

**ORIENT VENTURE CAPITAL INC.**

CONDENSED INTERIM FINANCIAL STATEMENTS

Nine Months Ended December 31, 2011

(Unaudited – Prepared by Management)

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL REPORT**

The accompanying unaudited interim financial report of the Company has been prepared by and is the responsibility of the Company's management. The Company's independent auditor has not performed a review of this financial report in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**ORIENT VENTURE CAPITAL INC.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Unaudited – Prepared by Management)

	Note	December 31, 2011	March 31, 2011	April 1, 2010
<b>ASSETS</b>				
<b>Current assets</b>				
Cash		\$ 22,332	\$ 42,531	\$ 36,195
Prepaid expenses		-	1,400	525
<b>Total assets</b>		<b>\$ 22,332</b>	<b>\$ 43,931</b>	<b>\$ 36,720</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade and other payables	4	\$ 300,897	\$ 291,218	\$ 222,440
Loans payable	5	20,000	20,000	15,000
Loans from related parties	6	90,000	90,000	90,000
<b>Total liabilities</b>		<b>410,897</b>	<b>401,218</b>	<b>327,440</b>
<b>Equity</b>				
Share capital	7	385,471	385,471	385,471
Share-based payments reserve	8	30,018	30,018	30,018
Deficit		(804,054)	(772,776)	(706,209)
<b>Total equity</b>		<b>(388,565)</b>	<b>(357,287)</b>	<b>(290,720)</b>
<b>Total liabilities and equity</b>		<b>\$ 22,332</b>	<b>\$ 43,931</b>	<b>\$ 36,720</b>

Events after the reporting period (Note 13)

The financial statements were authorized for issue by the board of directors on February 28, 2012 and were signed on its behalf by:

“Min Kuang”	Director	“Dwane Brosseau”	Director
_____ Chief Executive Officer		_____ Chief Financial Officer	

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

**ORIENT VENTURE CAPITAL INC.**  
**CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
(Unaudited – Prepared by Management)

	Note	Three Months Ended December 31, 2011	Three Months Ended December 31, 2010	Nine Months Ended December 31, 2011	Nine Months Ended December 31, 2010
<b>EXPENSES</b>					
Accounting and audit		\$ 896	\$ 1,608	\$ 2,992	\$ 7,582
Interest		3,200	2,249	12,010	6,722
Legal		-	2,806	-	14,438
Office and administration		1,361	6,352	4,437	10,097
Transfer agent and filing fees		2,269	757	11,839	6,882
<b>Net and comprehensive loss for the period</b>		(7,726)	(13,772)	(31,278)	(45,721)
<b>Basic and diluted loss per common share</b>	7	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)
<b>Weighted average number of common shares outstanding</b>		4,260,790	4,751,201	4,260,790	4,751,201

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

**ORIENT VENTURE CAPITAL INC.**  
**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
(Unaudited – Prepared by Management)

	Note	Number of Shares	Share capital	Share-based payments reserve	Deficit	Total equity
Balance, April 1, 2010		5,260,790	\$ 385,471	\$ 30,018	\$ (706,209)	\$ (290,720)
Comprehensive loss for the year		-	-	-	(66,567)	(66,567)
Transactions with owners						
Cancellation of escrow shares		(1,000,000)	-	-	-	-
Balance, March 31, 2011		4,260,790	385,471	30,018	(772,776)	(357,287)
Comprehensive loss for the period		-	-	-	(31,278)	(31,278)
Balance, December 31, 2011		4,260,790	\$ 385,471	\$ 30,018	\$ (804,054)	\$ (388,565)

	Note	Number of Shares	Share capital	Share-based payments reserve	Deficit	Total equity
Balance, April 1, 2010		5,260,790	\$ 385,471	\$ 30,018	\$ (706,209)	\$ (290,720)
Comprehensive loss for the period		-	-	-	(45,721)	(45,721)
Transactions with owners						
Cancellation of escrow shares		(1,000,000)	-	-	-	-
Balance, December 31, 2010		4,260,790	\$ 385,471	\$ 30,018	\$ (751,930)	\$ (336,441)

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

**ORIENT VENTURE CAPITAL INC.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
**NINE MONTHS ENDED DECEMBER 31, 2011**  
(Unaudited – Prepared by Management)

	Note	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss for the period		\$ (31,278)	\$ (45,721)
Changes in non-cash working capital items:			
Prepaid expenses		1,400	525
Trade and other payables		9,679	11,235
Net cash used in operating activities		(20,199)	(33,961)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loan from related party		-	5,000
Net cash provided by financing activities		-	5,000
<b>Change in cash during the period</b>		<b>(20,199)</b>	<b>(28,961)</b>
<b>Cash, beginning of the period</b>		<b>42,531</b>	<b>36,195</b>
<b>Cash, end of the period</b>		<b>\$ 22,332</b>	<b>\$ 7,234</b>

**Supplemental cash flow information** (Note 9)

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

## **1. NATURE OF BUSINESS**

Orient Venture Capital Inc. (the "Company") was incorporated on February 27, 2007 under the laws of British Columbia, Canada and maintains its head office at Suite 300, 1055 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2E9. Its registered office is located at Suite 800, 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3H1. The Company's common shares are listed on the NEX board of the TSX Venture Exchange ("TSX-V") under the symbol "OVC.H". As at December 31, 2011, the Company had no business operations and its principal business activity is to identify and evaluate assets, properties or businesses that will meet the TSX-V requirements for re-activation of the Company's listing on the TSX-V.

## **2. BASIS OF PREPARATION**

These condensed interim financial statements of the Company have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company's financial statements for the year ending March 31, 2012 will be the first annual financial statements that comply with IFRS and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied for the interim and annual reporting periods. The impact of the transition from Canadian Generally Accepted Accounting Principles (Canadian GAAP) to IFRS is explained in note 14. These condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* and do not include all of the disclosures required for a complete set of annual financial statements.

### **Basis of measurement**

These condensed interim financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss or available-for-sale, which are stated at their fair values. In addition these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

### **Functional and presentation currency**

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

### **Going concern**

At present, the Company's operations do not generate cash flow. The Company has incurred losses since inception and had an accumulated deficit of \$804,054 as at December 31, 2011. The continuing operations of the Company are dependent upon its ability to raise adequate financing, receive continued financial support from its directors and to commence profitable operations in the future. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Management's plan includes continuing to pursue additional sources of equity financing and identify qualifying business transactions that will meet the re-activation requirements of the TSX-V; however, there is no certainty that future financing and/or acquisition will be successful or available on terms that are acceptable to the Company. Management believes that the directors of the Company will continue to fund the Company's operating requirements for the next 12 months. The directors, after reviewing the current funding requirements and having considered the willingness of its directors to provide funds in the short term, adopt the going concern basis in preparing its interim financial statements.

These condensed interim financial statements do not include adjustments that would be required if going concern is not an appropriate basis for preparation of the financial statements. These adjustments could be material.

## 2. BASIS OF PREPARATION (cont'd...)

### **New accounting pronouncements**

- i) Amendments to IFRS 7 *Financial Instruments: Disclosures* (IFRS 7) have been issued to require additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments are applicable for annual periods beginning on or after July 1, 2011, with early adoption permitted.
- ii) Amendments to IAS 12 *Income Taxes* (IAS 12) have been issued to introduce an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. The amendments are applicable for annual periods beginning on or after January 1, 2012, with early adoption permitted.
- iii) New standard IFRS 9 *Financial Instruments* (IFRS 9) has been issued by IASB to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 has two measurement categories: amortized cost and fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.
- iv) New standard IFRS 13 *Fair Value Measurement* (IFRS 13) has been issued by IASB. IFRS 13 defines fair value and sets out a framework for measuring fair value and disclosures about fair value measurements. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

The Company has not early adopted these revised standards and is currently assessing the impact of these standards on the Company's financial statements.

### **Use of estimates and judgements**

The preparation of the financial statements in accordance with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Significant areas requiring the use of management estimates include:

- (i) The determination of the fair value of stock options or warrants using stock pricing models, require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate; therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.
- (ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.
- (iii) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its exploration projects and working capital requirements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

**2. BASIS OF PREPARATION (cont'd...)**

**Reclassification**

Certain comparative figures have been reclassified to conform to the presentation of the current period financial statements. The Company has also renamed certain line items on the statements of financial position and statements of comprehensive loss as required by IFRS and where it was considered more meaningful and where it provided better comparisons to financial statements of other companies.

- i) Contributed surplus has been renamed as share-based payments reserve.
- ii) Accounts payable and accrued liabilities have been renamed as trade and other payables.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening IFRS statement of financial position at April 1, 2010 for the purposes of the transition to IFRSs.

**Share capital**

The Company records proceeds from issuance of its common shares as equity. Incremental costs directly attributable to the issue of new common shares are shown in equity as a deduction, net of tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that shares are issued.

**Loss per share**

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. The diluted loss per share reflects all dilutive potential common shares equivalents, which comprise outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. All of the stock options and the share purchase warrants were anti-dilutive for the three and nine month periods ended December 31, 2010 and 2011.

**Share-based payments**

Share-based payments to employees and others providing similar services are measured at grant date at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of options expected to vest. The offset to the recorded cost is to share-based payments reserve. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount ultimately recognized as an expense is based on the number of options that eventually vest. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital.

The fair value of the stock options is determined using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), weighted average expected life of the instruments (based on historical experience), expected dividends, and the risk-free interest rate (based on government bonds).

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Financial instruments**

(i) Financial assets

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost less any impairment. The Company's loans and receivables are comprised of cash.

(ii) Financial liabilities

The Company classifies its financial liabilities as other financial liabilities which include trade and other payables, loans payable, and loans from related parties. Other financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(iii) Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired.

*Loans and receivables*

For loans and receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as default or delinquency by a debtor, the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the agreement. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**ORIENT VENTURE CAPITAL INC.**  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
NINE MONTHS ENDED DECEMBER 31, 2011  
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**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Income taxes**

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are measured at the tax rates that have been enacted or substantially enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets also result from unused loss carry forwards and other deductions. Deferred income tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, only to the extent that it is probable that future taxable profit will be available against which they can be utilized.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

**4. TRADE AND OTHER PAYABLES**

The Company's trade and other payables are broken down as follows:

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	December 31, 2011	March 31, 2011	April 1, 2010
Trade payables	\$ 270,649	\$ 264,524	\$ 27,066
Amounts due to related party (Note 10)	10,164	6,132	840
Accrued expenses	800	8,000	3,427
Accrued loan interest (Note 5 & 6)	19,284	12,562	-
	<u>\$ 300,897</u>	<u>\$ 291,218</u>	<u>\$ 31,333</u>

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Trade payables of the Company are principally comprised of amounts outstanding for trade purchases relating to operating activities. The usual credit period on trade purchases is between 30 to 90 days.

**5. LOANS PAYABLE**

During the year ended March 31, 2010, the Company received loans totalling \$20,000 from three non-related individuals. The loans are unsecured, bear interest at 8% per annum and payable on or before the earlier of (1) March 12, 2012 or (2) when the Company completes an equity financing. As at December 31, 2011, the Company has accrued \$2,845 of interests on the loans.

**6. LOANS FROM RELATED PARTIES**

During the year ended March 31, 2010, the Company received a loan of \$77,000 from a company controlled by the Chief Executive Officer ("CEO") of the Company and a loan of \$13,000 from the President of the Company. The loans are unsecured, bear interest at 8% per annum and payable on or before the earlier of (1) October 1, 2012 or (2) when the Company completes an equity financing. As at December 31, 2011, the Company has accrued \$16,439 of interests on the loans.

**ORIENT VENTURE CAPITAL INC.**  
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**7. SHARE CAPITAL**

**Authorized share capital**

The Company has authorized an unlimited number of common shares with no par value and an unlimited number of non-voting, non-participating, non-cumulative preferred shares without par value issuable in series.

**Issued share capital**

As at March 31, 2011 and December 31, 2011, the Company had 4,260,790 common shares issued and outstanding (April 1, 2010 - 5,260,790).

As at April 1, 2010, March 31, 2011, and December 31, 2011, the Company had no preferred shares issued and outstanding.

**Escrow share**

As at December 31, 2011, 40,000 of the outstanding common shares were held in escrow.

**Basic and diluted loss per share**

The calculation of basic and diluted loss per share for the nine month periods ended December 31, 2011 was based on the loss of \$31,278 (2010 - \$45,721), attributable to common shareholders and a weighted average number of common shares outstanding of 4,260,790 (2010 - 4,751,201).

At December 31, 2011, 420,000 stock options (2010 - 420,000) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

**8. SHARE-BASED PAYMENTS**

**Stock options**

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. The exercise price of each option shall not be less than the market price of the Company's stock at the date of grant. The options can be granted for a maximum term of 5 years and vest as determined by the board of directors.

The Company has no stock option transactions during the year ended March 31, 2011 and the nine month period ended December 31, 2011.

The following options to acquire common shares were outstanding at April 1, 2010, March 31, 2011, and December 31, 2011.

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Number of Shares	Exercise Price	Expiry Date
420,000	\$ 0.10	September 4, 2012

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**ORIENT VENTURE CAPITAL INC.**  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
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**9. SUPPLEMENTAL CASH FLOW INFORMATION**

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	2011	2010
Cash paid for income taxes during the period	\$ -	\$ -
Cash paid for interest during the period	\$ -	\$ -

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There were no significant non-cash investing or financing transactions during the nine month periods ended December 31, 2010 and 2011.

**10. RELATED PARTY TRANSACTIONS**

Key management includes directors (executive and non-executive) of the Company. There are no short-term employee benefits and share-based payments paid or payable to key management personnel during the nine month periods ended December 31, 2010 and 2011.

The Company entered into the following related party transactions during the nine month periods ended December 31, 2011:

- a) Incurred office administration fees of \$3,600 (2010 - \$3,600) to a company controlled by the CEO of the Company for administration services provided.
- b) Accrued interest expense of \$5,500 (2010 - \$5,500) on loans from a company controlled by the CEO of the Company and the President of the Company.

These transactions with related parties were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

Included in trade and other payables is \$10,164 (March 31, 2011 - \$6,132, April 1, 2010 - \$840) owing to a company controlled by the CEO of the Company for office administration services rendered to the Company and is unsecured, non-interest bearing, and has no specific terms of repayment.

**11. CAPITAL MANAGEMENT**

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company's objective is met by retaining adequate equity to provide for the possibility that cash flows from assets will not be sufficient to meet future cash flow requirements. The Board of Directors does not establish quantitative return on capital criteria for management. The Company defines capital as the aggregate of total equity, cash and debt. Currently the Company is relying on advance from the directors and officers to continue its operations.

There were no changes in the Company's approach to capital management during nine month periods ended December 31, 2011. The Company is not subject to externally imposed capital requirements.

## 12. FINANCIAL INSTRUMENTS

The Company classified cash as loans and receivables, and trade and other payables, loans payable and loans from related parties as financial liabilities. The carrying amount of financial assets and liabilities carried at amortized cost is a reasonable approximation of fair value due to the relatively short period to maturity of these financial instruments.

### **Fair value**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable. The three levels of the fair value hierarchy are:

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 or indirectly; and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments are measured at amortized cost on the statement of financial position.

### **Financial risk management**

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, interest rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### *Credit risk*

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash and receivables. The credit risk with respect to its cash is minimal as they are held with a high-credit quality financial institution. Management does not expect these counterparties to fail to meet their obligations.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. As at December 31, 2011, the Company had a working capital deficiency of \$388,565. All of the Company's financial liabilities are classified as current. The directors of the Company will continue to provide financial supports to the Company's operations. Management is currently in the process of reviewing potential acquisitions in the mining sector and will arrange financing once an acquisition is proceeded.

The sources of funds provided to the Company in the past two years are through issuance of capital stock and related party advances. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

#### *Interest rate risk*

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions. The interest rate risks on cash are not considered significant due to their short-term nature. Loans payable and loans from related parties bear a fix interest rate at 8% per annum and thus are not subject to interest rate risk.

### **13. EVENT AFTER THE REPORTING PERIOD**

Subsequent to December 31, 2011, the Company entered into a letter of intent (“LOI”) with Virginia Energy Resources Inc. (TSX.V: VAE) (“VAE”) to acquire VAE’s Hawk Ridge copper-nickel-PGM property (the “Hawk Ridge Property”) in Ungava Bay, Quebec (the “Acquisition”). Under the terms of the LOI, the Company will earn a 100% interest in the Hawk Ridge Property, subject to underlying royalty interests, by making staged payments totalling \$2,000,000 in cash and \$1,000,000 in common shares of the Company to VAE by December 31, 2013. In addition, the Company may be required to pay up to \$500,000 in common shares of the Company for the expenses of a geophysical survey.

The Acquisition is intended to constitute the Company’s Qualifying Transaction as defined under the TSX-V Policy 2.4. The Acquisition is subject to a number of conditions, including, but not limited to, completion of a working capital financing of \$200,000, execution of a definitive agreement, the TSX-V approval, the TSX-V acceptance of a National Instrument 43-101 technical report prepared by a qualified independent consultant, and a concurrent financing of \$3,500,000. As the Company is proposed to issue more than 100% of its outstanding common shares in a 12 month period and a new Control Person, as such term is defined by the policies of the TSX-V, may be created, shareholder approval is expected to be required in connection with the Qualifying Transaction.

### **14. TRANSITION TO IFRS**

As result of the Accounting Standards Board of Canada’s decision to adopt IFRS for publicly accountable entities for financial reporting periods beginning on or after January 1, 2011, the Company has adopted IFRS in its financial statements for the year ending March 31, 2012, making them the first annual financial statements of the Company under IFRS. The Company previously applied the available standards under Canadian generally accepted accounting principles (“Canadian GAAP”) that were issued by the Accounting Standards Board of Canada. An explanation of how the transition from Canadian GAAP to IFRS has affected the Company’s financial position and financial performance and cash flows is set out in this note.

The accounting policies set out in note 3 have been applied in preparing these condensed interim financial statements for the period ended December 31, 2011, the comparative information presented in these financial statements for the period ended December 31, 2010 and in the preparation of an opening IFRS balance sheet at April 1, 2010 (the Company’s date of transition).

#### **IFRS initial elections upon adoption**

IFRS 1 *First-time Adoption of International Financial Reporting Standards* generally requires that first-time adopters retrospectively apply all effective IFRS standards and interpretations in effect as at the reporting date. IFRS 1 also provides for certain optional exemptions and certain mandatory exceptions to this general principle. The IFRS 1 applicable exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS are as follows:

i) Share-based payment transactions

The Company has elected under IFRS 1 to not apply IFRS 2 *Share-based Payment* to all stock options that vested before the date of transition. As a result of applying this exemption, the Company has applied the provision of IFRS 2 to all outstanding stock options that were unvested prior to April 1, 2010.

ii) Estimates

The estimates previously made by the Company under Canadian GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. As a result, the Company has not used hindsight to create or revise estimates.

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**14. TRANSITION TO IFRS (cont'd...)**

Adjustments on transition to IFRS

IFRS has many similarities with Canadian GAAP as it is based on a similar conceptual framework. However, there are differences with regard to recognition, measurement and disclosure. While adoption of IFRS did not change the Company's cash flows and statements of comprehensive loss, it resulted in changes to the Company's statements of financial position as set out below:

(a) Share-based payment

The Company has elected under IFRS 1 to apply the provision of IFRS 2 only to all outstanding stock options that were unvested prior to April 1, 2010. The Company had no options that had not vested on the date of transition.

Under Canadian GAAP, the Company's policy was to leave the value recorded for expired, unexercised stock options and warrants to contributed surplus. On transition to IFRS the Company elected to change its accounting policy for the treatment of share-based payments whereby amounts recorded for cancelled or expired unexercised stock options are transferred to deficit. The change has resulted \$6,956 being transferred from contributed surplus to deficit on the date of transition. No options were cancelled or expired during the three and nine months ended December 31, 2010 and during the year ended March 31, 2011.

The above noted changes have only resulted changes to the Company's equity and reconciliations of equity has been provided for the dates noted below.

**ORIENT VENTURE CAPITAL INC.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**NINE MONTHS ENDED DECEMBER 31, 2011**  
(Unaudited – Prepared by Management)

**14. TRANSITION TO IFRS (cont'd...)**

A reconciliation of equity as at April 1, 2010 reported under the Canadian GAAP to equity under IFRS is as follows:

	Note	Number of Shares	Share capital	Share-based payments reserve	Deficit	Total equity
Balance, April 1, 2010 – Canadian GAAP		5,260,790	\$ 385,471	\$ 36,974	\$ (713,165)	\$ (290,720)
Net change	14(a)	-	-	(6,956)	6,956	-
<b>Balance, April 1, 2010 – IFRS</b>		<b>5,260,790</b>	<b>\$ 385,471</b>	<b>\$ 30,018</b>	<b>\$ (706,209)</b>	<b>\$ (290,720)</b>

A reconciliation of equity as at December 31, 2010 reported under the Canadian GAAP to equity under IFRS is as follows:

	Note	Number of Shares	Share capital	Share-based payments reserve	Deficit	Total equity
Balance, December 31, 2010 – Canadian GAAP		4,260,790	\$ 385,471	\$ 36,974	\$ (758,886)	\$ (336,441)
Net change	14(a)	-	-	(6,956)	6,956	-
<b>Balance, December 31, 2010 – IFRS</b>		<b>4,260,790</b>	<b>\$ 385,471</b>	<b>\$ 30,018</b>	<b>\$ (751,930)</b>	<b>\$ (336,441)</b>

**ORIENT VENTURE CAPITAL INC.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**NINE MONTHS ENDED DECEMBER 31, 2011**  
(Unaudited – Prepared by Management)

**14. TRANSITION TO IFRS (cont'd...)**

A reconciliation of equity as at March 31, 2011 reported under the Canadian GAAP to equity under IFRS is as follows:

	Note	Number of Shares	Share capital	Share-based payments reserve	Deficit	Total equity
Balance, March 31, 2011 – Canadian GAAP		4,260,790	\$ 385,471	\$ 36,974	\$ (779,732)	\$ (357,287)
Net change	14(a)	-	-	(6,956)	6,956	-
<b>Balance, March 31, 2011 – IFRS</b>		<b>4,260,790</b>	<b>\$ 385,471</b>	<b>\$ 30,018</b>	<b>\$ (772,776)</b>	<b>\$ (357,287)</b>

Reconciliation of statements of comprehensive loss and statements of cash flow

Management has determined that adoption of IFRS has not resulted in changes to the Company's statements of comprehensive loss for the year ended March 31, 2011 and for the three and nine month period ended December 31, 2010, and to the net cash flows for the nine month period ended December 31, 2010 and for the year ended March 31, 2011 reported under the Canadian GAAP. Thus, no reconciliations have been presented.