

Chantrell Ventures Corp.

UNAUDITED INTERIM FINANCIAL STATEMENTS

For the three and six month periods ended
June 30, 2014 and 2013

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim financial statements of Chantrell Ventures Corp. are the responsibility of the management and Board of Directors of the Company.

The unaudited interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the unaudited interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Paul A. Parisotto,
President, CEO and CFO

NOTICE TO READER

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim financial statements for the three and six month periods ended June 30, 2014 and 2013 have not been reviewed by the Company's auditors.

CHANTRELL VENTURES CORP.**UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian dollars)

| As at, | June 30, 2014 | December 31, 2013 |
|--|----------------------|--------------------------|
| Assets | | (Audited) |
| Current | | |
| Cash and cash equivalents (Note 4) | \$ 442,787 | \$ 510,522 |
| Trade and other receivables (Note 5) | 4,038 | 3,795 |
| Prepaid expenses and deposits | 3,177 | 8,349 |
| | 450,002 | 522,666 |
| Equipment (Note 6) | 13,770 | 15,300 |
| | \$ 463,772 | \$ 537,966 |
| LIABILITIES | | |
| Current | | |
| Trade and other payables (Note 7 and 8) | \$ 9,457 | \$ 6,726 |
| | 9,457 | 6,726 |
| EQUITY | | |
| Share capital (Note 9 (a)) | 2,563,000 | 2,563,000 |
| Reserve for warrants (Note 10) | 50,000 | 50,000 |
| Reserve for share based payments (Note 11) | 2,043,884 | 2,043,884 |
| Deficit | (4,202,569) | (4,125,644) |
| | 454,315 | 531,240 |
| | \$ 463,772 | \$ 537,966 |

Nature of Operations and Going Concern (Note 1)

Approved on behalf of the Board on July 15, 2014:

"Paul A. Parisotto" Director"Lorie Waisberg" Director*The accompanying notes are an integral part of these unaudited interim financial statements*

CHANTRELL VENTURES CORP.

UNAUDITED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian dollars)

| | Three months ended June 30, 2014 | Three months ended June 30, 2013 | Six months ended June 30, 2014 | Six months ended June 30, 2013 |
|---|---|---|---|--------------------------------------|
| Expenses | | | | |
| Management and consulting fees (Note 6) | \$ 17,000 | \$ 17,833 | \$ 34,000 | \$ 53,583 |
| Professional fees | 10,200 | 11,595 | 18,000 | 17,595 |
| Shareholder information | 5,239 | 5,998 | 7,611 | 12,496 |
| Office and miscellaneous | 7,208 | 8,619 | 15,784 | 21,901 |
| Depreciation (Note 4) | 765 | 956 | 1,530 | 1,912 |
| Net loss and comprehensive loss for the period | \$ 40,412 | \$ 45,001 | \$ 76,925 | \$ 107,487 |
| Loss per share | | | | |
| Basic and diluted | \$ (0.00) | \$ (0.00) | \$ (0.00) | \$ (0.01) |
| Weighted average number of common shares outstanding | | | | |
| Basic and diluted | 18,611,857 | 18,611,857 | 18,611,857 | 18,611,857 |

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

CHANTRELL VENTURES CORP.

UNAUDITED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian dollars)

| | Share Capital | | Reserves | | | Total |
|--|-------------------|---------------------|----------------------|------------------|-----------------------|-------------------|
| | Number of Shares | Amount | Share based payments | Warrants | Deficit | |
| Balance at December 31, 2012 | 18,611,857 | \$ 2,563,000 | \$ 2,043,884 | \$ 50,000 | \$ (3,949,955) | \$ 706,929 |
| Total comprehensive loss for the year | - | - | - | - | (175,689) | (175,689) |
| Balance at December 31, 2013 | 18,611,857 | \$ 2,563,000 | \$ 2,043,884 | \$ 50,000 | \$ (4,125,644) | \$ 531,240 |
| Total comprehensive loss for the period | - | - | - | - | (76,925) | (76,925) |
| Balance at June 30, 2014 | 18,611,857 | \$ 2,563,000 | \$ 2,043,884 | \$ 50,000 | \$ (4,202,569) | \$ 454,315 |
| Balance at December 31, 2012 | 18,611,857 | \$ 2,563,000 | \$ 2,043,884 | \$ 50,000 | \$ (3,949,955) | \$ 706,929 |
| Total comprehensive loss for the period | - | - | - | - | (107,487) | (107,487) |
| Balance at June 30, 2013 | 18,611,857 | \$ 2,563,000 | \$ 2,043,884 | \$ 50,000 | \$ (4,057,442) | \$ 599,442 |

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

CHANTRELL VENTURES CORP.**UNAUDITED INTERIM STATEMENTS OF CASH FLOWS**

(Expressed in Canadian dollars)

| <i>For the six month periods ended June 30,</i> | 2014 | 2013 |
|---|-------------------|-------------------|
| Cash flows used in operating activities | | |
| Net loss for the period | \$ (76,925) | \$ (107,487) |
| Add items not affecting cash: | | |
| Depreciation | 1,530 | 1,912 |
| Changes in non-cash working capital balances: | | |
| Trade and other receivables | (243) | 5,682 |
| Prepaid expenses and deposits | 5,172 | 4,418 |
| Trade and other payables | 2,731 | 4,509 |
| Cash flows used in operating activities | (67,735) | (90,966) |
| Decrease in cash and cash equivalents | (67,735) | (90,966) |
| Cash and cash equivalents, beginning of period | 510,522 | 676,715 |
| Cash and cash equivalents, end of period | \$ 442,787 | \$ 585,749 |

SUPPLEMENTAL CASH FLOW INFORMATION

| | | |
|-------------------|----------|----------|
| Interest received | \$ 2,866 | \$ 3,413 |
| Income tax paid | \$ - | \$ - |

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

CHANTRELL VENTURES CORP.
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2014 and 2013
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN CONSIDERATIONS

Chantrell Ventures Corp. (the "Company") is a public company incorporated under the laws of the Province of Alberta and continued into the Province of British Columbia under the Business Corporations Act on July 29, 2004. The Company's head office is located at 145 King St. W., Suite 2870, Toronto, ON, M5H 1J8.

As at June 30, 2014, the Company had working capital of \$440,545 (December 31, 2013 – \$515,940), had not yet achieved profitable operations, had accumulated losses of \$4,202,569 (December 31, 2013 - \$4,125,644) and expects to incur further losses in the development of its business, all of which casts doubt upon the Company's ability to continue as a going concern. The Company is looking to acquire exploration and development assets. The application of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and obtain necessary financing to do so.

Management believes the Company has sufficient funds to cover planned operations throughout the next twelve month period. However, management may secure additional financing through the issue of new equity, among other things. Nevertheless, there is no assurance that these initiatives will be successful.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The business of mining and exploring for minerals involves a high degree of risk and there is no guarantee that the Company's exploration programs will yield positive results or that the Company will be able to obtain the necessary financing to carry out the exploration and development of its mineral property interests.

Management believes the going concern assumption to be appropriate for these financial statements. If the going concern assumption was not appropriate, adjustments might be necessary to the carrying value of the assets and liabilities, reported revenues and expenses, and the statement of financial position classifications used in the financial statements.

2. BASIS OF PRESENTATION

2.1 Statement of compliance and presentation

These unaudited interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These unaudited interim financial statements were approved and authorized by the Board of Directors of the Company on July 15, 2014.

These unaudited interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2012 annual financial statements. Management advises readers of these unaudited interim financial statements to review the audited financial statements and accompanying notes as at December 31, 2012 in conjunction with the review of these statements.

2. BASIS OF PRESENTATION (*continued*)

2.2 Future accounting policies and standards adopted

Future accounting policies

At the date of authorization of these unaudited interim financial statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted these standards, amendments and interpretations. However, the Company is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Company.

- IFRS 9, 'Financial instruments', effective for annual periods beginning on or after January 1, 2018, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

Standards adopted

At January 1, 2014, the Company adopted the following pronouncements and there was no impact on the Company's financial statements:

- IAS 32 '*Financial instruments, Presentation*' – is effective for annual periods beginning on or after January 1, 2014, with earlier adoption permitted. IAS 32 was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments also clarify that the right of offset must be available on the current date and cannot be contingent on a future date.
- IAS 36 – Impairments of Assets ("IAS 36") was amended by the IASB in May 2013 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount.
- IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39") was amended by the IASB in June 2013 to clarify that novation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations does not terminate hedge accounting.
- IFRIC 21 – Levies ("IFRIC 21") was issued in May 2013. IFRIC 21 provides guidance on the accounting for levies within the scope of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"). IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2014 and 2013
(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION *(continued)*

2.3 Use of management estimates, judgments and measurement uncertainty

The preparation of these financial statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the financial statements. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to recoverability of trade and other receivables, valuation of deferred income tax amounts and the calculation of share-based payments. Significant estimates and judgments made by management in the preparation of these financial statements are outlined below:

Income taxes

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company and its subsidiaries operate are subject to change and interpretation. As such, income taxes are subject to measurement uncertainty. The Company follows the liability method for calculating deferred taxes. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to the expectations of future cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the deferred tax assets and liabilities recorded at the statement of financial position date could be impacted. Additionally, changes in tax laws could limit the ability of the Company to obtain tax deductions in the future.

3. CAPITAL MANAGEMENT

The Company's objectives in managing its capital are: to maintain adequate levels of funding to support its expenditures arising from the Company's activities; to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its properties; to maintain a flexible capital structure for its projects for the benefit of its stakeholders; to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company considers its capital to be equity, which is comprised of share capital, reserve accounts, and deficit, which as at June 30, 2014 totaled \$454,315 (December 31, 2013 – \$531,240).

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company currently has no major sources of revenue; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will continue to assess its existing working capital position and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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3. CAPITAL MANAGEMENT

The Company's investment policy is to invest its cash in bank deposits, to ensure it is available for upcoming expenditures. The Company expects its capital resources will be sufficient to carry out its acquisition and exploration plans and operations through its current operating period. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company.

There were no changes in the Company's approach to capital management during the six month period ended June 30, 2014. The Company is not subject to externally imposed capital requirements.

4. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents at June 30, 2014, consisted of \$4,086 (December 31, 2013 - \$8,241) on deposit with major Canadian financial institutions in Canada and \$438,701 (December 31, 2013 - \$502,281) in short-term guaranteed investment certificates and fixed instruments with maturities of less than 90 days.

5. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables arise primarily from harmonized services tax ("HST") receivable due from government taxation authorities. Receivables are broken down as follows:

| | As at, | |
|--|--------------------------|----------------------|
| | June 30, 2014 | December 31, 2013 |
| | \$ | \$ |
| HST receivable | 4,038 | 3,795 |
| Total Trade and Other Receivables | 4,038 | 3,795 |

Below is an aged analysis of the Company's trade and other receivables:

| | As at, | |
|--|--------------------------|----------------------|
| | June 30, 2014 | December 31, 2013 |
| | \$ | \$ |
| Less than 1 month | 4,038 | 3,795 |
| Total Trade and Other Receivables | 4,038 | 3,795 |

At June 30, 2014, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the receivables is further discussed in Note 12.

The Company holds no collateral for any receivable amounts outstanding as at June 30, 2014.

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6. EQUIPMENT

| | Office, furniture and fixtures |
|--|-----------------------------------|
| Cost | |
| As at December 31, 2013 and June 30, 2014 | \$ 25,164 |
| Accumulated depreciation | |
| As at January 1, 2013 | \$ 6,039 |
| Depreciation | 3,825 |
| As at December 31, 2013 | \$ 9,864 |
| Depreciation | 1,570 |
| As at June 30, 2014 | \$ 11,394 |
| Net book value | |
| As at December 31, 2013 | \$ 15,300 |
| As at June 30, 2014 | \$ 13,770 |

7. TRADE AND OTHER PAYABLES

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

The following is an aged analysis of the trade and other payables:

| | As at, | |
|---------------------------------------|------------------|----------------------|
| | June 30, 2014 | December 31, 2013 |
| | \$ | \$ |
| Less than 1 month | 9,457 | 6,726 |
| Total Trade and Other Payables | 9,457 | 6,726 |

8. RELATED PARTY TRANSACTIONS

Certain corporate entities and consultants that are related to the Company's officers and directors or persons holding more than 10% of the issued and outstanding shares of the Company provide consulting and other services to Chantrell. All transactions were conducted in the normal course of operations and are measured at the exchange amounts.

As at June 30, 2014, the Company had \$Nil (December 31, 2013 - \$Nil) in trade and other payables due to a company controlled by an officer and director of the Company.

9. SHARE CAPITAL

(a) Authorized – Unlimited Common shares without par value
Unlimited Preferred shares without par value

The issued and outstanding share capital is as follows:

| Common shares | Number of Shares | Amount |
|---|---------------------|---------------------|
| Balance, December 31, 2013 and June 30, 2014 | 18,611,857 | \$ 2,563,000 |

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
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9. SHARE CAPITAL *(continued)*

(b) Options

The Company has a stock option plan (the "Plan") under which the directors of the Company may grant options to acquire common shares of the Company to directors and officers, employees, and consultants of the Company. Exercise prices cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years. The options vest immediately unless otherwise specified. The maximum aggregate number of common shares under options any time under the Plan cannot exceed 10% of the issued shares. As at June 30, 2014, the Company had 351,186 (December 31, 2013 – 1,186) options available for issuance under the plan. Continuity of the options outstanding to purchase common shares is as follows:

| As at, | June 30, 2014 | | December 31, 2013 | |
|--|---|-------------------|---|-------------------|
| | Weighted Average Exercise Price (\$) | No. of Options | Weighted Average Exercise Price (\$) | No. of Options |
| Outstanding at beginning of period/year | 0.74 | 1,510,000 | 0.73 | 1,860,00 |
| Expired during the period/year | - | - | 0.68 | (350,000) |
| Outstanding at end of period/year | 0.74 | 1,510,000 | 0.74 | 1,510,00 |

The following summarizes information on stock options outstanding at June 30, 2014.

| Range of Exercise Prices (\$) | No. of Options Outstanding | Weighted Average Remaining Life (Years) | Weighted Average Exercise Price (\$) |
|-------------------------------------|----------------------------------|--|---|
| 0.44 | 700,000 | 1.42 | 0.44 |
| 1.00 | 810,000 | 1.66 | 1.00 |
| 0.44 – 1.00 | 1,510,000 | 1.55 | 0.74 |

10. RESERVE FOR WARRANTS

Reserve for warrants is comprised of the following:

| | June 30, 2014 | December 31, 2013 |
|---------------------------------------|------------------|----------------------|
| Balance, beginning of the period/year | \$ 50,000 | \$ 50,000 |
| Balance, end of period/year | \$ 50,000 | \$ 50,000 |

11. RESERVE FOR SHARE BASED PAYMENTS

Reserve for share based payments is comprised of the following:

| | June 30, 2014 | December 31, 2013 |
|---------------------------------------|------------------|----------------------|
| Balance, beginning of the period/year | \$ 2,043,884 | \$ 2,043,884 |
| Balance, end of period/year | \$ 2,043,884 | \$ 2,043,884 |

12. FINANCIAL INSTRUMENTS

Fair value

The Company's financial instruments as at June 30, 2014 include cash and cash equivalents, trade and other receivables, and trade and other payables. Fair value of cash and cash equivalents is determined based on transaction value and is categorized as Level 1 measurement. Fair value of trade and other receivable and trade and other payables are determined from transaction values which were derived from observable market inputs. Fair values of these financial instruments are based on Level 2 measurements. The Company records its financial instruments at their carrying amounts which approximates fair value, unless otherwise disclosed in the financial statements. The carrying amounts approximate fair values due to the short-term maturities of these financial instruments.

- Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level two includes inputs that are observable other than quoted prices included in level one.
- Level three includes inputs that are not based on observable market data.

As at June 30, 2014, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these investments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Interest rate risk

The Company's cash and cash equivalents include bank deposits that are subject to floating interest rates. The Company's current policy is to invest excess cash in bank deposits by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is primarily attributable to cash and trade and other receivables included in current assets. The Company has no material concentration of credit risk arising from operations. Cash and cash equivalents consist of bank deposits and guaranteed investment certificates, from which, management believes the risk of loss is remote. As at June 30, 2014, the Company's trade and other receivables primarily consist of amounts due from the Canadian government. The Company's receivables are normally collected within a 30-60 day period. The Company has not experienced any collection issues to June 30, 2014. The Company is exposed to credit risk with regards to the government denying the Company claims filed.

The Company's maximum exposure to credit risk as at June 30, 2014 is the carrying value of cash and cash equivalents and trade and other receivables.

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12. FINANCIAL INSTRUMENTS *(continued)*

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2014, the Company had working capital of \$440,545 (December 31, 2013 – \$515,940), consisting of current assets of \$450,002 (December 31, 2013 - \$515,940) compared to current liabilities of \$9,457 (December 31, 2013 - \$6,726). The ability of the Company to continue to pursue its activities and continue as a going concern is dependent on its ability to secure additional equity or other financing. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.