VVC Exploration Corporation

A Canadian Exploration and Mining Company

Annual Report

2013

Corporate Information

Directors:

James A. Culver
Michel J. Lafrance
Patrick Fernet, Chairman
Peter Dimmell *
Bruno Dumais *
Terrence Martell *

** Members of the Audit Committee*

Officers:

James A. Culver
President & CEO

Patrick Fernet
Vice-President and Chairman

Michel J. Lafrance
Secretary-Treasurer

Kevin Barnes
Chief Financial Officer

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Exploration Office in Mexico:

VVC Exploración de México
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Tel/Fax: 0 11 52 614 423 5416

Legal Consultants:

DuMoulin Black (Vancouver)
Dentons Canada LLP (Montreal)
Stikeman Keeley Spiegel
Pasternack LLP (Toronto)

Internet:

http://www.vvcexpl.com
E-mail: investors@vvcexploration.com

Share Capital (as at June 25, 2013):

Authorized: unlimited
Issued: 90,222,581

Share listed:

TSX Venture Exchange - VVC

Auditors:

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Fax: (416) 626-8650

Registrar and Transfer Agent:

Computershare Trust Company of Canada
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Tel: (604) 661-9400
Fax: (604) 638-3694
E-mail: caregistryinfo@computershare.com
http://www.computershare.com

Annual Meeting of Shareholders:

The Annual and Special General Meeting of VVC Exploration Corporation
will be held at 10:30 am (Dorval time) on Tuesday, July 30, 2013
in the Marriott Fairfield Inn & Suites – Montréal Airport
Toscana I Room
700 Michel Jasmin Avenue
Dorval, Québec, H9P 1C5

To the Shareholders of VVC Exploration Corporation:

June 25, 2013

On behalf of the Board of Directors of VVC Exploration Corporation ("VVC" or the "Company"), I am pleased to present the Management Discussion and Analysis and the Financial Statements for the year ended January 31, 2013.

I have had the pleasure of serving as President and CEO of VVC Exploration Corporation for the last two years. These have been two difficult years for the industry and the Company, but two years where VVC has made progress.

Strategic Overview

We set as our strategic goal to develop VVC into a significant junior exploration/mining company focused on properties in the Sierra Madre in Northern Mexico. Our focus has not changed and we continue to make progress toward that goal. The progress is admittedly sometimes much slower than we would like. Being in the junior mining sector today is a bit like trying to swim upstream. Progress is possible, but not easy or fast. We are making progress—it has been neither easy nor fast, but progress never the less.

For the 2012-2013 year, we had four tactical goals:

1. Financial stability. We had hoped to work with a broker to complete a $2.0 to $5.0 million private placement for the Company in 2012. However markets were not cooperative and we found no willing brokers to work on such a placement. We then revised our goal—to raise $850,000 to cover the Company's needs during 2012 and to do so without the use of a broker. We successfully closed $985,500 of financing, at a time when few junior companies were able to complete financings.
2. Meet all property payments and continue to invest in exploration in VVC's focus property, Cumeral. VVC ended the year with all property payments up to date, additional exploration work completed which advanced the scope of the known mineralization zone and with a small drilling program contracted for.
3. Add additional properties. VVC continued its efforts to complete a transaction to acquire additional properties during the year, including part interest in a near production property and a highly prospective property near Cumeral. An agreement has been announced subsequent to year end with VVC acquiring the properties of Camex, including 33.75% interest in a near production copper property with financing for the start up in place.
4. Resolve VVC's outstanding debt utilizing shares. Substantial progress was made during the year on this goal, and subsequent to the yearend an announcement was made to liquidate all of the outstanding debt for shares.
5. Find a solution for La Tuna. La Tuna is an interesting property, but one which is a security risk because of its location and starting in late 2013 would be a cash drain on the Company. We were able to identify interest from a mining entity that operates in the area where the property is located. And subsequent to year end, announced a transaction that changes that security risk and cash drain into a potentially positive cash flow over the next 10 years.

While I am pleased that we have survived and have some accomplishments, the Company is not where I would like for it to be in today's environment. We are focused on making additional progress in 2013-3014—swimming faster and smarter, if you will.

Future Plans

Our goals for 2013-2014 are simple:

1. Survive financially—in what one Montreal broker has described as the most difficult financial environment since Bre-X, that will not be easy, but we are confident that our investors and potential investors will help us achieve that goal.
2. Complete the integration of the new properties and implement a plan to bring a property(s) to production in the quickest and most economical way possible.
3. Look for opportunities. The difficult environment of the last 2 years has and will continue to create opportunities. We will continue to look ways to take advantage of some of those that fit the VVC model.

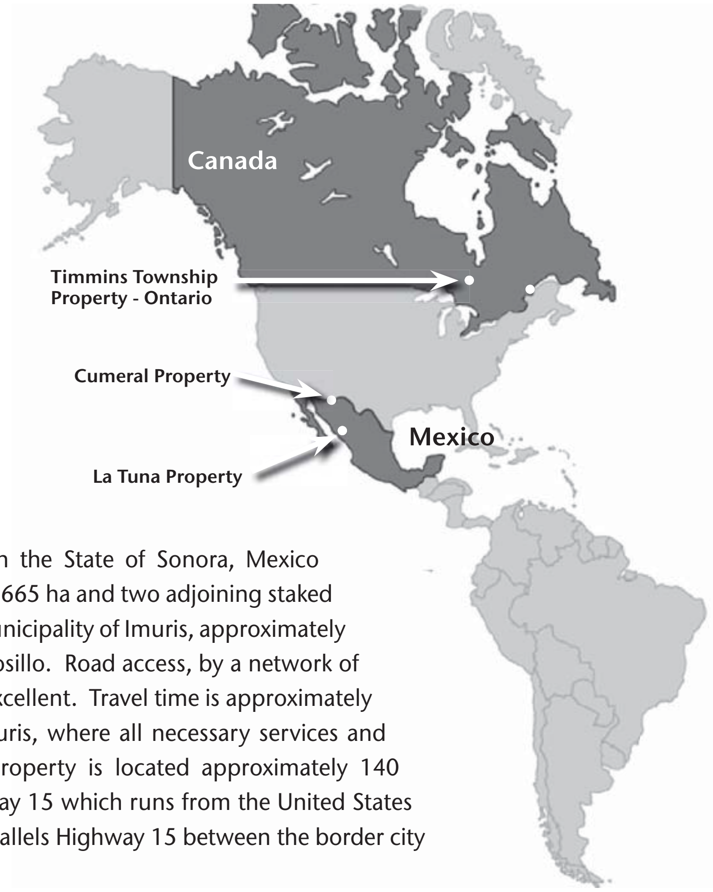
Finally I would like to thank my fellow Staff and Board Members for their tireless and often thankless work during the last year. Especially I would like to single out Board member Dr. Martell for his work in helping VVC to broaden its investor base and Serge Cadorette who does VVC investor relations for his tireless work with investors.

Sincerely

James A. Culver, President & CEO

✦ Properties

The Company's mineral properties, which include recently optioned properties in Mexico, are described below. The technical aspects were reviewed by Peter Dimmell, P.Geo. (NL, ON), a director of the Company, who is a Qualified Person (QP) as defined in National Instrument 43-101. The QP has visited the Cumeral Property in Mexico, but has not visited the La Tuna Property in Mexico, nor the Timmins Twp. Property in Canada. The technical information, on those properties not visited by the QP, is derived from reports and data on those properties, which is believed to be correct.



Mexico

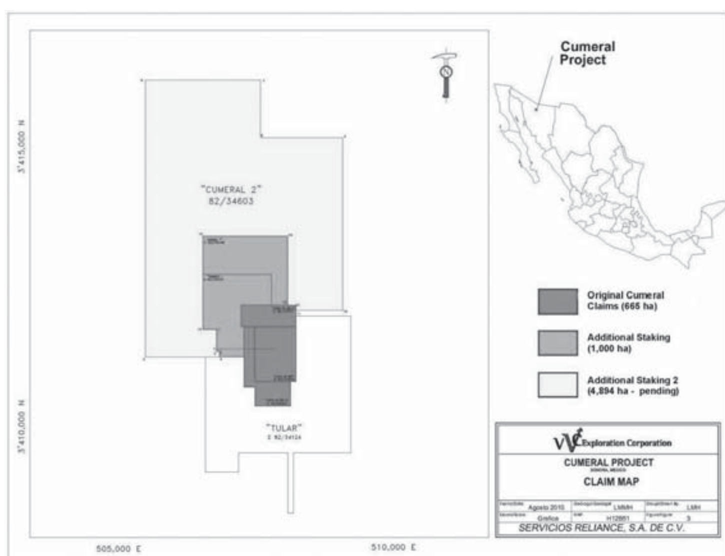
Cumeral Property

1. Property and Ownership

The Cumeral Gold Property covers 6,649 hectares (ha) in the State of Sonora, Mexico consisting of 3 optioned mining concessions totaling 665 ha and two adjoining staked areas (5,984 ha). The Property is located in the municipality of Imuris, approximately 200 kilometres to the north of the city of Hermosillo. Road access, by a network of gravel road from the main paved highway, is excellent. Travel time is approximately 30 minutes from the nearest small town, Imuris, where all necessary services and infrastructure are available. The Cumeral Property is located approximately 140 kilometres south of Tucson, Arizona by Highway 15 which runs from the United States border to the city of Hermosillo. Rail access parallels Highway 15 between the border city of Nogales and Hermosillo.

In 2010, the Company finalized a formal agreement with two Mexican individuals (the "Vendors") for the Cumeral Property. Through Company's wholly-owned Mexican subsidiary, VVC Mexico SA ("VVC Mexico"), the Company has the option to acquire a 100% interest in the original 665 ha Cumeral Property. VVC originally signed a letter of assignment with Invesmin San Miguel S de RL de CV ("ISM") and paid $30,000 and issued 200,000 common shares to ISM. ISM subsequently withdrew from the letter of assignment to permit VVC Mexico SA to negotiate directly with the Vendors. Under the finalized option agreement, VVC will pay a total of US$800,000 to the private individuals to earn a 100% interest in the property subject to a 2% NSR on any production. To date US$745,000 has been paid with the remaining US$55,000 to be paid before October 15, 2013. Once 100% ownership is obtained by VVC Mexico, the private individuals and ISM will retain a 1% Net Smelter Royalty ("NSR") each for a total of 2%. A third, arm's length party, received a finder's fee of 130,000 common shares of VVC.

VVC Mexico, through an intermediary, acquired from the Ministry of Mines, two (2) additional concessions covering 1,000 ha adjoining the Property on the northwest and one (1) further adjoining concession covering an additional 4,984 ha to the southeast. The recently staked concessions are 100% owned by VVC and are not subject to the Option Agreement covering the original 665 ha.



The Cumeral Property is located in the Sierra Madre Occidental, which is characterized by long narrow mountainous areas of moderate relief, limited by the extensive semi-desert to desert plains of the Sonoran Desert, at approximately 900 m elevation above sea level (asl). The topography is moderate consisting of hills with elevations ranging from 900 to 1,100 metres asl. The average yearly temperature is about 17 degrees Celsius ranging from minus 3 in January to as much as 40 degrees Celsius in July. Annual precipitation averages 480 mm with a summer rainy season and occasional snow in the winter. Cattle ranching is prevalent. Fauna includes squirrels, rabbits, hares, coyotes, wild boars, rats, badgers, foxes, skunks, hawks, falcons and quail.

Vegetation includes many species of cactus, including saguaro vinoramam, white wood and mesquite. There are no known environmental issues or endangered species in the area.

2. Geology and Mineralization

The Property is located in the geological provinces of the Sonora Plains and the Sierra Madre Occidental. The geological setting is late Jurassic, metamorphic units, formerly sedimentary to volcanic units, cut by granites in the eastern part of the Property. The Property is underlain by interbedded muscovite-biotite schists, formerly rhyodacitic units, with quartz diorite dikes noted.

The structural fabric is dominated by northwest striking, dextral wrench fault systems with associated sinistral shears and normal faults, a structural regime favourable for dilational structural zones conducive to the emplacement of large, epithermal gold mineralized systems. The fracture systems, which appear to control the mineralization on the Property, trend northwest and dip at 85 degrees to the southeast. Dominant structures correspond to faults and fractures which intersect, reflecting different tectonic episodes. Low-angle reverse and normal faults trend mainly northeast-southwest and north-south, and are cut by a third group of northwest-southeast structures which are the strongest and are caused by late, major tectonic features.

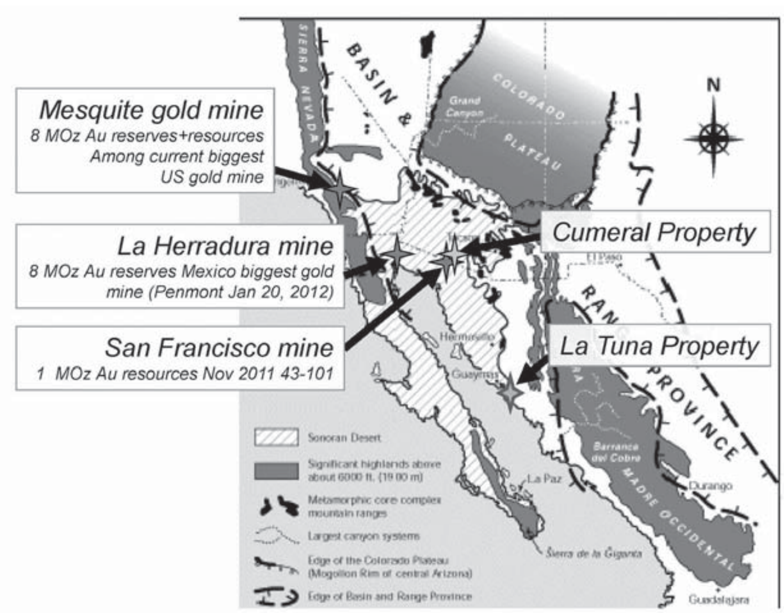
The Property is located along the well mineralized "Sierra La Jojoba" trend which is host to numerous prospects and small mines, including the Mina Lluvia de Oro and Mina La Jojoba deposits located about 15 kilometres to the southwest. The Cumeral mineralized zone can be traced along strike for 3 kilometres over widths of up to 1 kilometre with the zone open along strike to both the northwest and southeast. Sericite-illite alteration, quartz vein stockwork and abundant iron oxides are noted, with the alteration related to both low and high angle structures. Mineralization, mainly gold and silver, is associated quartz stockworks with abundant iron oxide (hematite) hosted in metavolcanic, muscovite-biotite schists. Sub-horizontal mineralized quartz veinlets are generally parallel to bedding. Alteration controls are the schistose foliation as well as low to high angle structures. Visible gold has been panned from the altered zone. A mafic dyke, associated with a north trending vein system in one of the exploration target areas (Area A), also has strong copper mineralization as chalcocite, chalcopyrite, malachite and azurite with significant gold and silver values along its contact with the schists.

3. Mining in Sonora

Sonora has a long history of mining back to Spanish colonial times. Over the past 20 years, the region has benefited from significant exploration for gold including for "Carlin-style" sediment hosted deposits resulting in the definition and development of several deposits and mines. Carlin-style mineralization typically occurs as shallow systems where gold occurs finely disseminated in carbonaceous, limey siltstones and altered limestone at depths of 150-200 metres in the oxide zone, with deeper, higher-grade sulphide-gold mineralization commonly occurring at depths below 300 metres. Based on publicly disclosed information, gold exploration in Sonora is still defining the shallower systems and has yet to fully explore the mineralized potential at depth.

4. Past Exploration on the Cumeral Property

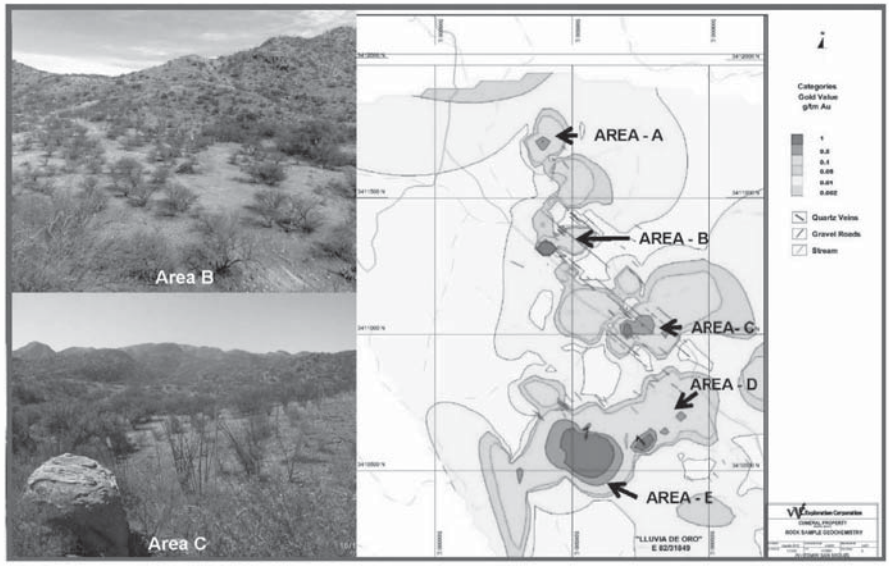
The Cumeral Property has been mined historically by artisanal miners (gambusinos). Shallow pits, shafts and short adits have been dug on Areas A, B, C, and D with most of the work concentrating on three or four shallow shafts on Area B. During this "mining", the rock was blasted, taken out by hand and carried to an arrastre (an artisanal grinding method) away from the Property where it was ground and the gold recovered by panning. No historical data on the artisanal production (grades/tonnages) is known. In 2008, Corex Gold Corp. ("Corex") optioned the Cumeral Property and completed a sampling program. This exploration included panning gold from the old workings and from an outcrop within the Tularcito altered zone. 219 rock chip surface samples were taken from an approximate 8 kilometres by 13 kilometre area with the majority of sampling concentrated on the 1.5 kilometre by 4 kilometre, Tularcito zone. Values up to 39.5 g/T gold and 29.2 g/T silver over widths of up to 1.5 metres were found. Corex noted that surface colour anomalies (red oxidation) was



Successful Projects Nearby Cumeral

a useful guide for mineralization / alteration. Approximately $150,000 was spent on the acquisition / exploration on the Property, however no drilling – either reverse circulation or diamond drilling was carried out. Corex terminated its option agreement to focus limited cash resources on a more advanced property.

5. Exploration by VVC



VVC has spent over US $625,000 on the acquisition To date, VVC has spent over $400,000 on the acquisition and exploration of the Property, having made a payment of $100,000 on December 15, 2012. Exploration has included geological mapping, prospecting and rock chip sampling (89 samples) over a 120 hectare area in the vicinity of the old pits and shallow shafts (Tularcito area – now called Area B). Four due diligence grab samples returned gold values of 0.03, 3.4, 3.5 and 6.03 g/T and the regional sampling gave values as high as 12.65 g/T, defining five areas of gold/silver mineralization (Areas A to E) associated with alteration (sericite / quartz veining) with associated pyrite and hematite, trending in a northwest-southeast direction. The host units are quartz sericite to biotite / muscovite schists which are heavily oxidized. Twenty eight (28) air track drill holes totalling 572 metres were also completed - 15 holes in Area B and 13 holes in Area C.

Area B, the main area of the artisanal workings – the Tularcito zone, covers an area of 155 by 180 metres. Air track drilling returned values as high as 1.45 g/T gold and 6.74 g/T silver over 14 metres including 4.19 g/T gold over 4 metres. Other values varied from insignificant to 0.42 g/T gold and 14.56 g/T silver over 10 metres. Eight of the holes returned values of 0.1 to 0.4 g/T gold and 1 to 4 g/T silver over widths varying from 4 to 22 metres. Air track drilling on Area C which covered an area of 115 by 200 metres, also gave significant values including 0.44 g/T gold and 0.48 g/T silver over 10 metres, and 0.21 g/T gold and 0.53 g/T silver over widths varying from 6 to 26 metres.

Area A which covers an area of 80 by 300 metres, in the northern part of the Property, consists of quartz veinlets carrying minor malachite and azurite. The "north copper vein" along the contact of a mafic dyke, gave a value of 2.2 g/T gold, 493 g/T silver and 3.73 percent copper from one grab sample. No further work has tested this vein system.

Area D which covers an area of 100 by 270 metres and Area E which covers 140 by 200 metres, located in the southern part of the Cumeral Property, also show good potential although no drilling has been carried out to date.

In the spring of 2012, VVC carried out geological mapping, rock and soil geochemical exploration in the southern part of the Cumeral property in conjunction with the preparation of a National Instrument 43-101 report on the Property by independent geological consultant Michel Boily, PhD, P. Geo. Results of the mapping/rock sampling programs, announced in a news release in June 2012, show high gold values (i.e. 0.5 to >10 g/t) in hematized and pyritized quartz veins / veinlets commonly associated with mylonitized zones in gently eastward-dipping, low-angle (20°to 40°) faults. Geological mapping revealed at least ten gold-mineralized structures generally confined to areas tested by the 2010 air track drilling program.

6. Current Drilling Program

Exploration has defined five mineralized zones on the Cumeral property - Areas B, C and D trend in a northwest-southeast direction on the eastern side of the Property and correlate with each other. Areas A and E appear to be a parallel system, located further to the west which extend to the northwest along strike. All of these zones areas carry gold/silver mineralization with the potential for significant deposits in the 500,000 to 1 million ounce size, like others already discovered in the area (ie La Herradura, San Francisco).

VVC is currently carrying out a second phase, air track drilling program. This drilling is the first phase of recommendations on further drilling made in the N.I. 43-101 report by Michel Boily, PhD, P.Geo., an independent Qualified Person. The information from this drilling, along with the detailed geological mapping and sampling which was completed previously (reported on June 12, 2012), will allow VVC to plan the next phase of exploration on the Cumeral Property as the Company evaluates the gold showings / deposits on the Property.

La Tuna Property

In 2011, VVC Mexico acquired a 100% interest in a 3,533-hectare gold prospective Property known as La Tuna, located in the Municipality of Alamos, State of Sinaloa, at the junction of The Rio Fuerte and The Rio Baboyahui Rivers for US$40,000 plus applicable taxes and 300,000 shares of the Company, subject to a 2% NSR Royalty (the "NSR'') with a buy-back option.

The La Tuna Property has gold potential in paleo placers, present day placers derived from the paleo placers and vein type deposits such as the La Perdida deposit. The river placer deposits and the paleo-placer zone are located mainly along the Rio Baboyahui near the rivers junction extending to the Rio Fuerte, over an area of approximately 500 by 500 meters. The paleo-placer zone carries gold associated with magnetite (from black sand) which may allow definition of the paleochannels by magnetic surveys. Limited historical sampling in the period from 1987-91 by an Australian company, in a "drift" in a paleo placer channel gave grades ranging from 1 to 3 g/m³ Au. Historical data (non 43-101 compliant), from 1994 from a Mexican engineer, Alberto J. Terrones Langone, indicated that the paleo channel deposit, now solid rock, contained 3.7 M m3 at an estimated grade of 1-3 g/m3 Au, averaging 2 g/T, containing approximately 250,000 ounces of gold.

The La Perdida vein deposit, which averages 2.75 m in width, is located in the north-west part of the property with the structure hosting the deposit, trending north-west and dipping 25 degrees to the south-east. The deposit has not been mined since the 1940's however historical results from 4 grab samples taken in 1991 by an Australian company, are: portal area -12.49 g/t; ore zone - 3.29 and 16.23 g/t; and development muck - 11 .24 g/t.

No work has been carried out by WC and the results described above are historical in nature, have not been confirmed by VVC by due diligence sampling and are not 43-101 compliant and as such should be treated with caution.

In April 2013, the La Tuna Property was optioned to Exploración Río Placer S. A. de C. V. (the "Optionee") in consideration for installment payments aggregating US$3,520,000, payable over a 12 year period ending on December 31, 2025, and the retention by VVC Mexico of a 1% Net Smelter Return Royalty with a buy-back option for US$1,000,000. During the term of the option, the Optionee will have exclusive mining rights to the La Tuna Property. The US$3,520,000 aggregate payment includes (i) a US$500,000 payment to acquire a 100% interest in the Concessions, and (ii) a 1% installment payment payable on a monthly basis on every dry metric tonne of ore processed. The Optionee can at his discretion terminate the option at any time by providing the proper notices as outlined in the Option Agreement.

Canada

Timmins Township Property- Ontario

The Timmins Township Property is a single, nine-unit, unpatented claim, located in the centre of Timmins Township about 48 km (30 mi) east-southeast of the City of Timmins. It was staked by the Company as it was deemed to be a prime target for base metal exploration. Access is provided via the Gibson Lake Road and tertiary bush roads approximately 35 km (22 mi) south from the junction of the Gibson Lake Road and Highway 101. The Property covers a northwest trending zone of strong airborne electromagnetic responses within a complex magnetic system.

An initial exploration program of line cutting and detailed geophysical surveys was carried out in the Spring of 2008. The surveys were evaluated by a qualified geophysicist who concluded that the results of the survey are encouraging and drilling targets were identified. A due diligence property visit was carried out by geologists Mel Rennick (QP) and Michel Lafrance in August 2008. No samples were taken.

At the present time, given the emphasis on the gold and silver projects in Mexico, follow-up work is being deferred and the property is being offered as a joint venture opportunity.

This Management's Discussion and Analysis ("MD&A") of the Company for the year ended January 31, 2013 (the "Period") was prepared on May 31, 2013 and should be read in conjunction with the Company's January 31, 2013 audited consolidated financial statements and related notes, prepared in accordance with International Financial Reporting Standards ("IFRS"). All financial information disclosed in this report was prepared in accordance with IFRS unless otherwise disclosed.

All amounts herein are expressed in Canadian dollars unless otherwise indicated. The technical information in the MD&A has been approved by Peter Dimmell, P.Geo., a mineral exploration consultant and a director of VVC, who is a qualified person (QP) in both Newfoundland and Labrador and Ontario.

FORWARD LOOKING INFORMATION

This MD&A includes forward-looking statements that are subject to risks and uncertainties and other factors that may cause the actual results, performance or achievements expressed or implied by such forward-looking statements. Such factors include general economic and business conditions, which among other things, affect the price of metals, the foreign exchange rate, the ability of the Company to implement its business strategy, and changes in, or the failure to comply with government laws, regulations and guidelines. Unless otherwise required by applicable securities laws, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Additional information relating to the Company can be obtained from its News Releases and other public documents at the SEDAR website <www.sedar.com>.

BUSINESS OVERVIEW

The Company is a venture issuer reporting in Ontario, British Columbia, Alberta and Quebec. The Company's common shares trade on the TSX Venture Exchange under the symbol "VVC".

The Company is in the business of acquisition and exploration of resource properties in the mineral sector. The Company's principal business activity is the exploration and development of gold and base metal mineral properties both nationally and internationally.

Mexico

a) Cumeral Property

In April 2010, VVC Exploración de México, S. de R.L. de C.V. ("VVC Mexico") finalized a formal option agreement with 2 Mexican individuals (the "Optionee") relating to a 665-hectare (ha) gold mining project known as Cumeral (the "Cumeral Property") consisting of 3 mining concessions, in the State of Sonora, Mexico. VVC Mexico, through an intermediary, acquired from the Ministry of Mines, 3 additional concessions covering 5,984 ha, for a total property size of 6,649 ha. The recently staked concessions are 100% owned by VVC Mexico and are not subject to the Option Agreement. The Cumeral Property is located approximately 140 kilometres south of the City of Tucson, Arizona and 200 kilometres north of the City of Hermosillo. A network of gravel roads and paved highways provide excellent year round access.

The Agreement provides an option to acquire a 100% interest in the Cumeral Property in consideration for US$800,000 plus applicable taxes ("VAT") payable over a period 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. A finder's fee of US$5,000 and 130,000 shares of the Company were paid to 3rd parties who were instrumental in arranging the transaction.

Located in the under-explored Sierra Madre Occidental along the well mineralized "Sierra La Jojoba" trend, the Cumeral Property is located approximately 15 km northeast of the Mina Lluvia de Oro and Mina La Jojoba deposits which host over 26 million tonnes of measured, indicated and inferred resources grading 0.525 to 0.741 g/T gold (over 500,000 ounces of gold). This area of Sonora is host to numerous other gold deposits and mines, including Fresnillo PLC's & Newmont Mining Company's La Herradura Gold Mine which in 2009 produced over 255,000 ounces of gold and has proven and probable reserves of 193 million tonnes grading

0.65 g/T gold (4.1 million ounces). Other deposits in the area include the San Francisco (780,000 ounces of gold reserves) and La Colorada (605,000 ounces of measured and indicated gold resources).

Exploration has included geological mapping, prospecting and rock chip sampling (89 samples) over a 120 hectare area in the vicinity of the old pits and shallow shafts (Tularcito area). Four due diligence grab samples returned gold values of 0.03, 3.4, 3.5 and 6.03 g/T and the regional sampling gave values as high as 12.65 g/T, defining five areas of gold/silver mineralization (Areas A to E) associated with alteration (sericite and quartz veining) with associated pyrite and hematite, trending in a northwest-southeast direction. The host units are heavily oxidized quartz sericite to biotite/muscovite schists. The Company also completed 28 air track drill holes totalling 572 metres with 15 holes in Area B and 13 holes in Area C.

Area B, the main area of the artisanal workings, covers an area of 155 by 180 metres. Air track drilling returned values as high as 1.45 g/T gold and 6.74 g/T silver over 14 metres including 4.19 g/T gold over 4 metres. Other values varied from insignificant to 0.42 g/T gold and 14.56 g/T silver over 10 metres. Eight of the holes returned values of 0.1 to 0.4 g/T gold and 1 to 4 g/T silver over widths varying from 4 to 22 metres. Air track drilling on Area C which covered an area of 115 by 200 metres, also gave significant values including 0.44 g/T gold and 0.48 g/T silver over 10 metres, and 0.21 g/T gold and 0.53 g/T silver over widths varying from 6 to 26 metres. Area A which covers an area of 80 by 300 metres, in the northern part of the Property, consists of quartz veins / veinlets carrying minor malachite and azurite. The north copper vein along the contact of a mafic dyke, gave a value of 2.2 g/T gold and 493 g/T silver and 3.73 percent copper from one grab sample. Area D which covers an area of 100 by 270 metres and Area E which covers 140 by 200 metres, located in the southern part of the Cumeral Property, also shows good potential.

In 2011/12, exploration, including geological mapping and rock chip sampling and soil geochemistry was carried out by independent geological consultants, with a National Instrument 43-101 report on the property prepared by Michel Boily, PhD, P.Geo. and filed on SEDAR. Combined results from the 2010-2012 mapping/rock sampling programs show high gold values (i.e 0.5 to > 10 g/t) in hematized and pyritized quartz veins/veinlets associated with mylonitized, gently eastward-dipping, low angle (20º to 40º) faults. Geological mapping in the southern segment of the property has defined at least ten gold-mineralized structures generally confined to areas tested by the air track drilling program of 2010.

A soil geochemical survey carried out to the north of the area covered by the detailed mapping and rock sampling program gave three anomalous areas with values of >50 ppb Au defined within zones characterized by a paucity of outcrops or in unmapped regions (News release June 12/12). The soil geochemistry, in conjunction with gold analyses from rock and soil samples taken from 2010 to 2012, gives a general NNWSSE trend of elevated values extending for 4 km remaining open to the north and south along trend. Preliminary mapping to the west and north of the mineralized zones suggests a similar tectonic / geologic environment with the potential for significant gold-mineralized areas of similar quartz/pyrite/hematite veins.

Rock and soil samples were sent to the ALS Chemex laboratories in Chihuahua, Zacatecas or Hermosillo, Mexico. All Au analyses were by Fire Assay with a gravimetric finish. All other assays were performed by ICP-AES or AAS methods. Samples with ore grade values (>100 ppm Ag, >10,000 ppm Cu) were re-analyzed by ICP-AES or AAS. Gold values in soil samples (at least 25g) were determined by ICP-MS following digestion in Aqua Regia. A compilation map showing the soil geochemical anomalies and gold mineralization is filed on SEDAR as part of the June 12, 2012 news release and is also shown on the VVC website http://www.vvcexpl.com/news-releases/2012.html.

The Company plans to carry-out systematic exploration in 2012-13, including drilling, in all prospective areas. Based on the geological setting and known deposits in the area, it is believed that the Cumeral Property has the potential to host significant gold / silver deposits in the 500,000 to 1 million ounce range. The Company is currently carrying out a 1,000 meters of reverse circulation drilling. This will allow VVC to efficiently plan the next phase of exploration on Cumeral as the Company seeks to confirm potentially exploitable gold deposits on the Cumeral Property.

b) La Tuna Property

In March 2010, the Company acquired a 3,533 ha gold project known as La Tuna (the "La Tuna Property") located in the Municipality of Alamos, Sinaloa State, Mexico, at the junction of the Rio Fuerte and Rio Baboyahui rivers.

Pursuant to the agreement, VVC's Mexican subsidiary acquired a 100% interest in the La Tuna Property in consideration of a payment of US$40,000 plus applicable taxes and 300,000 common shares of the Company. The La Tuna Property is subject to a 2% NSR Royalty (the "NSR") derived from mineral production, with a buy-back option.

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 La Tuna concessions by making all required NSR royalty payments and additional payments totalling US$500,000 (CA$499,600). US$20,000 (CA$19,984) due upon the signing of the agreement was paid by the Optionee subsequent to the reporting date. The Optionee can at his discretion terminate the option at any time by provide the proper notices provided in the Option Agreement.

The La Tuna Property has gold potential in paleo placers, present day placers derived from the paleo placers and vein type deposits such as the La Perdida deposit. The river placer deposit and the paleo-placer zones are located mainly along the Rio Baboyahui near the river junction extending to the Rio Fuerte, an area of approximately 500 by 500 meters. The paleo-placer zone carries gold associated with magnetite (from black sand) which may allow definition of the paleo-channels by magnetic surveys. Limited historical sampling in the period from 1987-91 in a "drift" in the paleo-placer mineralization gave a grade of 1 to 3 g/m^3 Au in one of these paleo channels. Historical data (non 43-101 compliant) from 1994 indicates that the area contains 3.7 million m^3 at 2 g/m^3, equivalent to approximately 200,000 ounces of gold. It should be noted that the "paleo placer" was sampled as a placer deposit and since it is a hard rock deposit it should be sampled by weight using channel, chip or core samples not bulk samples of cubic metres, which has little relevance in a hard rock deposit. Accordingly, the results noted above should be treated with caution.

The La Perdida deposit is located in the north-west part of the La Tuna Property. The structure which hosts the deposit, trends north-west and dips 25 degrees to the south-east. Historical results from 4 grab samples taken in 1991 gave values from 3.29 g/t to 16.23 g/t Au, with three of the samples grading more than 10 g/t Au. The samples were taken from the portal (12.49 g/t), from the ore zone within the deposit (3.29 and 16.23 g/t) and from development muck (11.24 g/t).

Canada

c) Timmins area properties (Ontario)

In fiscal 2008, the Company staked a 9 claim units in Timmins Township of Ontario (the "Timmins Twp. Property"), located about 50 km southeast of Timmins, in the Abitibi Greenstone Belt of Northern Ontario. The Timmins Twp. Property, located in the centre of Timmins Township is deemed to be a prime base metals exploration target. It covers a northwest trending zone of strong airborne electromagnetic responses within a complex magnetic system. An initial program comprising line cutting and detailed geophysical surveys including magnetic, VLF and HLEM electromagnetic surveys was completed with 2 drill targets identified. The encouraging results from these surveys justifies further exploration, however no further work has been carried out since the Company is focused on opportunities considered more economically viable in Mexico.

Due to the lack of follow-up exploration, the Timmins Twp. Property was written down to a minimal value although the Company still retains title. The Company is exploring the possibility of optioning this property to a third party, with a requirement to test drill the targets within a year. This would save the Company the cost of drilling and allow it to focus its efforts on the Mexican properties, while maintaining an interest in this property.

SELECTED ANNUAL INFORMATION

Set forth below is a summary of the financial data derived from the Company's consolidated financial statements for the past 3 years (CA$).

	2013	2012	2011
Revenue	$ -	$ -	$ -
Net loss for the year	(720,950)	(973,306)	(3,192,393)
Total assets	2,060,046	1,058,338	902,029
Mineral exploration properties written off	-	-	1,733,327
Stock-based compensation	98,484	204,610	143,869

RESULTS OF OPERATIONS – THREE MONTHS

The Company's operating loss for the three months ended January 31, 2013 was $13,656 compared to a loss of $426,889 for the same period in 2012. The loss in 2013 was $413,233 less than 2012 due mainly to a non-cash reduction in stock-based compensation of $58,363, a write-down in uncollectible VAT receivable in Mexico of $213,163 in 2012 and a non-cash reversal of re-valued warrants of $176,371 in 2013. The warrant expensing was done in Q1 of the Period and was corrected in Q4.

In July of 2012, the Canadian Institute of Chartered Accountants' ("CICA") IFRS discussion group addressed the issue of expensing revalued warrants. The group concluded that, while this treatment was previously accepted as being appropriate, it felt that this accounting treatment was no longer necessary and any warrant revaluation should remain in equity. In light of the CICA's IFRS Discussion group conclusion, the Company felt it appropriate to reverse the formerly acceptable treatment of this expense.

During the quarter, the Company re-valued a number of warrants where the expiry date was extended. After a review of the accounting treatment of this non-cash transaction, it was considered necessary to reverse the expense of $176,371 in three months ended January 31, 2013.

During the three months ended January 31, 2013, the Company was aggressively working to raise equity capital, as a result investor relations increased by $9,279 over 2012, $25,530 in 2013 compared to $16,251 in 2012. The increase in investor relations expense translated into a positive equity capital raise of $966,000 in the three months ended January 31, 2013.

RESULTS OF OPERATIONS – TWELVE MONTHS

Net loss for the year ended January 31, 2013 was $720,950 as compared to a loss of $973,306 for the year ended January 31, 2012.

The Company reduced management and consulting fees by $120,284, $177,830 in 2013 compared to $298,114 in 2012. A number of factors led to this reduction including an agreed reduction in compensation by the management team in order to conserve resources for its exploration activities. In addition to the reduction in compensation, the severance payments to some former members of management ceased in late 2012.

Stock-based compensation decreased by $106,126 from $204,610 in 2012 to $98,484 in 2013. The decrease is a result of the number of stock options that vested during the period from a prior period grant. The Company granted 2,250,000 stock options in 2012 compared in nil in 2013 and the expense for these stock options is recognized on a basis consistent with their respective vesting features.

Interest expense was $74,920 for 2013 compared to nil in 2012. The interest expense is a result of $504,562 of related party loans made to the Company via promissory notes that bear interest at rates ranging from 12% to 15% per annum. The Company will continue to incur interest expense on an annual basis at those rates until the debt associated with this expense is satisfied. Should the Company raise additional debt financing, the amount would increase.

During 2013, due to limited funds, the Company did not earn any investment income compared to 2012 when the Company earned $118,031 in investment income. The Company has a very prudent investment policy and although it had limited funds in 2013, the Company continues to maintain that policy and expects to earn further income on the funds that it raised at the end of the fiscal year.

Professional fees increased by $40,784 in 2013 from $111,301 to $152,085. The Company examined the possibility and ramifications of a possible major transaction with Camex Mining Development Group Inc. which was being considered and required expert legal advice in order to make a proper decision (see *"Subsequent Events"* on page 9). This led to the increase in professional fees. The expense is expected to remain relatively high in the next few months as VVC aggressively moves forward on the Camex transaction. The future expense, however, is expected to be consistent with the expense over the last twelve months.

During the period, the Company disposed of an automobile which was no longer required and had a loss on disposition of $3,832.

In an effort to reduce its operating costs, the Company did not renew one of its rental agreements. Rent expense was therefore lower by $14,572 in 2013 over 2012. Rent expense was $18,071 in 2013 compared to $32,643 in 2012.

Although, the Company had some additional expenses in 2013 that it did not have in 2012 such as interest expense, the Company was able to reduce its operating expense by a cumulative $145,461 which represents an improvement of 17% over 2012. While the Company will not earn any profits from its planned exploration programs for the next year, management continues to maintain its financial resources by applying a lean operating model.

Summary of Quarterly Results

Set forth below is a summary of the financial data derived from the Company's consolidated financial statements of the 8 most recently completed quarters.

	Jan 31/13	Oct 31/12	Jul 31/12	Apr 30/12	Jan 31/12	Oct 31/11	Jul 31/11	Apr 30/11
Operating Costs	7,056	124,998	243,143	356,529	249,314	236,185	212,373	179,315
Loss on disposition of asset	-	-	-	3,832	-	-	-	-
Mineral exploration properties written off	-	-	-	-	-	-	-	-
Foreign exchange	(1,235)	(4,457)	(16,751)	-	-	-	-	-
Income taxes	7,835	-	-	-	-	-	-	-
Write-down of accounts receivables	-	-	-	-	213,163	-	-	-
Gain (loss) on sale of investments	-	-	-	-	36,575	-	33,209	48,247
Net (loss)	(13,656)	(120,541)	(226,392)	(360,361)	(426,889)	(236,185)	(179,164)	(131,068)

Material Events Over the Eight Most Recent Quarters

Over the last eight quarters, the Company experienced a number of unusual events that resulted in the Company's losses being magnified. These events included the investment loss in Q4 2011 relating to the write down of its investments.

In an effort to focus its energy on high potential exploration projects, the Company wrote off many of its exploration properties in Q4 2011 and is now in a position to dedicate its financial and operational resources to the Cumeral and La Tuna properties in Mexico.

In Q4 2012, the Company wrote off $213,163 of IVA taxes receivable because the Company is experiencing some challenges collecting it from the Mexican Government.

Since October 2011, the Company as been incurring interest expense as a result of $504,562 (Originally - $613,807) of related party loans made to the Company via promissory notes that bear interest rates ranging from 12% to 15% per annum. The interest expense incurred in 2013 represents the amount that is expected to be incurred annually until the debt associated with this expense is satisfied. Should the Company raise additional debt financing, the amount would increase.

Liquidity and Solvency

As at January 31, 2013, the Company had a working capital deficiency of $100,215 compared to a working capital deficiency of $241,369 at January 31, 2012. The Company continues to experience losses and as a result these losses have added pressure on the Company's ability to finance its operations and exploration activity. In order to finance the period's activity, the Company obtained $346,072 of financing via promissory notes from companies related to the Company. The details of these promissory notes are disclosed in "*Related Party Transactions*" below. During the year, the Company repaid $96,505 of the promissory notes due to a related party. At January 31, 2013 and January 31, 2012, promissory notes due to related parties were $504,562 and $267,735 respectively.

In addition to the financing received from the promissory notes, the Company closed various private placements aggregating to 26,921,620 units at a price of $0.05 per unit amounting for gross proceeds of $1,346,081. Each unit comprises one common share and one share-purchase warrant to purchase an additional share at $0.12 per share for one year and thereafter, $0.18 per share for an additional year. A commission or finders' fee is payable up to a maximum of 6% to any arms length parties instrumental in raising the funds. The Company paid $68,233 in share issue costs relating to the various private placements.

At January 31, 2013, $37,485 was receivable from subscribers for shares issued in these private placements, which is included in deposits and other receivables on the consolidated statements of financial position.

Key management personnel of the Company subscribed to 1,661,500 units of the private placement for gross proceeds of $83,075. Included in the share issue costs related to the private placement are finder's fees and other amounts of $51,854 paid to a member of key management and a close member of key management.

At January 31, 2013, the Company had current assets of $594,204 (January 31, 2012 - $106,724). This amount is not sufficient to cover the Company's operating expenses and exploration commitments approximating $700,000 and $115,000 respectively. The Company needs to obtain additional financing to continue its exploration projects and cover its operating expenses. To obtain financing, the Company may need to issue common shares. Although the Company has been successful in the past in raising funds, there can be no assurance that any funding required by the Company in the future will be made available to it and, if such funding is available, that it will be offered on reasonable terms.

During the year, the Company received approval to extend the expiry date of 9,521,430 warrants at a value of $0.12 from April 11, 2012 to April 11, 2014. The extended warrants were re-priced at $0.12 until April 11, 2013 and $0.18 until April 11, 2014. The extended warrants, provides the Company with an opportunity to obtain some financing over an extended period should the value of the Company's stock increase beyond the exercise price of the warrants.

Going Concern

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 January 31, 2013, the Company has accumulated losses of $27,785,019 and has a working capital deficit of $100,215.

These factors raise substantial doubt regarding the Company's ability to continue as a going concern. The audited consolidated financial statements and this MD&A 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.

Off-Balance Sheet Arrangements

There are no Off-Balance Sheet arrangements.

Related Party Transactions

During fiscal 2012, the Company obtained financing of $267,735 via promissory notes from a company which is controlled by a significant shareholder of the Company. These promissory notes are due by December 31, 2014, unless the Company obtains sufficient financing earlier to repay the principal and interest balances. The promissory notes charge interest an annual rate of 12% and are secured by promissory notes issued by the borrower in favour of the lender. 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.

During the year, the Company obtained an additional $251,072 of financing via a promissory note from the same company under the same terms.

As at January 31, 2013 and 2012, the balance of the loans were $409,562 and $267,735 respectively.

On March 27, 2012, the Company entered into a Credit Agreement with a company which is controlled by a shareholder of the Company 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 the term of the loan.

On May 1, 2012, the Company entered into a Credit Agreement with a company which is controlled by a shareholder of the Company 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 the term of the loan.

The cumulative balance of all loans due to related parties on January 31, 2013 and January 31, 2012 were $504,562 and $267,735 respectively. Included in accounts payable and accrued liabilities is $74,920 of interest payable relating to these promissory notes.

Related parties of the Company subscribed to 1,661,500 units of the private placement for gross proceeds of $83,075. Included in the share issue costs related to the private placement are finder's fees and other amounts of $51,854 paid to a member of key management and a close member of key management

Included in accounts payable and accrued liabilities is $7,910 in other trade payables to key management personnel of the Company.

During the year, an automobile was sold by the Company to a member of key management for gross proceeds of $10.

Compensation to key management personnel were as follows:

	Year Ended January 31, **2013**	2012
Compensation	**$ 261,790**	$ 235,000
Share-based payments	**75,959**	54,594
Total	**$ 337,749**	$ 289,594

OUTSTANDING SHARE DATA

a) Outstanding Common Shares

	Number of shares
Balance, January 31, 2013	90,222,581
Balance, May 28, 2013	90,222,581

b) Warrants and Stock Options

The continuity of the outstanding share purchase warrants at January 31 and May 28, 2013 is as follows:

Expiry Date	Exercise Price	Balance January 31, 2012	Warrants Issued	Expired/ Cancelled	Balance January 31 and May 28, 2013
February 27, 2012	**$0.50**	**1,440,000**	**-**	**(1,440,000)**	**-**
April 11, 2014*	**$0.12 - $0.18**	**9,521,430**	**-**	**(7,871,430)**	**1,650,000**
August 31, 2014	**$0.12 - $0.18**	**-**	**7,751,620**	**-**	**7,751,620**
January 24, 2015	**$0.12 - $0.18**	**-**	**19,170,000**	**-**	**19.170,000**
	$0.12 - $0.50	**10,961,430**	**36,443,050**	**(18,832,860)**	**28,571,620**

* *Prior to expiry, the expiry date of 9,521,420 warrants, initially issued on April 11, 2011 and expiring on 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.*

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at January 31, 2013 and May 28, 2013 are as follows:

Options Outstanding				**Options Exercisable**	
Exercise Range	**Number Outstanding**	**Weighted Exercise Price**	**Weighted Average Average Contractual Life (years)**	**Remaining Number Exercisable**	**Weighted Average Exercise Price**
$0.15 - $0.20	1,200,000	$ 0.20	8.72	900,000	$ 0.20
$0.28 - $0.29	575,000	$ 0.28	1.53	575,000	$ 0.28
$0.30	586,000	$ 0.30	2.03	586,000	$ 0.30
$0.36	260,000	$ 0.36	1.69	260,000	$ 0.36
	2,621,000	$ 0.26	4.52	2,321,000	$ 0.26

No stock options were granted during the period.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, short-term investments, other receivables 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:

The Company has classified financial assets as follows:

	January 31, 2013	January 31, 2012
Fair value through profit or loss, measured at fair value:		
Cash	**$ 513,674**	$ 92,925
Loans and receivable, measured at amortized cost:		
Other receivables	**$ 65,530**	$ 13,799
Other liabilities, measured at amortized cost:		
Accounts payable and accrued liabilities	**$ 182,022**	$ 80,358
Due to related parties	**$ 504,562**	$ 267,735

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 January 31, 2013 and January 31, 2012, cash was measured using level 1 inputs.

Credit Risk

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

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 January 31, 2013, the Company does not have sufficient capital to fund its operations over the next twelve months. As at January 31, 2013, the Company had a cash balance of $513,674 and $92,925 on January 31, 2012 to settle current liabilities of $694,419 at January 31, 2013 and $348,093 at January 31, 2012.

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.

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 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, other receivables, accounts payable and accrued liabilities and due to related parties 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 $39,801 (2012 - $28,288).

SUBSEQUENT EVENTS

On March 6, 2013, the Company entered into an Option Agreement with Exploración Río Placer S.A. de C.V. (the "Optionee") for the 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 payment and additional payment totaling $US500,000 (CA$499,600). US$20,000 (CA$19,984) due upon signing of the agreement was paid by the Optionee subsequent to the Period.

The Company has entered into a non-binding letter of intent dated April 12, 2013 with Camex Mining Development Group Inc. ("Camex") (the "Letter of Intent"), pursuant to which the Company intends to acquire all of the issued and outstanding shares of Camex, in exchange for the issuance of 59,900,000 common shares of VVC at closing, subject to adjustments, if any, as mutually agreed upon based on due diligence (the "Transaction") and have agreed to enter into a definitive share purchase agreement (the "Agreement").

Camex was incorporated in 2010 and is in the business of developing mineral resources primarily in Mexico. The principal assets of Camex are the Samalayuca and Escondida properties in northern Mexico. The Samalayuca Property is located in Chihuahua State, approximately 60 km south and west of El Paso, Texas and comprises the Kaity claim, a 1623 hectare copper/gold property with a stratiform, sedimentary copper deposit carrying significant gold and silver values over a mineralized zone of at least 5 km. Camex owns 33.75% of the Samalayuca Property with another 25% owned by Firex, S. A. de C. V., a mining engineering company planning a $7M pilot plant, which could generate cash flows when in production. The Escondida Property is located in Sonora State, approximately 140 km south of Tucson, Arizona. It is an epizonal gold-silver-zinc deposit, with three major mineralized structures, covering 178 hectares. The Escondida Property has shown interesting grade values of silver and gold in surface grab samples.

The Company is treating the Transaction as a related party transaction and, for this reason will be obtaining minority shareholder approval of the Transaction. For more information about this transaction and the related party nature, refer to the news release of April 11th, 2013 and when available, the Information Circular which has been prepared for an upcoming shareholders meeting.

OTHER MD&A REQUIREMENTS

Risks

The Company's business of exploring for mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. These factors include the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating metal prices, the possibility of project cost overruns or unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and other factors. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future, and the Company's common shares should be considered speculative.

The recoverability of amounts shown as mining interests, and property plant and equipment, is dependent upon a number of factors including environmental risks, legal and political risks, the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying assets, the ability of the

Company to obtain necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

There can be no assurance that any funding required by the Company will become available to it, and if so, that it will be offered on reasonable terms, or that the Company will be able to secure such funding through third party financing or cost sharing arrangements. Furthermore, there is no assurance that the Company will be able to secure new mineral properties or projects, or that they can be secured on competitive terms.

OUTLOOK

The Company's primary focus is the exploration of its mineral properties in Mexico, with emphasis on the Cumeral Property, in Sonora State, where an Air track drilling program has given positive results which require further follow up by drilling. In addition, additional unexplored, properties to the northwest along trend also appear to hold good potential for gold / silver mineralization. The Company believes that further exploration is warranted and as such has commenced 1,000 meters of reverse circulation drilling on the Cumeral Property. This drilling campaign is the first phase of drilling recommendations made in a recent internal report by Michel Boily, PhD, P. Geo., an independent Qualified Person. Management is optimistic that further positive results are likely.

The 100% owned La Tuna Property in Sinaloa State which shows good potential for gold / silver mineralization in a number of geological settings has been optioned to Exploración Río Placer S. A. de C. V. Management believes that Exploración Río Placer is well positioned to operate the La Tuna Property and could be a profitable endeavour for both parties.

If the Company concludes a definitive agreement with the shareholders of Camex and if the transaction is approved by the minority shareholders at the upcoming shareholders meeting in July 2013, then the Company will also take on the responsibilities for the Samalayuca and Escondida properties currently owned by Camex.

The Company needs to raise more money in order to proceed with the Camex transaction and further explore its properties.

MSCM LLP
Accountants & Advisors for a Complex World®

Independent Auditors' Report

To the Shareholders of
VVC Exploration Corporation

Report on the Consolidated Financial Statements
We have audited the accompanying financial statements of VVC Exploration Corporation, which comprise the consolidated statements of financial position as at January 31, 2013 and 2012, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), 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 consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of VVC Exploration Corporation as at January 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 modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes material uncertainty and raises substantial doubt about the Company's ability to continue as a going concern.

MSCM LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
May 31, 2013

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		January 31, 2013		January 31, 2012
Assets				
Current assets				
Cash	**$**	**513,674**	$	92,925
Deposits and other receivables (Note 4)		**80,530**		13,799
		594,204		106,724
Equipment (Note 5)		**2,921**		8,004
Mineral properties (Note 7)		**1,462,921**		943,610
	$	**2,060,046**	$	1,058,338
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (Notes 6 and 8)	**$**	**182,022**	$	80,358
Income taxes payable		**7,835**		-
Due to related parties (Note 8)		**504,562**		267,735
		694,419		348,093
Shareholders' equity				
Share capital (Note 9(b))		**23,426,643**		22,468,883
Contributed surplus (Notes 9(c), 9(d) and 10)		**5,724,003**		5,305,431
Deficit		**(27,785,019)**		(27,064,069)
		1,365,627		710,245
	$	**2,060,046**	$	1,058,338

The accompanying notes are an integral part of these consolidated financial statements.
Going Concern (Note 1)
Subsequent Events (Note 16)
Commitments (Note 7)

Approved by the Board

James A. Culver
Director

Patrick Fernet
Director

For the year ended January 31,

For the Years Ended January 31,	**2013**	2012
Expenses		
Management and consulting fees	**$ 177,830**	$ 298,114
Professional fees	**152,085**	111,301
Stock-based compensation (Note 9(c))	**98,484**	204,610
Interest expense	**74,920**	-
Investor relations	**69,921**	105,773
Office and sundry	**58,585**	60,793
Travel and promotion	**52,918**	35,646
Rent	**18,071**	32,643
Listing and transfer fees	**12,423**	7,784
Telephone	**8,061**	9,649
Bank charges	**7,176**	7,170
Depreciation	**1,252**	3,704
	731,726	877,187
Other income		
Foreign exchange gain (loss)	**22,443**	(987)
Gain on sale of investments	**-**	118,031
Loss on disposition of equipment	**(3,832)**	-
Write-down of accounts receivable	**-**	(213,163)
Loss before income taxes	**(713,115)**	(973,306)
Provision for income taxes (Note 15)	**(7,835)**	-
Net loss	**$ (720,950)**	$ (973,306)
Basic and diluted loss per share (Note 11)	**$ (0.01)**	$ (0.02)
Consolidated Statements of Comprehensive Loss		
Net loss	**$ (720,950)**	$ (973,306)
Reclassification adjustment for investment sold in the year	**-**	(144,350)
Comprehensive loss for the year	**$ (720,950)**	$ (1,117,656)

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

✦ Consolidated Statements of Changes in Shareholders' Equity

For the year ended January 31,

	2013	2012
Share Capital		
Beginning balance	**$ 22,468,883**	$ 21,659,158
Funds from the exercise of warrants	**-**	177,428
Fair value of warrants exercised	**-**	19,917
Funds from private placements	**1,346,081**	770,000
Shares issued as share issue costs	**-**	38,500
Share issue costs	**(68,233)**	(47,950)
Fair value of warrants issued	**(320,088)**	(148,170)
Balance January 31,	**$ 23,426,643**	$ 22,468,883
Contributed Surplus		
Beginning balance	**$ 5,305,431**	$ 4,972,568
Stock-based compensation	**98,484**	204,610
Fair value of warrants issued on private placement	**320,088**	148,170
Fair value of warrants exercised	**-**	(19,917)
Balance January 31,	**$ 5,724,003**	$ 5,305,431
Accumulated Other Comprehensive Loss		
Beginning balance	**$ -**	$ 144,350
Reclassification adjustment for investments sold in the year	**-**	(144,350)
Balance January 31,	**$ -**	$ -
Deficit		
Beginning balance	**$ (27,064,069)**	$ (26,090,763)
Net loss	**(720,950)**	(973,306)
Balance January 31,	**(27,785,019)**	(27,064,069)
Total shareholders' equity	**$ 1,365,627**	$ 710,245

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

✦ Consolidated Statements of Cash Flows

For the year ended January 31,

For the Years Ended January 31,		**2013**		2012
Cash flow from operating activities				
Loss for the year	**$**	**(720,950)**	$	(973,306)
Items not affecting cash:				
Depreciation		**1,252**		3,704
Stock-based compensation		**98,484**		204,610
Gain on sale of short-term investment		**-**		(118,031)
Unrealized foreign exchange gain		**(12,740)**		-
Loss on disposition of equipment		**3,832**		-
Write-down of accounts receivable		**-**		213,163
		(630,122)		(669,860)
Other uses of cash from operations:				
Deposits and other assets		**(29,246)**		(39,149)
Accounts payable and accrued liabilities		**55,885**		(136,358)
Income taxes payable		**7,835**		-
		(595,648)		(845,367)
Cash flow from investing activities				
Proceeds from the sale of short-term investments		**-**		132,581
Additions to mineral properties		**(473,533)**		(406,814)
		(473,533)		(274,233)
Cash flow from financing activities				
Common shares issued for cash		**1,308,596**		947,428
Share issue costs paid in cash		**(68,233)**		(9,450)
Funds advanced from related party		**346,072**		267,735
Repayment of funds advanced from related party		**(96,505)**		-
		1,489,930		1,205,713
Change in cash		**420,749**		86,113
Cash, beginning of year		**92,925**		6,812
Cash, end of year	**$**	**513,674**	$	92,925

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

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. The Company's registered head office is located at 121 Richmond West, Suite 501, Toronto, Ontario, Canada.

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 7) 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.

These consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

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 January 31, 2013, the Company has accumulated losses of $27,785,019 and has a working capital deficit of $100,215.

These factors raise substantial doubt regarding the Company's ability to continue as a going concern. These audited 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

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The policies applied in these consolidated financial statements are presented in Note 2 and are based on IFRS issued and outstanding as of May 31, 2013, the date the Board of Directors approved the consolidated financial statements.

Basis of presentation and consolidation

These 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, other receivables, accounts payable and accrued liabilities and due to related parties. The Company designated its cash as fair value through profit or loss, its other receivables as loans and receivables, and its account payable, accrued liabilities, and due to related parties as other financial liabilities, all 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

The 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.

Equipment

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

Computer equipment	30% declining balance.
Automobile	Straight line of three years

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 any shares issued on the acquisition of property interests (where a reliable estimate of the fair value of the property interests cannot be made). 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.

Impairment of long-lived assets

The Company's long-lived assets, including mineral properties, 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 January 31, 2013 or January 31, 2012.

2. SUMMARY OF 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 and consultants are accounted for using the fair value method based on the instrument's fair market value. 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 (see Note 1).

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 February 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.

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 amendments to IFRS 7 are effective for annual periods beginning on or after January 1, 2013.

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 consolidated 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. IFRS 10 and IFRS 12 are effective for annual periods beginning on or after January 1, 2013, with earlier application permitted if adopted along with IFRS 11, IAS 27 (revised) and IAS 28 (revised).

IFRS 11, Joint Arrangements ("IFRS 11") was issued by the IASB on May 12, 2011 and will replace IAS31, Interest in Joint Ventures. The new standard will apply to the accounting for interest in joint arrangements where there is joint control. Joint arrangements will be separated into joint ventures and joint operations. The structure of the joint arrangement will no longer be the most significant factor on classifying a joint arrangement as either a joint operation or a joint venture. Proportionate consolidation will be removed and replaced with equity accounting. IFRS 11 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company does not expect that the adoption of this standard will have any impact on the Company's consolidated financial statement.

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.

IFRS 13 is effective for annual periods on or after January 1, 2013, with earlier application permitted. This IFRS is to be applied prospectively as of the beginning of the annual year in which it is initially applied and the disclosure requirements do not need to be applied in comparative periods before initial application.

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 reaffirm existing 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 are effective for fiscal years beginning on or after July 1, 2012.

4. DEPOSITS AND OTHER RECEIVABLES

	January 31, 2013	January 31, 2012
Subscriptions receivable (Note 9(b))	**$ 37,485**	$ -
Sales tax recoverable	**28,045**	13,799
Prepaid expenses	**15,000**	-
Deposits and other receivables	**$ 80,530**	$ 13,799

5. EQUIPMENT

	Computer equipment	Automobile	Total
Cost			
Balance, February 1, 2011 and January 31, 2012	$ 41,913	$ 12,929	$ 54,842
Disposals	-	(12,929)	(12,929)
Balance, January 31, 2013	$ 41,913	$ -	$ 41,913
Accumulated Depreciation			
Balance, February 1, 2011	$ 35,952	$ 7,182	$ 43,134
Depreciation for the year	1,788	1,916	3,704
Balance, January 31, 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
Carrying Amounts			
At January 31, 2012	$ 4,173	$ 3,831	$ 8,004
At January 31, 2013	$ 2,921	$ -	$ 2,921

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	January 31, 2013	January 31, 2012
Interest payable (Note 8)	**$ 74,920**	$ -
Other trade payables (Note 8)	**61,324**	49,832
Payables related to mineral properties	**45,778**	30,526
Accounts payable and accrued liabilities	**$ 182,022**	$ 80,358

7. MINERAL PROPERTIES

	Balance January 31, 2012	Additions/ (Recoveries)	Write-downs/ Disposals	Balance January 31, 2013
Mineral properties:				
Cumeral and La Tuna mineral properties (Mexico):				
Administration	$ 148,432	$ 131,162	$ -	**$ 279,594**
Drilling and exploration	79,403	-	-	**79,403**
Consulting	20,846	-	-	**20,846**
Geologist	33,754	59,946	-	**93,700**
Camp and travel	33,006	3,289	-	**36,295**
Acquisition	579,376	212,680	-	**792,056**
Supervision	1,000	-	-	**1,000**
Assaying and analysis	23,174	29,546	-	**52,720**
General expenses	2,742	1,360	-	**4,102**
Claims and taxes	21,875	81,328	-	**103,203**
	943,608	519,311	-	**1,462,919**
Ontario area properties (Canada):				
Acquisition costs	2	-	-	**2**
Total development stage properties	$ 943,610	$ 519,311	$ -	**$ 1,462,921**

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 Sonora, 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 period of three years and the issuance of 200,000 common shares of the Company (issued). 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 were paid to third parties who were instrumental in arranging the transaction.

Payments to the optionor are as follows:

US$30,000 on signing of the agreement
US$120,000 on April 15, 2010 (paid)
US$100,000 on January 15, 2010 (paid)
US$100,000 on April 15, 2011 (paid)
US$125,000 on January 15, 2011 (paid)
US$150,000 on April 15, 2012 (paid)
US$175,000 on October 15, 2012 (extended)

During the year, the Company negotiated an amendendment to the terms of the option agreement, extending the payment schedule of the final US$175,000 payment originally due on October 15, 2012 as follows:

US$60,000 on October 15, 2012 (paid)
US$60,000 on April 15, 2013 (paid after the reporting period)
US$55,000 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. Subsequent to the reporting date, the Company entered into an agreement to option its interests in the La Tuna properties to a third party optionee (Note 16).

Ontario properties

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

8. RELATED PARTY TRANSACTIONS AND BALANCES

Due to related parties

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 the year, 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 $96,505 (1,230,000 Mexican Pesos) of the principal during the year.

As at January 31, 2013 and 2012, the balance of the loans were $409,562 (5,220,000 Mexican Pesos) and $267,735 (3,250,000 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.

Subsequent to year end the Company entered into a non-binding letter of intent ("LOI") with Camex (Note 16).

The principal balances of these loans as of January 31 are summarized in the table below:

	2013	2012
Loans maturing December 31, 2014, currently due on demand, bearing interest at 12%	**$ 409,562**	$ 267,735
March 27, 2012 loan due on demand, bearing interest at 15%	**60,000**	-
May 1, 2012 loan due on demand, bearing interest at 15%	**35,000**	-
	$ 504,562	$ 267,735

Included in accounts payable and accrued liabilities is $74,920 of interest payable relating to these related party loans.

Key Management Personnel

Compensation to key management personnel was as follows:

	2013	2012
Compensation	**$ 261,790**	$ 235,000
Stock-based compensation (1)	**75,959**	54,594
Total	**$ 337,749**	$ 289,594

(1) Stock-based compensation represents the fair value of options granted to key management personnel and expensed during the year.

Included in accounts payable and accrued liabilities is $7,910 in other trade payables to key management personnel of the Company (Note 6).

During the year, an automobile was sold by the Company to a member of key management for gross proceeds of $10 (Note 5).

Key management personnel of the Company subscribed to 1,661,500 units of the private placement for gross proceeds of $83,075 (Note 9(b)). Included in the share issue costs related to the private placement are finder's fees and other amounts of $51,854 paid to a member of key management and a close family member of key management (Note 9(b)).

9. SHARE CAPITAL

(a) Authorized
Unlimited common shares without par value

(b) Issued:

	Number of shares	Amount
Balance, January 31, 2011	50,272,390	$ 21,659,158
Shares issued on private placement	11,000,000	770,000
Shares issued as share issue costs	550,000	38,500
Shares issued on warrant exercise	1,478,571	177,428
Fair value of warrants exercised	-	19,917
Valuation of share purchase warrants	-	(148,170)
Share issue costs	-	(47,950)
Balance, January 31, 2012	63,300,961	22,468,883
Shares issued on private placement	26,921,620	1,346,081
Share issue costs	-	(68,233)
Valuation of share purchase warrants	-	(320,088)
Balance January 31, 2013	90,222,581	$ 23,426,643

During the year, the Company completed various private placement financings of a total 26,921,620 units at a price of $0.05 per unit for gross proceeds aggregating to $1,354,321. Each unit consists of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of $0.12 per share for a period of one year and $0.18 for a period of one year thereafter. Share issue costs amounting $68,233 were incurred in obtaining these financings. At January 31, 2013, $37,485 was receivable from subscribers for shares issued in these private placements (see Note 4), which is included in deposits and other receivables on the consolidated statements of financial position.

Key management personnel of the Company subscribed to 1,661,500 units of the private placement for gross proceeds of $83,075. Included in the share issue costs related to the private placement are finder's fees and other amounts of $51,854 paid to a member of key management and a close family member of key management.

The fair value of the share purchase warrants was estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%, risk-free interest rate of 1.06% - 1.16%, volatility of 117% - 123% and estimated life of 1 year. The estimated fair value assigned to the warrants was $320,088.

On April 11, 2011, the Company closed a brokered private placement of 11,000,000 units at a price of $0.07 per unit amounting for gross proceeds of $770,000. Each unit comprises one common share and one common share purchase warrant to purchase an additional share at $0.12 until April 11, 2012. Palos Merchant Bank L.P. (“Palos”), through its sole general partner, Palos Management Inc., of Montreal, Quebec, acted as agent and received a fee of $47,950 plus applicable taxes, of which $9,450 was paid in cash and the balance settled by the issuance of an additional 550,000 common shares of the Company.

The fair value assigned to the 11,000,000 share purchase warrants was $148,170. The share purchase warrants were valued using the Black-Scholes option pricing model with the following assumptions; dividend yield - 0%, volatility - 89.73%, risk-free interest rate - 1.92%, and expected life - 1 year.

9. 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, 2011	4,507,000	$ 0.31
Expired/cancelled	(2,036,000)	0.33
Granted	2,250,000	0.20
Balance, January 31, 2012	4,721,000	0.25
Expired/cancelled	(2,100,000)	0.26
Balance, January 31, 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 January 31, 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	8.72	900,000	$ 0.20
$0.28 - $0.29	575,000	$ 0.28	1.53	575,000	$ 0.28
$0.30	586,000	$ 0.30	0.24	586,000	$ 0.30
$0.36	260,000	$ 0.36	1.44	260,000	$ 0.36
	2,621,000	$ 0.26	4.52	2,321,000	$ 0.26

No stock options were granted during the year. Stock-based compensation of $98,484 (2012 - $204,610) relates to stock options that were granted in prior years recognized as an expense consistent with their vesting features.

During the prior year, the Company granted 2,250,000 stock options to purchase common shares at a weighted average price of $0.20 per share with an average life of 6.8 years. The fair value of the 2,250,000 stock options granted was estimated at $310,699 using the Black-Scholes model for pricing stock options and the following assumptions: risk free rate of 1.99%, dividend yield of nil, volatility of 105%, and expected life of 6.8 years.

9. SHARE CAPITAL (continued)

(d) Warrants

The following table reflects the continuity of warrants:

2013

Expiry Date	Exercise Price	Balance January 31, 2012	Warrants Issued	Expired/ Cancelled	Balance January 31, 2013
February 27, 2012	**$0.50**	**1,440,000**	**-**	**(1,440,000)**	**-**
April 11, 2014*	**$0.12 - $0.18**	**9,521,430**	**-**	**(7,871,430)**	**1,650,000**
August 31, 2014	**$0.12 - $0.18**	**-**	**7,751,620**	**-**	**7,751,620**
January 24, 2015	**$0.12 - $0.18**	**-**	**19,170,000**	**-**	**19,170,000**
	$0.12 - $0.50	**10,961,430**	**26,921,620**	**(9,311,430)**	**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.

2012

Expiry Date	Exercise Price	Balance January 31, 2011	Warrants Issued	Warrants Exercised	Expired/ Cancelled	Balance January 31, 2012
January 9, 2011	$0.42	2,857,500	-	-	(2,857,500)	-
February 27, 2012	$0.50	1,440,000	-	-	-	1,440,000
April 11, 2012	$0.12	-	11,000,000	(1,478,570)	-	9,521,430
	$0.17	4,297,500	11,000,000	(1,478,570)	(2,857,500)	10,961,430

10. CONTRIBUTED SURPLUS

The following table reflects the continuity of contributed surplus:

	Amount
Balance, January 31, 2011	$ 4,972,568
Stock-based compensation (Note 9(c))	204,610
Fair value of warrants issued on private placement (Note 9(b))	148,170
Fair value of warrants exercised	(19,917)
Balance, January 31, 2012	$ 5,305,431
Stock-based compensation (Note 9(c))	98,484
Fair value share purchase warrants issued (Note 9(b))	320,088
Balance, January 31, 2013	$ 5,724,003

11. LOSS PER SHARE

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

	2013	2012
Numerator		
Net loss	**$ (720,950)**	$ (973,306)
Denominator		
Weighted average number of common shares outstanding, basic and diluted	**66,464,641**	59,950,825
Basic and diluted loss per share	**$ (0.01)**	$ (0.02)

As a result of losses incurred, the potential effect of the exercise of stock options (Note 9(c)) and warrants (Note 9(d)) was anti-dilutive.

12. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being mineral exploration. As at January 31, 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:

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**

January 31, 2012	Canada	Mexico	Total
Current assets	$ 70,145	$ 36,579	$ 106,724
Mineral properties	2	943,608	943,610
Equipment	8,004	-	8,004
	$ 78,151	$ 980,187	$ 1,058,338

13. CAPITAL MANAGEMENT

In capital management, 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 year.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, other receivables, accounts payable and accrued liabilities and amounts due to a 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 statements of financial position are as follows:

The Company has classified financial assets as follows:

	January 31, 2013	January 31, 2012
Fair value through profit or loss, measured at fair value:		
Cash	**$ 513,674**	$ 92,925
Loans and receivable, measured at amortized cost:		
Other receivables	**$ 65,530**	$ 13,799
Other liabilities, measured at amortized cost:		
Accounts payable and accrued liabilities	**$ 182,022**	$ 80,358
Due to related parties	**$ 504,562**	$ 267,735

The fair value of the Company's financial assets and liabilities approximates their respective carrying values as at January 31, 2012 and 2013 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 January 31, 2013 and January 31, 2012, 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 January 31, 2013 , the Company does not have sufficient capital to fund its operations over the next twelve months. As at January 31, 2013 , the Company had a cash balance of $513,674 and $92,925 on January 31, 2012 to settle current liabilities of $694,419 at January 31, 2013 and $348,093 at January 31, 2012.

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.

14. 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, other receivables, accounts payable and accrued liabilities and due to related parties 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 loss by approximately $39,801 (2012 - $28,288).

15. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate on the net loss for the years ended January 31 is as follows:

	2013	2012
Loss before provision for income taxes	**$ (713,115)**	$ (973,306)
Expected income tax recovery	**$ (189,690)**	$ (274,500)
Difference in foreign tax rates	**(2,380)**	-
Tax rate changes and other adjustments	**(97,610)**	(92,300)
Non-deductible expenses	**21,910**	(8,300)
Undeducted share issue costs	**(20,340)**	-
Change in tax benefits not recognized	**295,945**	375,100
Income tax expense	**$ 7,835**	$ -

The 2013 statutory tax rate of 26.6% differs from the 2012 statutory tax rate of 28.2% because of the reduction in federal and provincial substantively enacted tax rates.

15. INCOME TAXES (Continued)

Deferred Income Tax

Deferred income taxes are provided as a result of temporary differences that arise due to the difference between the income tax values and the carrying amount of assets and liabilities. Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2013	2012
Non-capital losses - Canada	**$ 7,694,150**	$ 7,048,500
Non-capital losses - Mexico	**317,210**	227,800
Capital losses	**940,430**	1,050,950
Share issuance costs	**109,950**	78,350
Mineral properties	**1,670,650**	1,555,200
Equipment	**37,400**	45,200

The Mexican and Canadian non-capital losses expire as follows:

	Canada	**Mexico**
2015	**$ 718,350**	**$ -**
2022	**-**	**227,830**
2023	**-**	**89,380**
2026	**859,310**	**-**
2027	**898,180**	**-**
2028	**670,580**	**-**
2029	**863,500**	**-**
2030	**979,110**	**-**
2031	**1,427,010**	**-**
2032	**687,620**	**-**
2033	**590,490**	**-**
	$ 7,694,150	**$ 317,210**

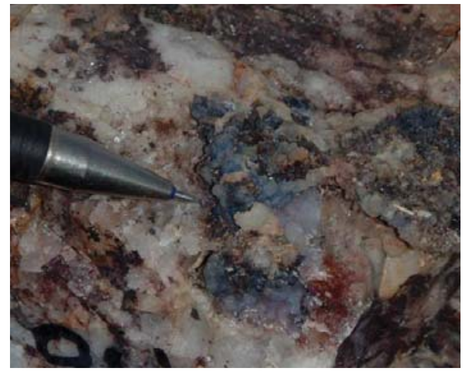
Capital losses may be carried forward indefinitely to be applied against future capital gains income.
Share issue costs are amortized between 2013 and 2017.
The remaining deductible temporary differences may be carried forward indefinitely.
Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

16. SUBSEQUENT EVENTS

La Tuna Option Agreement
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). US$20,000 (CA$19,984) due upon the signing of the agreement was paid by the Optionee subsequent to the reporting date.

Letter of Intent for 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.



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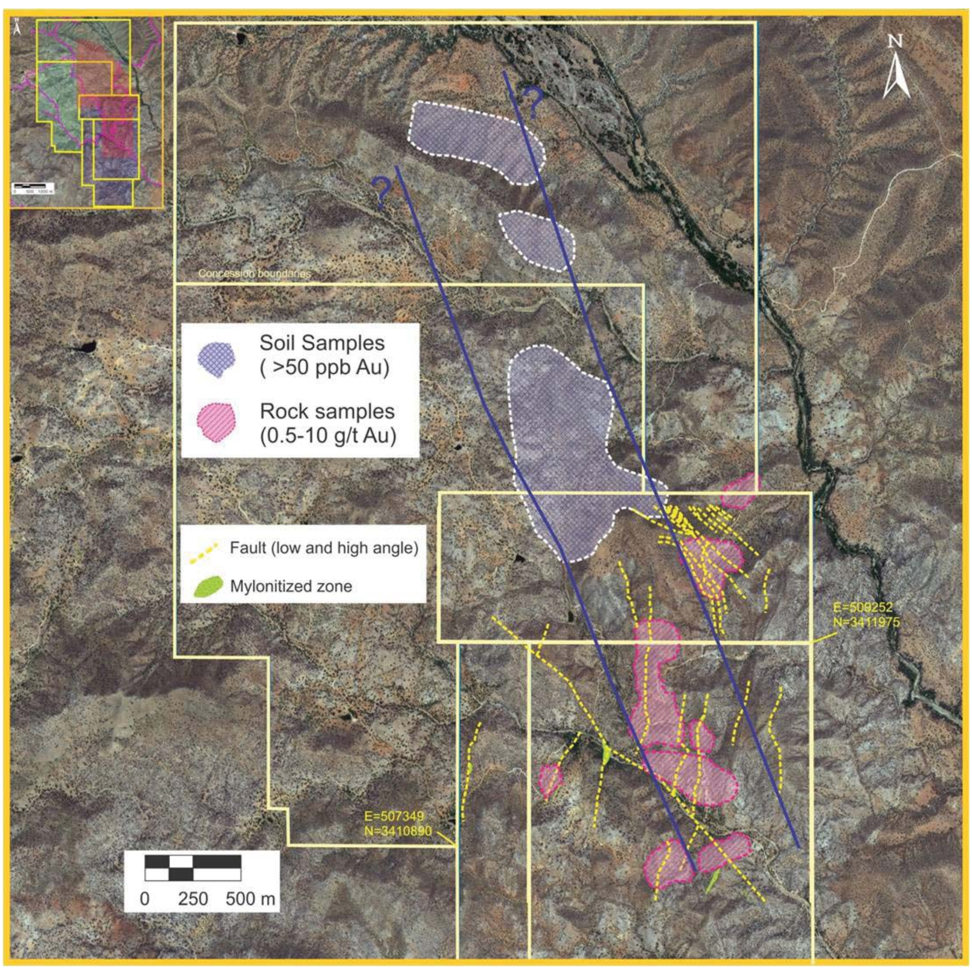

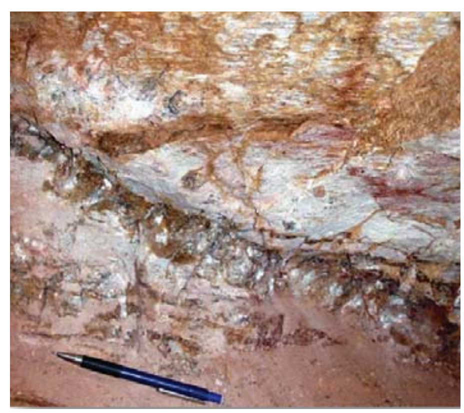

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