Interim Consolidated Financial Statements

Chinapintza Mining Corp.

(An exploration stage company)
(Formerly Black Birch Capital Acquisition II Corp.)

For the Three and Six Months Ended June 30, 2013

(Expressed in Canadian dollars)

Chinapintza Mining Corp.

Unaudited Interim Consolidated Financial Statements
For the three and six months ended June 30, 2013

Notice of No Auditor Review of Interim Consolidated Financial Statements

The accompanying unaudited interim consolidated financial statements have been prepared by management and approved by the Board.

The Company's independent auditors have not performed a review of these interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim consolidated financial statements by an entity's auditors.

Chinapintza Mining Corp
(An exploration stage company)
(Formerly Black Birch Capital Acquisition II Corp.)
Interim Consolidated Statement of Financial Position
(Expressed in Canadian dollars)

	June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
ASSETS		
Current Assets		
Cash	$ 507,608	$ -
Other receivable	18,103	-
	525,711	-
Advances to Related Parties (note 5)	-	1,035
Mineral rights (note 4)	461,104	403,293
Total Assets	$ 986,815	$ 404,328
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	36,866	16,000
	36,866	16,000
Advances From Related Parties (note 5)	608,477	163,417
Asset Retirement Obligations (note 4)	4,632	4,385
	649,975	183,802
Shareholders' Equity		
Share Capital (note 6)	737,298	798
Surplus Reserve (note 6)	217,258	168,502
Cumulative Translation Reserve	9,002	(143)
Deficit	(697,679)	(19,537)
Equity	265,879	149,620
Non-controlling Interest	70,961	70,906
Total Equity	336,840	220,526
Total Liabilities and Equity	$ 986,815	$ 404,328

Commitments and Contractual Arrangements (note 14)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

Signed “James Xiang” — Director

Signed “Paul Haber” — Director

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

Chinapintza Mining Corp
(An exploration stage company)
(Formerly Black Birch Capital Acquisition II Corp.)
Interim Consolidated Statement of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Three months ended June 30, 2013	Six months ended June 30, 2013
Revenue	$ -	$ -
Expenses		
Professional fees	-	15,000
Travel	10,233	12,781
Net Loss	**$ 10,233**	**$ 27,781**
Other Comprehensive loss (gain)		
Currency translation differences attributable to the parent	10,566	14,083
Currency translation differences attributable to non-controlling interest	(1,392)	85
Comprehensive Loss	**509**	**13,063**
Comprehensive Loss attributable to:		
Controlling equity holders	**$ (4,122)**	**$ 9,144**
Non-controlling interest	**4,631**	**3,919**
Weighted Average Number of Shares Outstanding	**44,054,375**	**44,054,375**
Loss per Share – basic and diluted	**$ -**	**$ -**

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

Chinapintza Mining Corp
(An exploration stage company)
(Formerly Black Birch Capital Acquisition II Corp.)
Interim Consolidated Statement of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Number of Shares	Common Shares	Surplus Reserve	Cumulative Translation Reserve	Deficit	Shareholders' Equity	Non-controlling Interest
Opening Balance	**-**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Issued on inception (October 26, 2012)	800	798	-	-	-	798	-
Surplus reserve (note 6)	-	-	168,502	-	-	168,502	72,484
Other comprehensive loss	-	-	-	(143)	-	(143)	(62)
Loss for the period	-	-	-	-	(19,537)	(19,537)	(1,516)
Balance – December 31, 2012	**800**	**798**	**168,502**	**(143)**	**(19,537)**	**149,620**	70,906
Shares exchanged	(800)	-	-	-	-	-	-
Shares exchanged	35,000,000	-	-	-	-	-	-
<u>Reverse takeover transaction (note 4 and 6)</u>							
Black Birch shares recognized	7,365,000	736,500				736,500	
Shares issued to the Finder in connection with the Qualifying Transaction	1,689,375						
Stock options issued pursuant to acquisition			48,756			48,756	
Difference between purchase price and net assets of Black Birch in the reverse takeover transaction					(654,195)	(654,195)	
Other comprehensive gain				9,145		9,145	
Loss for the period	-	-	-		(27,781)	(27,781)	85
Balance – June 30, 2013	**44,054,375**	**737,298**	**217,258**	**9,002**	**(697,679)**	**265,879**	**70,961**

Chinapintza Mining Corp
(An exploration stage company)
(Formerly Black Birch Capital Acquisition II Corp.)
Interim Consolidated Statement of Cash Flows
(Expressed in Canadian dollars)

	Three months ended June 30, 2013	Six months ended June 30, 2013
Cash provided by (used in):		
Operating Activities:		
Net loss for the period	$ (10,233)	$ (27,781)
Changes in non-cash working capital items:		
Other receivable	(18,103)	(18,103)
Accounts payable and accrued liabilities	5,866	20,866
Net Cash Provided by (Used in) Operating Activities	(22,470)	(25,018)
Investing Activities:		
Additions in mineral rights	-	(42,370)
Net Cash Used in Investing Activities	-	(42,370)
Financing Activities:		
Proceeds from related party	401,177	446,095
Proceeds from the CPC after the reverse takeover transaction (note 4)	119,918	119,918
Net Cash Provided by Financing Activities	521,095	566,013
Impact of foreign exchange on cash	8,983	8,983
Net increase (decrease) in cash	507,608	507,608
Cash - beginning of period	-	-
Cash - end of period	$ 507,608	$ 507,608

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

1. Nature and Continuance of Operations

Chinapintza Mining Corp (the "**Company**" or "CPA") (formerly Black Birch Capital Acquisition II Corp ("Black Birch") was incorporated pursuant to articles of incorporation dated November 3, 2009 under the *Business Corporations Act* (Ontario). The Company was a "Capital Pool Corporation" ("**CPC**"), as this term is defined in the policies of the TSX Venture Exchange (the "**Exchange**") since its listing. On June 14, 2013, Black Birch was acquired by Guangshou Ecuador Minerals Ltd.("Guangshou") in a reverse takeover transaction (see note 4) and as result Black Birch carries on the business of Guangshou and continues pursuant to the laws of British Columbia. As a result, these interim consolidated financial statements reflect the financial position, operating results and cash flows of the Company's legal subsidiary, Guangshou. Effective June 14, 2013, Black Birch changed its name to Chinapintza Mining Corp and trades under the symbol "CPA" on the TSX Venture Exchange. The address of the Company's corporate office and principal place of business is 50 Richmond Street East, Suite 300, Toronto, Ontario, Canada, M5C 1N7.

The Company's principal business is to acquire, explore and develop the gold and mineral mining rights in Chinapintza Property located in Ecuador. The Company has not yet determined whether the property contains mineral reserves that are economically recoverable.

On November 2, 2012, the Company's subsidiary in Ecuador entered into an agreement ("Shareholder Agreement") with Condormining Corporation S.A. ("Condormining") and JVChinapintza. As per the Shareholder Agreement, Condormining will transfer the title of the Chinapintza Property to JVChinapintza in order to further the exploration, evaluation, and if justified, the development and mining of mineral resources within the property for the benefit of the shareholders. The Company holds 70% shareholder interest of JVChinapintza whereas Condormining holds the other 30% shareholder interest of JVChinapintza.

2. Going Concern

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company's long term continuance is dependent on obtaining sufficient external financing, to realize the recoverability of its investment in mineral rights in the Chinapintza Property which is dependent upon the existence of economically recoverable reserves and upon future profitable production. To date, the Company has not received any revenue from mining operations and is considered to be in the exploration stage. As June 30, 2013, the Company has an accumulated deficit of $697,679 (December 31, 2012 - $19,537), and incurred a net loss of $27,781 for the six months ended at June 30, 2013. The Company has a negative cash flow from operations of $25,018 and a positive working capital of

$488,845. These interim consolidated financial statements do not reflect adjustments to the carrying value of assets, liabilities, the reported expenses and financial position classifications used that might be necessary if the going concern assumption were not appropriate.

Although the Company has taken steps to verify title to the property on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these interim consolidated financial statements.

a) Statement of compliance to IFRS

These interim consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The policies applied in these interim consolidated financial statements are based on IFRS issued and outstanding as of August 29, 2103, the date the Board of Directors approved the interim consolidated financial statements for issue.

b) Basis of presentation

These interim consolidated financial statements include the accounts of JVChinapintza and its legal parent company. All intercompany transactions, balances, and unrealized gains and losses on intercompany transactions have been eliminated. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Where control of an entity is obtained during a financial period, its results are included in the consolidated statement of loss and comprehensive loss from the date on which control commences. Where control of an entity ceases during a financial period, its results are included for that part of the period during which control existed.

These interim consolidated financial statements have been prepared on a historical cost convention using the accrual basis of accounting except for the cash flow information.

Presentation of the consolidated statements of financial position differentiates between current and non-current assets and liabilities. The interim consolidated statements of loss and comprehensive loss are prepared using the functional classification.

3. Significant Accounting Policies (cont'd)

c) Functional currency translation

i) Functional and presentation currency

Items included in the interim consolidated financial statements of each consolidated entity in the group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The interim consolidated financial statements are presented in Canadian dollars. The functional currency of the Company is Canadian dollars while the functional currency of its legal subsidiaries Guangshou and legal subsidiarJVChinapintza is the United States dollar.

The interim consolidated financial statements are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the average rate of the period (as this is considered a reasonable approximation to the actual rates). All resulting changes are recognized in other comprehensive income (loss) as cumulative translation adjustments.

When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income (loss) related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income (loss) related to the subsidiary are reallocated between controlling and non-controlling interests.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the transaction at period-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the statement of loss.

d) Measurement uncertainty

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of the accounting policies to financial information presented. Actual results may differ from the estimates, assumptions and judgments made. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes made to estimates are reflected in the period the changes are made.

3. Significant Accounting Policies (cont'd)

d) Measurement uncertainty (Cont'd)

Significant areas requiring the use of estimates and assumptions include the valuation of mineral rights and asset retirement obligation, and recoverability of deferred tax assets. By their nature, these estimates and assumptions are subject to measurement uncertainty, and the impact of changes in estimates in the consolidated financial statements of future periods could be material. These assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings (loss) in the periods in which they become known.

e) Significant accounting judgements

The critical judgements that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations (note 3(d)), that have the most significant effect on the amounts recognized in the Company's interim consolidated financial statements are related to the economic recoverability of the mineral rights, determining the smallest group of assets that generates independent cash flow stages of exploration, the interpretation and application of tax laws, the determination of functional currency for the Company and its subsidiary, provision for reclamation and obligation, and the assumption that the Company will continue as a going concern.

f) Financial instruments

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

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

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

i*) Financial assets and liabilities at fair value through profit or loss*

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges.

3. Significant Accounting Policies (cont'd)

f) Financial instruments (cont'd)

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of income (loss). Gains and losses arising from changes in fair value are presented in the statement of income (loss) within other gains and losses in the period in which they arise. Financial assets and liabilities at fair value through profit and loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the statement of financial position date, which are classified as non-current. The Company at this time does not have any financial instruments in this category.

ii) Available-for-sale investment

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. The Company at this time does not have any financial instruments in this category.

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income. Available-for-sale investments are classified as non-current, unless the investment matures within twelve months, or management expects to dispose of them within twelve months.

Interest on available-for-sale investments, calculated using the effective interest method, is recognized in the statement of income (loss) as part of interest income. Dividends on available-for-sale equity instruments are recognized in the statement of income (loss) as part of other gains and losses when the Company's right to receive payment is established. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statement of income (loss) and included in other gains and losses.

iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables are comprised of advances to related parties. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. After initial recognition, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment, if any. The Company has classified advances to related parties as loans and receivables.

3. Significant Accounting Policies (cont'd)

f) Financial instruments (cont'd)

iv) Held to maturity investments

Held to maturity investments are non-derivative financial assets with no fixed or determinable payments and fixed maturities that the Company's management has the intention and ability to hold to maturity. These assets are measured originally at fair value and then subsequently at amortized cost using the effective interest rate method. If there is objective evidence that the investment is impaired, the financial asset is measured at the estimated present value of future cash flows discounted at the entity's original effective interest rate. Any changes to the carrying amount of the investment are recognized in the statement of loss. The Company at this time does not have any financial instruments in this category.

v) Other financial liabilities

Other financial liabilities are non-derivative liabilities recognized initially at fair value, net of transaction costs, and are subsequently stated at amortized cost each period. The Company has classified advances from related party as other financial liabilities.

g) Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss, as follows:

The loss is the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. An impairment loss on an available for sale financial asset or fair value through profit or loss financial asset is calculated by reference to its fair value. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. The amount of the impairment is recognized in net loss.

Impairment losses on financial assets carried at amortized cost may be reversed in subsequent periods if the amount of the loss decreases and the decreases can be related objectively to an event occurring after the impairment was recognized. Financial assets measured at amortized cost and available for sale financial assets that are debt securities are reversed through profit and loss. For available for sale financial assets that are equity securities, the reversal is recognized in other comprehensive income.

3. Significant Accounting Policies (cont'd)

h) Revenue recognition

Revenue will be recorded when the fair value of the consideration is received or receivable and will be recognized to the extent that it is probable that the economic benefits will flow to the Company and when the revenue can be reliably measured.

Interest income will be recognized as it accrues.

i) Non-controlling interests

Non-controlling interests represent equity interests in subsidiary owned by outside parties. The share of net assets of subsidiary attributable to non-controlling interests is presented as a component of equity. Their share of net income and comprehensive income is recognized directly in equity. Changes in the parent company's ownership interest in subsidiary that do not result in a loss of control are accounted for as an equity transaction.

j) Comprehensive income or loss

Comprehensive income or loss is the change in equity of an enterprise during a period from transactions, events and circumstances other than those under the control of management and the owners. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The Company reports comprehensive income or loss in its consolidated statement of loss and comprehensive loss and in its consolidated statement of changes in shareholders' equity.

k) Income taxes

Income tax expense comprises current and deferred income taxes. Income tax expense is recognized in profit and loss except to the extent that it relates to equity transactions, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3. Significant Accounting Policies (cont'd)

k) Income taxes (cont'd)

Deferred taxes are recorded using the statement of financial position liability method. Under the statement of financial position liability method, deferred tax assets and liabilities are recognized for future tax consequences attributable to unused tax losses and unused tax credits and differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The following temporary differences are not provided for: the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable loss and is not a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits and temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

l) Identifiable intangible assets

<u>Mineral Rights</u>
The Company is in the exploration stage and defers all expenditures related to its acquired mineral rights until such time as the property is put into commercial production, sold or abandoned. Under this method, the amounts reported represent costs incurred to date less amounts amortized and/or written off, and do not necessarily represent present or future values.

i) Pre-Exploration

Pre-exploration costs in areas where a legal right to explore has not been obtained are expensed as incurred.

ii) Exploration and evaluation expenditures

Exploration and evaluation ('E&E') costs incurred after the legal right to explore is obtained, but before technical feasibility and commercial viability of the project have been demonstrated are capitalized as E&E assets. These include the costs of acquiring the licenses and directly attributable general and administrative costs. All applicable costs are capitalized as either tangible or intangible E&E assets depending on the nature of the assets acquired. The costs are accumulated in cost centers by exploration area.

iii) Development and production costs

When technical feasibility and commercial viability of a property is established and the Company determines that it will proceed with development, all E&E costs attributable to that area are reclassified to construction in progress within property, plant and equipment or as intangible assets depending on the nature of the expenditure. If economically recoverable ore deposits are developed, the capitalized costs of the related property will be amortized using the unit-of-production method following the commencement of production.

m) Impairment of non-financial assets

The Company's non-financial assets, are reviewed for an indication of impairment at each reporting date to determine if there are events or changes in circumstances that indicate the assets might not be recoverable. The Company is required to estimate the recoverable amount of goodwill annually. If an indication of impairment exists, the asset's recoverable amount is estimated at the same date. An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in the consolidated statements of comprehensive income for the year. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

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 from the asset's eventual use and eventual disposition 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. A terminal value calculation is included to represent the eventual disposition of the assets. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses, other than those related to goodwill, are evaluated for potential reversals when events or changes in circumstances warrant such consideration.

3. Significant Accounting Policies (cont'd)

m) Impairment of non-financial assets (Cont'd)

Industry specific indicators for an impairment review on mineral rights and capitalized exploration related expenditures arise typically when one of the following circumstances applies:

- Substantive expenditure on further exploration and evaluation activities is neither budgeted nor planned;
- Title to the asset is compromised;
- Adverse changes in variations in commodity prices and markets; and
- Variations in the exchange rate for the currency of operation.

When technical feasibility has been demonstrated, the Company will test for impairment on mineral rights that are reclassified from E&E to construction in progress.

The Company has determined that its non-financial assets are not impaired as at June 30, 2013.

n) Restoration, rehabilitation and environmental obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when the environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant, other site preparation work, and water and soil management, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operation license conditions and, when applicable, the environment in which the mine operates. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degrees by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

3. Significant Accounting Policies (cont'd)

o) Non-monetary transactions

Transactions with no cash consideration are measured at the fair value of either the asset given up or the asset received, whichever is more reliably determinable.

p) Loss per share

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculations as the effect would be anti-dilutive.

q) New accounting standards and recent pronouncements

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended June 30, 2013, and have not been applied in preparing these consolidated financial statements. The following standards and interpretations have been issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committees with effective dates relating to the annual accounting periods starting on or after the effective dates as follows:

International Accounting Standards		Effective Date
IAS 32 – Financial Instruments: Presentation	The objective of this Standard is to establish principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses, and gains; and the circumstances in which financial assets and financial liabilities should be offset. The principles in this Standard complement principles for recognizing and measuring financial assets and financial liabilities in IFRS 9, and for disclosing information about them in IFRS 7. Concurrent with the amendments to IFRS 7, the IASB also amended IAS 32 to clarify the existing requirements for offsetting financial instruments in the balance sheet.	January 1, 2014

3. Significant Accounting Policies (cont'd)

q) New accounting standards and recent pronouncements (cont'd)

International Accounting Standards		Effective Date
IFRS 9 – Financial Instruments	IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely. Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. IFRS 9 is effective for annual periods beginning on or after January 2015 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.	January 1, 2015

The Company is in the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt the new requirements.

(Expressed in Canadian dollars)

4. Reverse Takeover Transaction

On June 14, 2013, Guangshou acquired Black Birch in a reverse takeover transaction ("RTO Transaction"). Prior to the transaction, Black Birch had 7,365,000 common shares outstanding. Black Birch acquired 35,000,000 common shares of Guangshou in return for its net assets. Black Birch then issued 35,000,000 of its common shares to the original shareholders of Guangshou.

This transaction was accounted for as a reverse takeover transaction that does not constitute a business combination. For accounting purposes, the legal parent company (Black Birch) in the reverse takeover transaction is deemed to be a continuation of the legal subsidiary (Guangshou) which is regarded as the acquirer. Accordingly, the consolidated financial statements reflect the significant accounting policies of Guangshou. As a result, these consolidated financial statements reflect the financial position, operating results and cash flows of Guangshou, as at June 30, 2013, and for the period ended June 30, 2013. The operating results of Black Birch have been included commencing June 15, 2013.

Since Guangshou is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.

Share based compensation in the amount of $48,756 included in the reverse takeover transaction costs represents the fair value of the shares retained by former shareholders of Black Birch at $0.0662 per share. The $0.0662 value for the shares was based on the share price paid by arms' length investors for the Company's shares in connection with the concurrent financing completed concurrently with the RTO Transaction.

The fair value of all the consideration given and the amount charged to reverse takeover transaction costs was comprised of:

Fair value of share based consideration allocated:	
Issuance of 7,365,000 common shares	$ 736,500
Issuance of 736,500 stock options	48,756
	785,256
Identifiable net assets of Black Birch assumed:	
Cash and cash equivalents received	(481,328)
Other receivable and prepaid received	(17,010)
Liabilities assumed	367,276
	(131,062)

(Expressed in Canadian dollars)

Professional fees incurred on reverse takeover transaction	271,897
Total reverse takeover transaction costs	$ 926,091

5. Mineral Rights

On November 2, 2012, the Company's subsidiary in Ecuador entered into an agreement ("Shareholder Agreement") with Condormining Corporation S.A. ("Condormining") and JVChinapintza. As per the Shareholder Agreement, Condormining will transfer the title of the Chinapintza Property to JVChinapintza in order to further the exploration, evaluation, and if justified, the development and mining of mineral resources within the property for the benefit of the shareholders. The Company holds 70% shareholder interest of JVChinapintza whereas Condormining holds the other 30% shareholder interest of JVChinapintza.

As per the Shareholder Agreement, the Company shall provide sufficient funds, including working capital, to advance the operations of the Chinapintza Property to commercial production of mining operations. The funds advanced by the Company will not be repayable until the commercial operation begins and net profits are generated from the development of the Chinapintza Property.

JV Chinapintza, the Company's 70% owned subsidiary, acquired the Chinapintza Property from Condormining as a result of the Shareholder Agreement and the costs incurred by Condormining on the Chinapintza Property prior to the acquisition were capitalized by JVChinapintza.

The cumulative costs capitalized on the Company's mineral rights are as follows:

		June 30, 2013		December 31, 2012
Opening balance	$	403,293	$	---
Contribution of JVChinapintza Property		---		359,740
Capitalized during the period		33,552		39,168
Recognition of asset retirement obligation		---		4,385
Foreign exchange movement		24,259		---
Closing balance	$	461,104	$	403,293

6. Advances from Related Parties

As at June 30, 2013, advances received from Condormining, the minority interest holder of JVChinapintza, amounted to $210,313 (December 31, 2012 - $163,417). The advances are non-interest bearing, unsecured and only payable by JVChinapintza from the net profits generated by Chinapintza Property when it enters into a commercial production stage in the future.

(Expressed in Canadian dollars)

As at June 30, 2013, advances received from G.S. International Mining CO., Ltd, the controlling shareholder of the Company, amounted to $398,164 (December 31, 2012 - 0). The advances are non-interest bearing, unsecured and only payable by JVChinapintza from the net profits generated by Chinapintza Property when it enters into a commercial production stage in the future

7. Share Capital

a) *Authorized*
Unlimited number of common shares.

b) *Issued and outstanding*
Issued common shares are as follows:

	Number of shares	**Amount**
Opening Balance	-	$ -
Issued on inception (October 26, 2012)	800	798
Shares exchanged	(800)	-
Shares exchanged	35,000,000	-
Reverse takeover adjustments:		
Black Birch shares recognized	7,365,000	736,500
Shares issued to the Finder with the Qualifying Transaction	1,689,375	-
Balance – June 30, 2013	**44,054,375**	**737,298**

c) *Surplus reserve*

The Company's surplus reserve balance as at June 30, 2013 and is as follows:

	Amount
Opening Balance	$ -
Additions during the period	168,502
Stock options issued pursuant to acquisition	48,756
Balance – June 30, 2013	**$ 217,258**

The above additions during the period resulted from the transfer of JVChinapintza Property by Condormining on November 2, 2012 (see note 5).

Pursuant to the reverse takeover transaction, the Company has kept Black Birch's outstanding options totaling 736,500 options to its directors, expired on December 17, 2015. No options were exercised, forfeited or expired during the six months ended June 30, 2013. The assumptions utilized in determining the value of the 736,500 stock options granted to its directors was a share price of $0.10, an exercise price of $0.10, a risk free interest rate of 1.14%, volatility of 120%, expected yield of nil, and an expected life of 2.5 years. The estimated fair value of the 736,500 options issued was $48,756, which were recorded as surplus reserve in the reverse takeover transaction.

7. Commitments and Contractual Arrangements

As at June 30, 2013, the Company had the following contractual arrangements and commitments in place for the provision of certain services:

a) In November 2, 2012, the Company entered into a shareholder agreement ("Shareholder Agreement") with Condormining and its 70% owned subsidiary, JVChinapintza. As per the Shareholder Agreement, the Company is required to provide sufficient funds, including working capital to JVChinapintza until commercial production of the Chinapintza Property. All funds advanced to JVChinapintza will only be payable out of net profits generated from commercial production of its mineral reserves.

b) All mine production is subject to royalty payments to the Ecuadorean government. The Company will be subject to the following royalty payments:
   i. Minimum of 5% gross value of bullion produced for gold and silver;
   ii. Minimum of 5% gross value of metal produced for base metals including copper, lead and zinc.

8. Capital Management

As at June 30, 2013, the capital structure of the Company consists of equity attributable to common shareholders and includes share capital of $737,298 (December 31, 2012 - $798), surplus reserve of $217,258 (December 31, 2012 - $168,502), non-controlling interest of $70,962 (December 31, 2012 - $70,906), and deficit of $697,679 (December 31, 2012 - $19,537).

The Company's objective when managing capital structure is to ensure sufficient financial resources exist to meet the Company's strategic exploration and business development objectives, and to ensure that the Company continues as a going concern.

9. Segmented Information

The Company operates in one reportable segment. Segments are defined as components for which separate financial information is available and is regularly evaluated by the chief operating decision maker.

(Expressed in Canadian dollars)

10. Income Taxes and Deferred Income Tax

In assessing the realization of the Company's deferred income tax assets, management considers whether it is probable that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax assets considered realizable could change materially in the near term based on future taxable income generated during the carry-forward period.

a) Deferred income tax assets and liabilities

No deferred tax asset has been recognized as the Company is reflecting uncertainties associated with realization of all deferred income tax assets.

The value and cost base of the property for Ecuadoran tax purposes is currently being determined and may vary, upon final determination, from the value reflected in the financial statements. As a result of such variation a deferred tax asset or deferred tax liability may be recorded at that time.

b) Deferred income tax assets and liabilities

No deferred tax asset has been recognized as the Company is reflecting uncertainties associated with realization of all deferred income tax assets.

The value and cost base of the property for Ecuadoran tax purposes is currently being determined and may vary, upon final determination, from the value reflected in the financial statements. As a result of such variation a deferred tax asset or deferred tax liability may be recorded at that time.

The significant components of the Company's deferred tax assets are as follows:

	June 30, 2013	December 31, 2012
Non-capital tax losses carried forward	$ 13,600	$ 7,200

c) Non-capital losses

As at June 30, 2013, the Company can carry forward Ecuadorian non-capital losses to reduce taxable income in future years of approximately $13,600 expiring as follows:

Year 2017	$ 7,200
Year 2018	$ 6,400

d) Income tax reconciliation

		The period between June 15, 2103 and June 30, 2013
Income tax recovery expected at statutory rate	$	(6,400)
Tax losses for which no deferred tax asset was recognized		6,400
Income taxes expense	$	-

11. Financial Instruments

IFRS 7 establishes a fair value hierarchy that reflects significance of inputs in measuring fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. process) or indirectly (i.e. derived from process); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks.

Fair value

The fair value of the advances to related parties and advances from related party are not readily determinable due to the nature of the balance and the absence of a market for such instruments.

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they fall due. The Company takes steps to ensure that it has sufficient working capital and available sources of financing to meet future cash requirements for capital programs and operations.

The Company intends to issue equity to ensure the Company has sufficient access to cash to meet current and foreseeable financial requirements. The Company actively monitors its liquidity to ensure that its cash flows and working capital are adequate to support its financial obligations and the Company's capital programs.

Credit risk

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations. The Company has credit risk with its advances to related parties, but it is considered to be minimal.

Market risk

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

i) Interest rate risk
The Company is not exposed to the risk that the value of financial instruments will change due to movement in market interest rates.

ii) Currency risk
Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

At June 30, 2013, the Company had net monetary assets denominated in United States funds of $219,958 (US$209,245). Based upon the balance as at March 31, 2013, an increase of 15% in the U.S. to Canadian dollar exchange would result in a decrease in the net loss and comprehensive loss of $31,387, and a reduction of 15% would result in an increase in the net loss and comprehensive loss of $31,387. Management believes that it is not likely but it is possible that the exchange rate could fluctuate by more than 15% within the next 12 months.

12. Non-monetary Transaction

The Company’s non-monetary transaction includes the capitalization of $359,740 which is the value of the Chinapintza Property acquired by JVChinapintza as per the Shareholder Agreement entered by the Company during the period (as described in note 4).