision	1,000	102,300	-	**103,300**
Assaying and analysis	52,720	1,133	-	**53,853**
General expenses	4,102	156	-	**4,258**
Claims and taxes	103,203	2,272	-	**105,475**
Recoveries	-	(20,378)	-	**(20,378)**
	1,462,919	215,147	-	**1,678,066**
Ontario area properties (Canada):				
Acquisition costs	2	-	-	**2**
	2	-	-	**2**
Total development stage properties	$ 1,462,921	$ 215,147	$ -	**$ 1,678,068**

Cumeral, Mexico

In March 2010, the Company finalized an agreement which provides an option to acquire a 100% interest in the 665 hectare gold mining project known as Cumeral (the "Cumeral Property"), consisting of three mining concessions in the State of Senora, Mexico. The 100% interest in the Cumeral Property can be acquired for cash consideration of US$800,000 (CA$ 799.360) plus applicable taxes ("VAT"), payable over a year of three years and the issuance of 200,000 common shares of the Company. The Cumeral Property is subject to the reservation of a 2% Net Smelter Return ("NSR"). A finder’s fee of US$5,000 (CA$ 4,996) and 130,000 common shares of the Company was paid to third parties who were instrumental in arranging the transaction.

Payments to the optionor will be as follows:

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

La Tuna, Mexico

In March 2010, the Company completed the acquisition of a 3,533 hectare gold mining project known as La Tuna, located in the municipality of Alamos in the State of Sinaloa, Mexico. The Company acquired a 100% interest in La Tuna for cash consideration of US$40,000 (CA$39,968) plus VAT and 300,000 common shares of the Company. La Tuna is subject to the reservation of a 2% NSR with a buy-back option.

6. MINERAL PROPERTIES AND DEFERRED PROPERTY ACQUISITION COSTS (Continued)

On March 6, 2013 the Company entered into an Option Agreement with Exploración Río Placer S. A. de C. V. (the“Optionee”) for its La Tuna Property. During the 12 year term of the Option Agreement, ending on December 31, 2025, the Optionee will have exclusive mining rights to the La Tuna Property and VVC Mexico will be entitled to a 1% Net Smelter Return ("NSR") royalty payable on a monthly basis on every dry metric tonne of ore processed up to US$3,000,000 (CA$2,997,600), with a buyback option for US$1,000,000 (CA$999,200). The Optionee will also have the option to acquire a 100% interest in the concessions comprising the La Tuna Property by making all required NSR royalty payments and additional payments totalling US$500,000 (CA$499,600). The Optionee paid the Company US$20,000 (CA$19,984) upon signing the agreement.

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

7. RELATED PARTY TRANSACTIONS AND BALANCES

During fiscal 2012, the Company obtained financing of $267,735 (3,250,000 Mexican Pesos) via loans from the subsidiary of Camex Mining Development Group Inc. ("Camex") a company which is controlled by a shareholder of the Company. The loans charge interest at an annual rate of 12%, compounded monthly, and the interest is payable on a monthly basis. The principal amount of the loans are due by December 31, 2014 and are secured by promissory notes issued by the borrower in favour of the lender. During fiscal 2013, the Company obtained an additional $251,072 (3,200,000 Mexican Pesos) of financing via loans from the same company under the same terms as the previous loans. The Company has not made the monthly interest payments as required by the terms of the loans and accordingly the interest and the outstanding principal of the loans became due on demand. The Company repaid $142,017 (1,855,000 Mexican Pesos) of these loans.

As at April 30, 2013 and January 31, 2013, the balance of the loans were $376,790 (4,595,000 Mexican Pesos) and $409,562 (5,220,000 Mexican Pesos), respectively.

On March 27, 2012, the Company entered into a Credit Agreement with Camex for a short-term loan of $60,000, secured by a promissory note bearing interest at 15% per annum, compounded monthly. The principal balance of the loan and accrued interest were due on July 27, 2012. No repayment was made on the principal and accrued interest by the Company and the loan became due on demand with interest accruing on the same basis as on the term of the loan.

On May 1, 2012, the Company entered into a Credit Agreement with Camex for a short-term loan of $35,000, secured by a promissory note bearing interest at 15% per annum, compounded monthly. The principal balance of the loan and accrued interest were due on September 1, 2012. No repayment was made on the principal and accrued interest by the Company and the loan became due on demand with interest accruing on the same basis as on the term of the loan.

During the period, the Company entered into a non-binding letter of intent ("LOI") with Camex (Note 14).

7. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

The principal balances of these loans as at April 30, 2013 are summarized in the table below:

	April 30, 2013	January 31, 2013
Loans maturing December 31, 2014, currently due on demand, bearing interest at 12%	$ 376,790	$ 409,562
March 27, 2012 loan due on demand, bearing interest at 15%	60,000	60,000
May 1, 2012 loan due on demand, bearing interest at 15%	35,000	35,000
	$ 471,790	$ 504,562

Included in accounts payable and accrued liabilities is $74,920 of interest payable relating to these promissory notes.

Compensation to key management personnel were as follows:

	Three Months Ended April 30, 2013	2012
Compensation	$ 72,000	$ 61,462
Share-based payments (1)	5,955	35,223
Total	$ 77,955	$ 96,685

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

8. SHARE CAPITAL

(a) Authorized
Unlimited common shares without par value

(b) Issued:

	Number of shares	Amount
Balance, January 31, 2012	63,300,961	$ 22,468,883
Shares issued on private placement	26,921,620	1,354,321
Valuation of share purchase warrants	-	(320,088)
Share issue costs	-	(76,473)
Balance, January 31, 2013 and April 30, 2013	90,222,581	$ 23,426,643

8. SHARE CAPITAL (continued)

(c) Stock Options

The Company grants options pursuant to the policies of the TSX Venture Exchange with respect to eligible persons, exercise price, maximum options per person and termination of eligible person status. Options granted vest as to 25% upon grant and 25% each six months thereafter.

Stock option transactions and the number of stock options outstanding were as follows:

	Number of Options	Weighted average Exercise Price
Balance, January 31, 2012	4,721,000	$ 0.25
Expired/cancelled	(2,100,000)	0.26
Balance, January 31, 2013 and April 30, 2013	2,621,000	$ 0.26

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at April 30, 2013 are as follows:

Options Outstanding				**Options Exercisable**	
Exercise Range	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Number Exercisable	Weighted Average Exercise Price
\$0.15 - \$0.20	1,200,000	$ 0.20	8.47	1,200,000	$ 0.20
\$0.28 - \$0.29	575,000	$ 0.28	1.40	575,000	$ 0.28
\$0.30 - \$0.30	586,000	$ 0.30	1.53	586,000	$ 0.30
\$0.36 - \$0.36	260,000	$ 0.36	1.19	260,000	$ 0.36
	2,621,000	$ 0.26	4.65	2,621,000	$ 0.26

No stock options were granted during the year.

No stock options were granted during the period. Stock based compensation of \$7,525 (2012 - \$56,764) relates to vested stock options that were granted in prior periods recognized as an expense consistent with their vesting features.

8. SHARE CAPITAL (continued)

(d) Warrants

The following table reflects the continuity of warrants:

2013

Expiry Date	Exercise Price	Balance January 31, 2013	Warrants Issued	Warrants Exercised	Expired/ Cancelled	Balance April 30, 2013
April 11, 2014*	**$0.12 - $0.18**	**1,650,000**	**-**	**-**	**-**	**1,650,000**
August 31, 2014	**$0.12 - $0.18**	**7,751,620**	**-**	**-**	**-**	**7,751,620**
January 29, 2014	**$0.12 - $0.18**	**19,170,000**	**-**	**-**	**-**	**19,170,000**
	$0.12 - $0.18	**28,571,620**	**-**	**-**	**-**	**28,571,620**

* Prior to expiry, the expiry date of 9,521,430 warrants initially issued on April 11, 2011 and expiring April 11, 2012, was extended to April 11, 2014 and the exercise price was amended to $0.12 in the first year of the extended period and $0.18 in the second year.

9. CONTRIBUTED SURPLUS

The following table reflects the continuity of contributed surplus:

	Amount
Balance, January 31, 2013	$ 5,724,003
Stock-based compensation	7,525
Balance, April 30, 2013	$ 5,731,528

10. LOSS PER SHARE

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

	Three Months Ended April 30, **2013**	Three Months Ended April 30, 2012
Numerator		
Net loss	**$ (153,309)**	$ (360,361)
Denominator		
Weighted average number of common shares outstanding, basic and diluted	**90,222,581**	63,300,961
Basic and diluted loss per share	**$ -**	$ (0.01)

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

11. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being mineral exploration. As at April 30, 2013, the Company's mineral resource properties are located in Mexico and Canada and its corporate assets are located in Canada. the Company is in the exploration stage and, accordingly, has no reportable segment revenues.

A summary of total assets by geographic region is as follows:

April 30, 2013	**Canada**	**Mexico**	**Total**
Current assets	**$ 79,429**	**$ 120,521**	**$ 199,950**
Mineral properties	**2**	**1,678,066**	**1,678,068**
Equipment	**2,702**	**657**	**3,359**
	$ 82,133	**$ 1,799,244**	**$ 1,881,377**

January 31, 2013	Canada	Mexico	Total
Current assets	$ 518,517	$ 75,687	$ 594,204
Mineral properties	2	1,462,919	1,462,921
Equipment	2,921	-	2,921
	$ 521,440	$ 1,538,606	$ 2,060,046

12. CAPITAL MANAGEMENT

In the management of capital, the Company includes shareholders’ equity (excluding accumulated other comprehensive income). The Company's objective in managing capital is to ensure that financial flexibility is present to increase shareholder value and respond to changes in economic and/or market conditions; to retain a strong capital base so as to maintain investor, creditor and market confidence and to safeguard the Company’s ability to obtain financing should the need arise.

In maintaining its capital, the Company has a strict investment policy which includes investing its surplus capital only in highly liquid and highly rated financial instruments.

The Company reviews its capital management approach on an ongoing basis. There were no changes in the Company’s approach to capital management during the period.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, other receivable and accounts payable and accrued liabilities and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

The fair value of financial assets and liabilities together with the carrying amounts in the consolidated balance sheets are as follows:

	April 30, 2013	January 31, 2013
Fair value through profit or loss, measured at fair value:		
Cash and cash equivalents	**$ 168,267**	$ 513,674
Loans and receivable, measured at amortized cost:		
Accounts receivable	**$ 26,058**	$ 65,530
Other liabilities, measured at amortized cost:		
Accounts payable and accrued liabilities	**$ 181,919**	$ 182,022
Due to related party	**$ 471,780**	$ 504,562

The fair value of the Company's financial assets and liabilities approximates their respective carrying values as at the balance sheet dates because of the short term maturity of these instruments.

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.
Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.
Level 3 - valuation techniques based on inputs for the asset or liability that are not based on observable market data.

At April 30, 2013 and January 31, 2013, cash was measured using level 1 inputs.

Liquidity Risk
The Company has no income and relies on equity financing to support its exploration programs. Management prepares budgets and ensures funds are available prior to commencement of any such program. As at April 30, 2013 , the Company does not have sufficient capital to fund its operations over the next twelve months. As at April 30, 2013 , the Company had a cash balance of $168,267 and $513,674 on January 31, 2013 to settle current liabilities of $661,534 at April 30, 2013 and $694,419 at January 31, 2013.

Market Risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Credit Risk
Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and certain of its other receivables. The Company does not consider these financial instruments to be exposed to significant credit risk.

Price Risk
The Company is exposed to price risk with respect to commodity and equity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. Commodity price risk is remote since the Company is not a producing entity.

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

Sensitivity Analysis
The Company does engage in significant transactions and activities in currencies other than its reported currency. The Company's exploration activities are primarily in Mexico; accordingly, the resulting assets and liabilities are exposed to foreign exchange fluctuations.

The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash, accounts receivable and accounts payable and accrued liabilities that are denominated in Mexican Pesos. Sensitivity of closing balances to a plus or minus 10% change in foreign exchange rates, with all other variables held constant, would affect net income by approximately $42,568.

14. LETTER OF INTENT FOR THE ACQUISITION OF CAMEX SHARES

On April 12, 2013, the Company entered into a non-binding letter of intent ("LOI") with Camex. Pursuant to the LOI, the Company intends to acquire all of the issued and outstanding shares of Camex, including common, preferred, non-voting, voting and participating shares, as well as all options, warrants and other securities convertible into shares of Camex, in exchange for the issuance of 59,900,000 common shares of the Company, subject to adjustments, if any, as mutually agreed upon based on due diligence.

During the due diligence investigation period, the Company and Camex have agreed to proceed diligently to negotiate Definitive Agreements, including a share purchase agreement and any other agreements both parties deem necessary. No such Definitive Agreements have yet been finalized. The closing of the transaction is subject to, among other things, the satisfactory completion of the Company's due diligence investigations and the receipt of all necessary consents and approvals, including the approval of the shareholders of both the Company and Camex and the approval of the TSX Venture Exchange.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Credit Risk
Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and certain of its other receivables. The Company does not consider these financial instruments to be exposed to significant credit risk.

Price Risk
The Company is exposed to price risk with respect to commodity and equity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. Commodity price risk is remote since the Company is not a producing entity.

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VVC Exploration Corporation
Suite 501, 121 Richmond Street West
Toronto, Ontario M5H 2K1
Tel: 416-368-9411 Fax:416-861-0749
http://www.vvcexpl.com