Vela Minerals Ltd.

Condensed interim financial statements

For the three months ended January 31, 2013 and 2012

(Unaudited)
(Expressed in Canadian Dollars)

Vela Minerals Ltd.
Condensed Interim Statement of Financial Position
(Unaudited)

As at	January 31, 2013	October 31, 2012 (audited)
Assets		
Current		
Cash and cash equivalents	$ 507,978	$ 561,467
Harmonized sales tax receivable	15,354	11,825
Mineral exploration tax credit receivable (note 6 & 7)	33,687	33,687
Prepayments	52,857	40,000
	609,876	646,979
Exploration and evaluation properties (note 7)	183,796	183,796
	$ 793,672	$ 830,775
Liabilities		
Current		
Trade and other accounts payable	$ 20,171	$ 25,191
Provision for obligation under purchase option agreement (note 8)	-	-
	20,171	25,191
Shareholders' equity		
Share capital (note 9)	870,641	870,641
Share option reserve	171,923	148,523
Deficit	(269,063)	(213,580)
	773,501	805,854
	$ 793,672	$ 830,775

Going concern (note 2)

Approved by the Board of Directors:

"John McCaffrey" Director   *"Charles Chebry"* Director

Vela Minerals Ltd.

Condensed Interim Statements of Loss and Comprehensive Loss

(Unaudited)

	For the three months ended January 31, 2013	For the three months ended January 31, 2012
Expenses		
Management fees (note 10)	$ 12,000	$ -
Professional fees	8,318	11,238
Investor relations	8,889	-
Office and administration	2,876	1,021
Share based payments (note 9)	23,400	63,000
Net loss and comprehensive loss for the period	$ (55,483)	$ (75,259)
Weighted average number of shares outstanding	10,199,711	4,701,087
Basic and diluted net loss per common share	$ (0.01)	$ (0.02)

See accompanying notes to the unaudited condensed interim financial statements

Vela Minerals Ltd.

Condensed Interim Statements of Changes in Equity

	Common Shares		Share Option Reserve	Deficit	Total Equity
	Number of Shares	Amount			
Balance as at October 31, 2011 (audited)	4,000,000	$ 165,000	$ 35,000	$ (46,568)	$ 153,432
Common shares issued for cash (note 9)	1,000,000	100,000	-	-	100,000
Cost of share issuance (note 9)	-	(27,500)	-	-	
Share based payments (note 9)	-	-	63,000	-	63,000
Net loss for the period	-	-	-	(75,259)	(75,259)
Balance as at January 31, 2012 (unaudited)	5,000,000	$ 237,500	$ 98,000	$ (121,827)	$ 241,173
Balance as at October 31, 2012 (audited)	10,199,711	$ 870,641	$ 148,523	$ (213,580)	$ 805,584
Share based payments (note 9)	-	-	23,400	-	23,400
Net loss for the period	-	-	-	(55,483)	(55,483)
Balance as at January 31, 2013 (unaudited)	10,199,711	$ 870,641	$ 171,923	$ (269,063)	$ 773,501

See accompanying notes to the unaudited condensed interim financial statements

Vela Minerals Ltd.

Condensed Interim Statements of Cash Flows

(Unaudited)

	For the three months ended January 31, 2013	For the three months ended January 31, 2012
Cash and cash equivalents provided by (used in)		
Operating activities		
Net loss for the period	$ (55,483)	$ (75,259)
Items not involving cash		
Share based payments (note 9)	23,400	63,000
Change in non-cash working capital items		
Harmonized sales tax receivable	(3,529)	7,530
Prepayments	(12,857)	-
Trade and other accounts payable	(5,020)	(6,268)
	(53,489)	(10,997)
Investing activities		
Expenditures on exploration and evaluation properties, net of recoveries (note 7)	-	(16,156)
	-	(16,156)
Financing activities		
Common shares issued for cash (note 9)	-	100,000
Share issuance costs	-	(27,500)
	-	72,500
Increase (decrease) in cash and cash equivalents	(53,489)	45,347
Cash and cash equivalents - beginning of period	561,467	18,225
Cash and cash equivalents - end of period	$ 507,978	$ 63,572
Cash and cash equivalents consist of cash amounts on deposit	$ 507,978	$ 63,572

See accompanying notes to the unaudited condensed interim financial statements

1. Description of business

Vela Minerals Ltd. ("the Company") was incorporated in Canada with limited liability under the legislation of the Province of British Columbia on May 19, 2011. The registered and records office is located at 910 – 475 Howe Street, Vancouver, British Columbia, V6B 2B3.

The Company is in the business of acquiring and exploring mineral properties. The Company has not yet determined whether its properties contain mineral reserves that are economically recoverable. The Company's plans are to carry out active exploration efforts on its mineral properties. The recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to conduct operations, and ultimately upon future profitable production or proceeds from disposition of the mineral properties.

The Company's common shares trade on the TSX Venture Exchange under the symbol "VLA".

2. Going concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern.

The Company's ability to continue to meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and on securing additional financing. There is, however, no assurance that any such initiatives will be sufficient and, as a result, there is significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

3. Basis of presentation

Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with IAS 34, "*Interim Financial Reporting"* using accounting principles consistent with IFRS as published by the IASB and the International Financial Reporting Interpretations Committee (IFRIC). These unaudited condensed interim financial statements, do not include all disclosure required by IFRS for annual financial statements and accordingly should be read in conjunction with the Company's audited annual financial statements for the year ended October 31, 2012.

Basis of measurement

The unaudited condensed interim financial statements have been prepared on the historical cost basis as set out in the accounting policies referred to below, except for the measurement of financial instruments at fair value through profit or loss.

Functional and presentation currency

The Company`s unaudited condensed interim financial statements are presented in its functional currency, Canadian dollars (“$”).

Use of estimates and judgments

The preparation of the Company’s unaudited condensed interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

- Judgments

  Exploration and evaluation properties: The Company is required to make significant judgments regarding the capitalization of exploration and evaluation properties expenditures. The Company is also required to make significant judgments on the ongoing feasibility of mineral exploration, and whether there are indicators that the right to explore the specific area has or will expire, that further exploration and evaluation plans have changed, or whether development of a specific area is unlikely to recover existing exploration and evaluation property costs. If any of these indicators are present, management would need to assess whether the exploration and evaluation properties should be impaired.

- Estimates *and* assumptions*:*

  Provision for obligation under purchase option agreement: The Company recognizes provisions for an obligation under purchase option agreement to the extent that the Company has a present obligation (legal or constructive) as a result of a past event, if it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

  Share-based payments: Share-based payments are determined using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and is expensed to the statement of loss and comprehensive loss over each award’s vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

  Deferred taxes: The Company recognizes the deferred tax benefit related to deferred losses and resource tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions from deferred income and resource tax assets.

The Company recognizes deferred tax liabilities when there are taxable temporary differences that will reverse and result in a future outflow of funds to a taxation authority. The Company records a provision for the amount that is expected to be settled, which requires the application of judgment as to the ultimate outcome. Deferred tax liabilities could be impacted by changes in the Company's estimate of the likelihood of a future outflow, the expected settlement amount, and future changes in tax laws.

4. Significant accounting policies

The accounting policies applied in preparation of the unaudited condensed interim financial statements are consistent with those applied and disclosed in the Company's annual financial statements for the year ended October 31, 2012.

5. Accounting standards issued but not yet effective

The IASB has issued a number of new standards, amendments to standards and interpretations that are not yet effective as of January 31, 2013, and have not been applied in preparing these statements. The Company is currently assessing the impact of these new standards; however it anticipates that these new standards will not have a material impact on the Company's unaudited condensed interim financial statements.

New standard IFRS 9 "Financial Instruments"
This new standard is a partial replacement of International Accounting Standards ("IAS") 39 "Financial Instruments: Recognition and Measurement". This new standard is effective for annual periods beginning on or after January 1, 2015.

The standard simplifies existing standards for the recognition and measurement of financial instruments. All financial instruments would be classified into one of two basic categories; those measured at amortized cost or those measured at fair value. The classifications would be based on both the characteristics of the instrument and the business model under which it is managed.

New standard IFRS 11 "Joint Arrangements"
This new standard provides for a more substance based reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Ventures. IAS 28 Investments in Associates and Joint Ventures (revised 2011) has been amended to conform to changes based on the issuance of IFRS 10 and IFRS 11. The standard is effective for annual periods beginning on or after January 1, 2013.

New standard IFRS 13 "Fair Value Measurement"
The new standard defines fair value, provides guidance on its determination, and requires disclosures about fair value measurements. This changes how fair value is calculated with a focus on measuring a market based exit price. This combination of IFRS and US Generally Accepted Accounting Principles into a single source does not change how the fair value is used with respect to the items that should be measured or disclosed at fair value. IFRS 13 is effective for annual periods beginning January 1, 2013.

6. Mineral exploration tax credits

Qualifying exploration expenditures in British Columbia are subject to a 20% refundable provincial tax credit provided that these costs are not incurred by the Company to meet an expenditure obligation arising pursuant to an agreement to issue flow-through shares. In addition, costs incurred on the Company's Rossland property are subject to an additional 10% refundable tax credit because the Company's properties are located within an area prescribed by the British Columbia government as being significantly impacted by the Mountain Pine Beetle. There has been no additional qualifying exploration expenditure incurred during the current year. Qualifying exploration expenditures incurred for the period ended October 31, 2012 of $1,156 (2011 - $111,134) that resulted in mineral tax credits of $347 (2011 - $33,340) have reduced the accumulated capitalized balance for the mineral properties.

7. Exploration and evaluation properties

		Rossland
Balance as at October 31, 2011	$	149,237
Additions:		
Additional option payment in shares		18,750
Assaying & petrographic		1,156
Geological consulting		15,000
Mineral tax credits (note 6)		(347)
Balance as at October 31, 2012	$	183,796
Additions:		-
Balance as at January 31, 2013	$	183,796

Rossland property

On June 30, 2011, the Company signed an option agreement to acquire a 100% interest in certain mineral claims located in the Trail and Rossland area of southern British Columbia. Under the terms of the Purchase Option Agreement, the Company paid cash consideration of $20,000 with an additional $50,000 which was paid upon listing on the TSX Venture exchange (the "Exchange"). The Company will also issue an aggregate of 500,000 shares in the Company pursuant to the option agreement in four tranches of 125,000 shares each over a one year period which began with the date of listing. During the year ended October 31, 2012, the Company made cash payments of $50,000 and also issued 125,000 shares with a value of $18,750 (2011 - $20,000 cash payment) to the vendor of the Rossland property upon listing of the Company on the Exchange on October 24, 2012.

8. Provision for obligation under purchase option agreement

The Company's purchase option agreement discussed in note 7 is comprised of both an obligation to pay cash and issue shares of the Company to the vendor of the Rossland property in order to retain the option to purchase the property. The Company can forfeit this option at any time by ceasing to make cash payments or issue shares. As the Company has the ability to forfeit the purchase option at any time and as the remaining share issuances are not due until subsequent periods, no provision was recorded for the remaining share issuances.

Additionally, the Company agrees to pay a royalty in an amount equal to 2% of net proceeds on all minerals produced from the Rossland property and sold by the Company. The Company has the option to purchase the royalty at any time by making a payment of cash equal to $2,000,000. As there has been no minerals produced and sold by the Company from the property, no royalty amounts are payable and thus no provision has been recognized.

9. Share capital

Authorized

Unlimited number of common shares

Issued

Shares issued and outstanding as at January 31, 2013 are 10,199,711 (October 31, 2012 – 10,199,711). There were no share transactions during the three months ended January 31, 2013.

The following share transactions occurred during the year ended October 31, 2012:
On October 22, 2012, the Company completed its initial public offering (the “Offering”) through its agent, Macquarie Private Wealth Inc. (the “Agent”), of 5,074,711 common shares at a price of $0.15 per common share for gross proceeds of $761,207. The Company paid the Agent a commission of $68,509 which is equal to 9% of the gross proceeds of the Offering. The Agent was also paid a corporate finance fee of $25,000 plus applicable taxes for its services in connection with the Offering. The Agent was also issued 507,471 options to acquire up to 507,471 common shares for a two year period following listing on the TSX Venture exchange expiring October 24, 2014.

Pursuant to the purchase option agreement (note 7), the Company issued 125,000 common shares upon completion of the Offering and expects to issue an additional 375,000 common shares over a one year period.

In November and December, 2011, the company issued a total of 1,000,000 common shares through private placement for gross proceeds of $100,000 at a price of $0.10 per common share.

Shares held in escrow

4,050,000 common shares are subject to escrow as at January 31, 2013. Pursuant to the underlying escrow agreements, 10% of the shares under escrow were released upon listing on the exchange on October 24, 2012 and thereafter, 15% will be released every six months.

Share based compensation

Pursuant to a stock option plan (the “Plan”) for directors, officers, employees and consultants, the Company may reserve a maximum of 10% of the issued and outstanding listed common shares, the exercise price to be determined on the date of issuance of the options. The options are non-transferable and will expire, if not exercised, 30 days following the date the optionee ceases to be a director, officer, employee or consultant of the Company for reasons other than death, one year after the death of an optionee or on the final anniversary of the date the option was granted which concludes the option term. Options granted under the plan may not exceed ten years and vest at the discretion of the board of directors, and shall not be exercisable at less than the price determined by policy or policies of the stock exchange(s) on which the Company’s common shares are then listed. Notwithstanding the foregoing, Options issued to Consultants performing Investor Relations Activities shall vest over 12 months with no more than 25% of the Options vesting in any three month period. Occasionally, the Company issues stock options to agents which do not fall under the plan.

The fair value of the 260,000 stock options granted to two new directors in the three months ended January 31, 2013 was $23,400 and was estimated on the date of grant using the Black-Scholes Option Pricing Model, with the following assumptions:

	Three months ended January 31, 2013	**Year ended October 31, 2012**
Strike price	$ 0.175	$ 0.15
Stock price	$ 0.175	$ 0.10 - $ 0.15
Risk free interest rate	1.43%	1.40% - 1.46%
Expected option life	5 Years	5 Years
Expected stock price volatility	80%	80%
Dividend payments during life of option	Nil	Nil
Expected forfeiture rate	Nil	Nil

The expected life is based on current expectations. The expected volatility reflects management's assumption of expected volatility over the life of the option.

During the year ended October 31, 2012, the Company granted options to purchase up to 1,200,000 shares of the Company's stock to directors and officers with an exercise price of $0.15. These options expire five years from the date the Company became listed on the TSX-V Exchange. The Company used the Black-Scholes Option Pricing Model to estimate a fair value of $78,000 for these grants.

Option pricing models require the input of highly speculative assumptions, including the expected future price volatility of the Company's shares. Changes in these assumptions can materially affect the fair value estimate and, therefore, existing models do not necessarily provide a reliable single measure of the fair value of the Company's share options.

The following table summarizes activity related to stock options

	Options	Exercise Price
Issued	1,200,000	$ 0.15
Cancelled *	(450,000)	0.15
October 31, 2012	750,000	$ 0.15
Issued	260,000	0.175
Expired	(150,000)	0.15
January 31, 2013	860,000	$ 0.16

* On July 11, 2012 the number of options granted to officers and directors was reduced from 1,050,000 to 1,000,000 following a reduction in the number of shares being offered in the Offering. On August 14, 2012, the number of stock options granted was further reduced to 600,000.

The Company had the following stock options outstanding:

January 31, 2013				**October 31, 2012**			
Number of options	**Weighted average exercise price**	**Year of expiry**	**Weighted average remaining contractual life (years)**	**Number of options**	**Weighted average exercise price**	**Year of expiry**	**Weighted average remaining contractual life (years)**
600,000	$ 0.15	2017	4.73	750,000	$ 0.15	2017	4.98
260,000	$ 0.175	2018	4.92	-	-	-	-
860,000	$ 0.16		4.79	750,000	$ 0.15		4.98

Agent Options

The fair value of the Agent options granted in the year ended October 31, 2012 of $35,523 was estimated on the date of grant using the Black-Scholes Option Pricing Model with the following assumptions:

	Three months ended January 31, 2013	Year ended October 31, 2012
Strike price	n/a	$ 0.15
Stock price	n/a	$ 0.15
Risk free interest rate	n/a	1.12%
Expected option life	n/a	2 Years
Expected stock price volatility	n/a	80%
Dividend payments during life of option	n/a	Nil
Expected forfeiture rate	n/a	Nil

The expected life is based on current expectations. The expected volatility reflects management's assumption of expected volatility over the life of the option.

The following table summarizes activity related to Agent Options

	Agents Options	Exercise Price
October 31, 2011	-	-
Issued	507,471	$ 0.15
October 31, 2012	507,471	$ 0.15
Issued	-	-
January 31, 2013	**507,471**	**$ 0.15**

The Company had the following Agent options outstanding:

January 31, 2013				October 31, 2012			
Number of Agents options	Weighted average exercise price	Year of expiry	Weighted average remaining contractual life (years)	Number of Agents options	Weighted average exercise price	Year of expiry	Weighted average remaining contractual life (years)
507,471	$ 0.15	2014	1.73	507,471	$ 0.15	2014	1.98

10. Related party transactions and balances

Relationships	**Nature of the relationship**
Focal Point Consulting Limited ("Focal Point")	Focal Point is a private company controlled by an officer and director of the Company. Focal Point provides management services to the Company.
Novus Leadership Services Ltd. ("Novus")	Novus is a private company controlled by a former officer and current director of the Company. Novus provided management services to the Company from incorporation to December 2012.
Key management	Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the President, and Chief Executive Officer, Directors, and Chief Financial Officer.

Management services paid to Novus commenced in October 2012 for $4,000 per month and concluded in December 2012. Management services paid to Focal Point commenced in January 2013 for $4,000 per month. There were no other charges to the Company from related parties during the three months ended January 31, 2013 or the year ended October 31, 2012.

Key Management compensation includes:

	Three months ended January 31, 2013	**Year ended October 31, 2012**
Share based payments	$ 23,400	$ 78,000
Management fees	$ 12,000	$ 4,000

11. Financial instruments, capital management, and risk management

Financial instrument fair value

The Company's financial instruments recognized on the statement of financial position consist of cash and cash equivalents, and trade and other accounts payable. Cash and cash equivalents are carried at fair value. Due to their short-term nature, the carrying values of trade and other accounts payable approximate fair value.

Capital management

The Company considers its capital to be the total shareholders' equity which at period end was $773,501.

The Company's objectives in managing its capital are: to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; to perform mineral exploration activities on the Company's exploration projects; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. The Company is not subject to any externally imposed capital requirements. Funds are secured, when necessary, through equity capital raised through sale of common shares.

Market risks

Interest risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company had $507,978 in cash as at January 31, 2013, on which it earns variable rates of interest, and may therefore be subject to a certain amount of risk, though this risk is considered by management to be immaterial.

Credit risk

Credit risk is the risk of potential loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company's receivable balances are from tax authorities; therefore, the Company is not subject to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. As at January 31, 2013, the Company had a working capital balance of $589,707 which included a cash balance of $507,978 which is more than sufficient to pay its current liabilities. In order for the Company to perform an exploration program on its properties, and to continue operations, beyond what is currently anticipated it will require additional equity financing.

12. Subsequent event

On March 4, 2013, The Company announced it has entered into an option agreement (the "Agreement") to acquire Mavis Bank, a 63 square kilometer special exclusive prospecting license (SEPL) in Jamaica. The Agreement allows the Company to acquire a 90% interest in the Mavis Bank (SEPL 566) under the following conditions: cash payments of (i) $40,000 upon signing, (ii) $60,000 upon the first anniversary, (iii) $100,000 upon the second anniversary, along with a work commitment of $500,000 to be completed before the second anniversary date. The Company has an option to purchase the remaining 10% for $250,000 after the initial 90% interest earn-in. The property is subject to a 2% NSR which can be purchased for $1,000,000 per percent. The SEPL covers several known prospects including Epping Farm -Whitfield Hall and Mavis Bank.