

Consolidated Interim Financial Statements of

Digger Resources Inc.

Six Months Ended January 31, 2014 and 2013
(Unaudited)

NOTICE FOR NATIONAL INSTRUMENT 51-102

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

Dated: March 11, 2014

"Norman Yeo" (signed)
President & Chief Executive Officer

Digger Resources Inc.
Consolidated Interim Statements of Financial Position
(Unaudited)

	January 31, 2014 \$	July 31, 2013 \$
ASSETS		
Current assets		
Cash	42,887	77,919
Accounts receivable	276	223
	43,163	78,142
Non-current assets		
Capital assets (note 6)	1,468	1,708
	44,631	79,850
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	3,424	26,300
EQUITY		
Capital stock (note 9)	4,715,884	4,715,884
Warrants (note 9)	120,000	120,000
Share-based payments reserve (note 10)	1,954,739	1,939,204
Deficit	(6,749,416)	(6,721,538)
	41,207	53,550
	44,631	79,850

Going concern (note 2)
Commitments and Contingencies (note 13)

See accompanying notes

Approved by the Board of Directors

Norman Yeo

Director

Graeme Wallace

Director

Digger Resources Inc.

Consolidated Interim Statements of Operations and Comprehensive Income (Loss)

(Unaudited)

	Three Months Ended January 31		Year To Date Ended January 31	
	2014	2013	2014	2013
	\$	\$	\$	\$
REVENUE				
Contract sampling	-	-	-	-
EXPENSES				
Share-based compensation	7,971	34,574	15,535	53,812
Office and administrative	5,740	7,310	10,257	12,502
Professional fees	-	2,904	1,846	4,219
Amortization	120	170	240	340
	13,831	44,958	27,878	70,873
INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	(13,831)	(44,958)	(27,878)	(70,873)
NET INCOME (LOSS) PER SHARE - Basic and diluted	(0.001)	(0.004)	(0.002)	(0.006)
Weighted number of shares outstanding	11,349,035	11,408,410	11,349,035	11,408,410

See accompanying notes

Digger Resources Inc.Consolidated Interim Statements of Changes in Equity
(Unaudited)

	Capital Stock	Warrants	Share-based Payment Reserve	Deficit	Total
	\$	\$	\$	\$	\$
Balance July 31, 2012	4,715,884	120,000	1,827,833	(6,557,818)	105,899
Net income(Loss)	-	-	-	(163,720)	(163,720)
Stock compensation costs	-	-	111,371	-	111,371
Balance July 31, 2013	4,715,884	120,000	1,939,204	(6,721,538)	53,550
Net loss for the period	-	-	-	(27,878)	(27,838)
Stock compensation costs	-	-	15,535	-	53,812
Balance January 31, 2014	4,715,884	120,000	1,954,739	(6,749,416)	41,207

See accompanying notes

Digger Resources Inc.Consolidated Interim Statements of Cash Flows
(Unaudited)

	Three Months Ended January 31		Year To Date Ended January 31	
	2014	2013	2014	2013
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net income (loss)	(13,831)	(44,958)	(27,878)	(70,873)
Items not affecting cash:				
Stock-based compensation	7,971	34,574	15,535	53,812
Amortization	120	170	240	340
	(5,740)	(10,214)	(12,103)	(16,721)
Net change in non-cash working capital items (note 15)	4,137	5,239	(22,929)	(22,363)
	(1,603)	(4,975)	(35,032)	(39,084)
INVESTING ACTIVITY				
	-	-	-	-
FINANCING ACTIVITIES				
	-	-	-	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVILENTS				
	(1,603)	(4,975)	(35,032)	(39,084)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD				
	44,490	94,494	77,919	129,603
CASH AND CASH EQUIVALENTS, END OF PERIOD				
	42,887	90,519	42,887	90,519
SUPPLEMENTARY INFORMATION				
Interest paid	-	-	-	-
Taxes paid	-	-	-	-

See accompanying notes

Digger Resources Inc.

Notes to Consolidated Interim Financial Statements

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(Unaudited)

1 Nature of operations

Digger Resources Inc.'s ("Digger" or the "Company") principal business activity is, through the application of its High Definition Reservoir Geochemistry ("HDRG") technology, the development of an effective exploration technique as an adjunct to existing seismic methods and to assist in the environmentally sound discovery and development of new oil and natural gas reserves through the detection of metallic and non-metallic ions in near surface soil profiles.

Digger is a publicly traded company, incorporated and domiciled in Canada. The address of its registered office is Suite 700, 595 Burrard Street, Vancouver, British Columbia, V7X 1S8, Canada.

These consolidated Interim financial statements were approved and authorized for issuance by the Board of Directors (the "Board") on March 11, 2014

2 Going concern assumption

These consolidated Interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), which are applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

However, the use of such principles may not be appropriate because there is significant doubt surrounding the ability of Digger to continue as a going concern. For the period ended January 31, 2014, Digger has a cash balance of \$42,887 (2013: \$90,519), an accumulated deficit of \$6,749,416 (2013: \$6,628,691), generated negative cash flow from operations of \$35,032 (2013: \$39,084) and has not yet secured any contracted revenue for fiscal 2014. These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

Digger's ability to continue as a going concern is dependent on successfully marketing the technology, obtaining financing from related parties and contracting future revenue. In recognition of these circumstances, Digger is still looking for external markets for its HDRG technology and investigating sources of financing. In the current period Digger completed projects using its HDRG technology, which resulted in revenue of \$Nil (2013: \$Nil). Management is expecting that 2014 will see advancement in the use of HDRG technology, and that Digger will be able to raise funds through increased HDRG surveys on a fee for service basis and obtain additional equity financing to fund its operations and to market its HDRG technology to vendors.

While there can be no assurance that these initiatives will be successful, management believes that future contracts and related party funding will contribute adequate cash flow so Digger can continue as a going concern. These financial statements do not reflect any adjustments to the carrying value of assets, liabilities and reported expenses and balance sheet classifications that

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might be necessary should the Company be unable to generate the necessary capital and continue as a going concern. Such adjustments could be material.

3 Basis of presentation

The Company prepares its consolidated financial statements 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 based on IFRS issued and outstanding as of March 11, 2014, the date the Board approved the statements.

4 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from and affect the results reported in these consolidated financial statements as future confirming events occur.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are noted below with further details of the assumptions contained in the relevant note.

Share-based payments and warrants

Charges for share-based payments and warrants are based on the fair value at the date of the award. The shares are valued using the Black-Scholes model, and inputs to the model include management’s assumptions on share price volatility, expected forfeitures, discount rates and expected life outstanding.

Deferred income taxes

Deferred tax assets are recognized when it is considered probable that deductible temporary differences will be recovered in the foreseeable future. To the extent that future taxable income and the application of existing tax laws in each jurisdiction differ significantly from the company’s estimate, the ability of the company to realize the deferred tax assets could be impacted. By their nature, these estimates are subject to measurement uncertainty and the impact on the financial statements of future periods could be material.

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5 Significant accounting policies

These financial statements have, in management's opinion, been properly prepared within the framework of the accounting policies summarized as follows:

a) Basis of measurement

The consolidated interim financial statements have been prepared on the historical cost basis. Where there are assets and liabilities calculated on a different basis, this fact is disclosed in the relevant accounting policy.

b) Functional and presentation currency

The functional currency of the Company is Canadian dollars, and all amounts are presented in Canadian dollars unless otherwise stated.

Foreign currency transactions are translated using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of income.

c) Cash and cash equivalents

Cash and cash equivalents consist of cash in the bank less outstanding cheques.

d) Revenue recognition

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer, the sales price and costs can be measured reliably, and it is probable that the economic benefits will flow to the company. These criteria are met and HDRG revenue is recognized based on number of samples analyzed in accordance with the agreed contractual obligations and payment is reasonably assured.

e) Consolidation

The financial statements consolidate the accounts of Digger Resources Inc. and its subsidiaries. Subsidiaries are those entities which Digger Resources Inc. controls by having the power to govern the financial and operating policies. The consolidated interim financial statements include the accounts of the Company and its inactive wholly owned subsidiary, Color Lazer Products Inc. Subsidiaries are fully consolidated from the date on which control is obtained by Digger Resources Inc. and are de-consolidated from the date that control ceases. Intercompany transactions, balances, income and expenses, and profits and losses are eliminated.

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f) Technology development costs

HDRG technology is recorded at cost less accumulated amortization. Amortization is provided over five years, the estimated economic life of the technology.

Technology development costs that are fully depreciated and considered of no value were written off during the year.

g) Capital assets

Capital assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be measured reliably. Repairs and maintenance costs are charged to the statement of income during the period in which they are incurred.

Depreciation is provided over the estimated useful life of the assets at annual rates as follows, except for the first year for which only one half of this amortization is recorded:

Computer equipment	30% declining balance
Office furniture and equipment	20% declining balance.

Property, plant and equipment are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or 'CGUs'). Recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU, as determined by management).

Impairment losses and gains and losses on disposals of property, plant and equipment and are included in statement of income and comprehensive income.

A previous impairment, other than an impairment of goodwill, is subsequently assessed for any indications that the impairment is reduced or no longer exists. An impairment loss is reversed if there has been an increase in the recoverable amount of an asset compared to its current carrying value. Impairment losses are reversed only to the extent that the assets' carrying amount would not exceed the carrying amount that would have been reported if no impairment loss had been recognized.

h) Warrants

The Company has adopted the pro-rata basis method for the measurement of shares and warrants issued as private placement units. The pro-rata basis method requires that gross proceeds and related share issuance costs be allocated to the common shares and the warrants based on the relative fair value of the component

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The fair value of the common share is based on the closing price on the closing date of the transaction less the fair value of the warrant as determined using the Black Scholes Option Pricing Model.

The fair value attributed to the warrant is recorded as warrant equity. If the warrant is exercised, the value attributed to the warrant is transferred to share capital. If the warrant expires unexercised, the value remains in warrants line item within equity. Warrants that have their term of expiries extended are not subsequently revalued.

i) Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of income except to the extent that it relates to items recognized directly in other comprehensive income or directly in equity, in which case the income tax is also recognized directly in other comprehensive income or equity, respectively.

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

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not recognized if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset is realized or liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred income tax assets and liabilities are presented as non-current.

j) Share-based payments

The Company recognizes as compensation expense in respect of stock options granted under the Company's Stock Option Plan described in note 10. The expense is equal to the estimated fair value of the options, as valued by the Black-Scholes model, at its grant date and is amortized over the vesting period of the option. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of awards that vest. Compensation expense is initially credited to share based payment reserve and transferred to capital stock when the option is exercised. Consideration received on the exercise of stock options is credited to capital stock. If the stock options expire unexercised, the value remains in Share-based payments reserve within equity.

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k) Financial instruments – recognition and measurement

The Company has classified its financial instruments as follows: cash and cash equivalents and accounts receivable as loans and receivables; and accounts payable and accrued liabilities as other financial liabilities.

All financial instruments are included on the balance sheet and are measured at fair value, except for loans and receivables and other financial liabilities, which are measured at amortized cost. Subsequent measurement and recognition of changes in fair value depends on the initial classification of the particular instrument. Held for trading financial instruments are measured at fair value with gains and losses recognized in earnings immediately. Any financial asset or liability can be classified as held for trading as long as its fair value is reliably determinable. Loans and receivables, and other financial liabilities are recognized at amortized cost using the effective interest method and impairment losses are recorded in earnings when incurred.

The Company's accounting policy with respect to transaction costs has been to capitalize all transaction costs for all financial instruments.

l) Offsetting financial instruments

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 recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

m) Earnings per share

The earnings per share is calculated using the weighted average number of shares outstanding. The Company follows the treasury stock method of accounting for fully diluted earnings per common share. The treasury stock method computes the number of incremental shares by assuming the outstanding stock options and warrants exercisable at exercise prices below the average market price for the applicable period are exercised and then that number of incremental shares is reduced by the number of shares that could have been repurchased from the issuance proceeds, using the average market price of the Company's shares for the applicable period.

n) Future accounting pronouncements

The following pronouncements and amendments are effective for annual periods beginning on or after January 1, 2013 unless otherwise stated. Adopting these standards is expected to have minimal or no impact on the Digger's consolidated financial statements for the annual period beginning on August 1, 2013:

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i) IFRS 10, Consolidated Financial Statements (effective January 1, 2013)

This standard is issued to supersede IAS 27, “Consolidated and Separate Financial Statements” and SIC 12, “Consolidation – Special Purpose Entities. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard is expected to have minimal impact on the Company’s consolidated financial statements.

ii) IFRS 12, Disclosure of Interest in Other Entities (effective January 1, 2013)

This standard specifies disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. This standard is expected to have minimal impact on the Company’s consolidated financial statements.

iii) IFRS 13, Fair Value Measurement (effective January 1, 2013)

The main provisions for this standard include defining fair value, setting out in a single standard a framework for measuring fair value and specifying certain disclosure requirements about fair value measurements. The adoption of these standards has no impact on the amounts recorded in the consolidated financial statements as at January 1, 2013 or on the comparative periods. The new standard is expected to result in enhanced financial statements disclosures.

iv) IAS 27, Separate Financial Statements (effective January 1, 2013)

This has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements. This amendment expected to have minimal impact on Company’s consolidated financial statements.

v) IAS 32 Financial instruments: Hedge accounting and novation of derivatives (effective January 1, 2014)

Amended to provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty (“CCP”) meets specified criteria. Effective for years beginning on or after January 1, 2014. This amendment is expected to have minimal impact on Company’s consolidated financial statements.

vi) IAS 32 Financial instruments: Presentation (effective January 1, 2014)

Amended to clarify requirements for offsetting of financial assets and financial liabilities. Effective for years beginning on or after January 1, 2014. This amendment is expected to have minimal impact on Company’s consolidated financial statements.

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vii) IAS 36 Impairment of assets: Disclosures (effective January 1, 2014)

Limited scope amendments to disclosure requirements in IAS 36, Impairment of Assets. Effective for years beginning on or after January 1, 2014. This amendment is expected to have minimal impact on Company's consolidated financial statements.

viii) IFRS 7 Financial instruments: Disclosure (effective January 1, 2014)

IFRS 7, "Financial Instruments: Disclosures", which requires disclosure of both gross and net information about financial instruments eligible for offset in the balance sheet and financial instruments subject to master netting arrangements. Concurrent with the amendments to IFRS 7, the IASB also amended IAS 32, "Financial Instruments: Presentation" to clarify the existing requirements for offsetting financial instruments in the balance sheet. The amendments to IAS 32 are effective as of January 1, 2014. This amendment is expected to have minimal impact on Company's consolidated financial statements.

ix) IFRS 7 Financial instruments: Disclosure (effective January 1, 2015)

Amended to require additional disclosures on transition from IAS 39 to IFRS 9. Effective on adoption of IFRS 9 which is effective for years beginning on/after January 1, 2015. This amendment is expected to have minimal impact on Company's consolidated financial statements.

x) IFRS 9, Financial Instruments (effective January 1, 2015)

The standard is the first step in the process to replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities and carries over from the requirements of IAS 39 regarding the recognition of financial assets and financial liabilities. This standard is expected to have minimal impact on the Company's consolidated financial statements.

6 Capital assets

Cost	Computer equipment	Office equipment	Total
	\$	\$	\$
Balance July 31, 2013	234,287	50,504	284,791
Additions	—	—	—
Balance January 31, 2014	234,287	50,504	284,791

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Accumulated depreciation	Computer equipment	Office equipment	Total
	\$	\$	\$
Balance July 31 2013	232,886	50,197	283,083
Depreciation	210	30	240
Balance January 31, 2014	233,096	50,227	283,323
Net book value at January 31, 2013	1,191	277	1,468

7 Technology development costs

Technology development costs of \$200,667 have been written off in prior years and no indicator of reversal of impairment was identified in 2014.

8 Related party transactions

There were no transactions with related parties during the period ending January 31, 2014.

9 Capital stock and warrants**Authorized**

100,000,000 common shares with no par value (2013 – 100,000,000).

Issued

Capital stock	January 31, 2014		July 31, 2013	
	Number of shares	Amount \$	Number of shares	Amount \$
Balance – Beginning of period	11,349,035	4,715,884	11,349,035	4,715,884
Balance – End of period	<u>11,349,035</u>	<u>4,715,884</u>	<u>11,349,035</u>	<u>4,715,884</u>

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Warrants

		January 31, 2014		July 31, 2013
	Number of warrants	Amount \$	Number of warrants	Amount \$
Balance				
Beginning of period	–	120,000	–	120,000
Balance – End of period	–	<u>120,000</u>	–	<u>120,000</u>

Earnings (loss) per share

The weighted average number of common shares for the years ended January 31, 2014 and January 31, 2013, are as follows:

	January 31, 2014	January 31, 2013
Earnings (loss) for the period	(27,878)	(70,873)
Basic and diluted numbers of shares	11,349,035	11,408,410
Basic and diluted earnings (loss) per share	(0.002)	(0.006)

For the period ended January 31, 2014, 950,000 (2013: 950,000) stock options and nil (2013: 2,000,000) warrants were excluded from the calculation of diluted shares as they would be anti-dilutive.

10 Share-based payments

Digger has established a stock option plan whereby options may be granted to the Company's directors, officers, employees and consultants. The number of common shares issuable under Digger's share option plan cannot exceed 20% of the issued and outstanding common shares of Digger. The number of common shares issuable to any one person under the plan cannot exceed 5% of the total number of common shares outstanding. The exercise price of each option equals the market price of Digger's stock on the date of the grant and options' maximum life of five years

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and are equity settled. The vesting period is determined by the Board of Directors. Options issued to date vest equally every three months from date of grant.

A summary of the outstanding stock options as of January 31, 2014 and July 31, 2013, and changes during the period then ended are as follows:

	January 31, 2014		July 31, 2013	
	Stock Options	Weighted Average Exercise Price \$	Stock Options	Weighted Average Exercise Price \$
Outstanding – Beginning of period	950,000	0.15	950,000	0.15
Outstanding – End of period	950,000	0.15	950,000	0.15
Exercisable – End of period	791,650	0.15	474,990	0.15

11 Financial Instruments**a) Fair value of financial assets and liabilities**

The Company's financial instruments recognized in the statement of financial position consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. The fair values of these recognized financial instruments approximate their carrying amounts due to the short term nature of the amounts.

b) Credit risk

Digger is exposed to credit losses in the event of non-payment of accounts receivable. The carrying values reflect management's assessment of the associated maximum exposure to such credit risk. The Company has not previously experienced any material credit losses on the collection of accounts receivable. There are no allowances and no past due receivables as at the end of January 31, 2014 and July 31, 2013. Cash is held with a reputable chartered bank from which management believes the risk of loss is minimal.

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c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company has heightened liquidity risk due to the lack of third party contracted revenue and dependency on related party funding. To mitigate liquidity risk that is attributed to accounts payable and accrued liabilities, the Company closely monitors liquidity related to obligations by evaluating forecasted cash flows, including capital spending activity, working capital requirements, and other potential cash expenditures. This continual financial assessment process enables the Company to mitigate liquidity risk.

The Company has negative cash flow from operations, an accumulated deficit at January 31, 2014 and no revenue contracted for 2014, therefore a going concern note (note 2) is included in the consolidated financial statements. All accounts payables and accrued liabilities due within one year

d) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to currency risk as lab and no license fees are in Australian currency. There were no lab and licenses fee incurred in 2014 and as such there are no foreign exchanges gain or losses recognized.

ii) Interest rate risk

Interest rate risk concerns the exposure of the Company to the future changes in the prevailing level of interest rate. The Company is not exposed to interest rate risk as there are no assets or liabilities subject to interest charges.

12 Management of capital resources

The capital structure of the Company is composed of shareholders' equity of \$41,207. The Company's objective when managing capital is to maintain sufficient liquidity in a combination of operating cash and short or long-term debt, in order to meet the business needs for financing operation costs and asset purchases.

The Board relies on the expertise of management to sustain future development of the business. The Company will continue to assess new sources of financing available and manage expenditures to reflect current financial resources in the interest of sustaining long-term viability. Management reviews its capital management approach on an ongoing basis and believes that this

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approach is reasonable. The Company does not have any externally imposed capital requirements. See note 2 - going concern.

13 Commitments and contingencies

Effective October 5, 2010, ALS Laboratory Group (“ALS”) granted to Digger an exclusive non-assignable right to market a proprietary ALS partial extraction leachant. The term of the agreement with ALS is for three years with two renewable terms thereafter of five years each by the end of the third year (October 2013) of the contract, based on successful achievement of performance objectives as follow:

- a) In the last full year of the first three year license term (October 2013) no less than 5,000 samples are to be delivered by Digger to ALS for analysis using a partial leach analytical technique;
- b) In the last full year of the first five year renewal period (October 2018) no less than 20,000 samples are to be delivered by Digger to ALS for analysis using a partial leach analytical technique.

If the performance objectives are not met, the contract expires. There are no penalties or financial commitments associated with not meeting the minimum samples.

On October 15, 2013, ALS and Digger agreed to extend the last full year of the first three year license term whereby no less than 5,000 samples are delivered by Digger to ALS for analysis using a partial leach analytical technique for an additional period ending on October 31, 2014.

14 Changes in non-cash working capital accounts

	January 31, 2014	July 31, 2013
	\$	\$
Operating activities		
Trade and other receivables	(53)	(15)
Trade and other payables	(22,876)	–
	<u>(22,929)</u>	<u>(15)</u>

15 Significant customers

No revenue generated and signed sales contract for the period ended January 31, 2014.

16 Key management compensation

There are no payments made to key management personnel in 2014 (2013: nil) other than options granted as disclosed in note 10.

