

DAKAR RESOURCE CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Amounts Expressed in Canadian Dollars)

MARCH 31, 2013

(Unaudited)

Management's Responsibility for Financial Reporting

The accompanying unaudited condensed consolidated interim financial statements of Dakar Resource Corp. were prepared by management in accordance with IAS 34 *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances. Management acknowledges responsibility for the preparation and presentation of the unaudited condensed interim consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated 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 condensed interim consolidated 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 condensed interim consolidated 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.

Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

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

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

DAKAR RESOURCE CORP.
Condensed Interim Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

		March 31, 2013	September 30, 2012
	Note		
Assets			
Current			
Cash		\$ 450,103	\$ 843,478
Receivables	7	58,487	25,310
Prepaid expenses		4,125	1,699
Total current assets		512,715	870,487
Non-current			
Deferred financing fee		60,000	-
Reclamation Bond	8	5,007	5,007
Exploration and evaluation asset	8	-	26,250
Total non-current assets		65,007	31,257
		\$ 577,722	\$ 901,744
Liabilities			
Current			
Accounts payable and accrued liabilities	9	\$ 75,031	\$ 195,693
Shareholders' equity			
Share capital	11	1,133,553	1,133,553
Equity reserves	11	258,255	258,255
Deficit		(482,397)	(685,757)
Total equity		909,411	706,051
		\$ 984,442	\$ 901,744

Nature of operations and going concern (Note 1)

Proposed transaction (Note 16)

Approved by the Board:

"Allen Wilson"

Director

"Steve Kenwood"

Director

(The accompanying notes are an integral part of these condensed interim financial statements)

DAKAR RESOURCE CORP.
Condensed Interim Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars)

		Three months ended		Six months ended	
	Note	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Expenses					
Accounting and professional fees		\$ 19,668	\$ 11,948	\$ 53,208	\$ 37,692
Exploration expenses	8	-	7,280	1,687	7,280
General and administrative		1,769	28	5,109	241
Property written off		-	-	36,250	-
Rent		3,750	-	7,500	-
Transaction costs	16	92,664	-	137,207	-
Transfer agent and filing fees		3,518	788	11,684	788
Interest income		(1,676)	-	(3,273)	-
Other income		(46,012)	-	(46,012)	-
Loss and comprehensive loss for the period		\$ 73,681	\$ 20,044	\$ 203,360	\$ 46,001
Basic and diluted loss per common share		\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.00
Weighted average number of common shares outstanding		15,225,000	12,125,000	15,225,000	12,216,803

(The accompanying notes are an integral part of these condensed interim financial statements)

DAKAR RESOURCE CORP.
Condensed Interim Statement of Changes in Equity
(Unaudited - Expressed in Canadian dollars)

	Number of shares	Share Capital	Equity Reserves	Deficit	Total Equity
September 30, 2011	12,125,000	\$ 613,973	\$ 113,000	\$ (306,603)	\$ 420,370
Issue of common shares for exploration and evaluation asset	100,000	6,000	-	-	6,000
Loss for the period	-	-	-	(46,001)	(46,001)
March 31, 2012	12,225,000	619,973	113,000	(352,604)	380,369
Issue of common shares for cash	3,000,000	750,000.00	-	-	750,000
Share issuance cost	-	(236,420)	38,602	-	(197,818)
Share-based payments	-	-	106,653	-	106,653
Loss for the period	-	-	-	(333,153)	(333,153)
September 30, 2012	15,225,000	\$ 1,133,553	\$ 258,255	\$ (685,757)	\$ 706,051
Loss for the period				203,360	203,360
March 31, 2013	15,225,000	\$ 1,133,553	\$ 258,255	\$ (482,397)	\$ 909,411

(The accompanying notes are an integral part of these condensed interim financial statements)

DAKAR RESOURCE CORP.
Condensed Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Three months ended		Six months ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Cash flows from operating activities				
Loss for the period	\$ (73,681)	\$ (20,044)	\$ (203,360)	\$ (46,001)
Item not affecting cash				
Property written off	-	-	36,250	-
Changes in non-cash working capital items				
Increase in receivables	(43,697)	1,405	(33,177)	(2,771)
Increase in prepaid expenses	(4,125)	(1,196)	(2,426)	(1,196)
Increase in accounts payable and accrued liabilities	41,089	(4,181)	(120,662)	3,673
Net cash used in operating activities	(80,414)	(24,016)	(323,375)	(46,295)
Cash flows from investing activities				
Acquisition of exploration and evaluation asset	-	-	(10,000)	(5,000)
Net cash used in investing activities	-	-	(10,000)	(5,000)
Cash flows from financing activities				
Payment of deferred financing fee	(30,000)	(41,269)	(60,000)	(60,271)
Net cash from (used in) financing activities	(30,000)	(41,269)	(60,000)	(60,271)
Net increase (decrease) in cash	(110,414)	(65,285)	(393,375)	(111,566)
Cash at beginning of period,	560,517	363,687	843,478	409,968
Cash at end of period,	\$ 450,103	\$ 298,402	\$ 450,103	\$ 298,402
Cash paid for interest	\$ -	\$ -	\$ -	\$ -
Cash paid for income taxes	-	-	-	-
Supplemental disclosure with respect to cash flows (non-cash transactions)				
Shares issued for exploration and evaluation asset	\$ -	\$ -	\$ -	6,000
Deferred financing fee in accounts payable	\$ -	\$ -	\$ -	8,675

(The accompanying notes are an integral part of these condensed interim financial statements)

Dakar Resource Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)
March 31, 2013
(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Dakar Resource Corp. (the “Company”) was incorporated on October 21, 2010 under the Laws of British Columbia and is listed on the TSX Venture Exchange under the trading symbol “DKR” after completion of its initial public offering (“IPO”) on May 29, 2012. The address of the Company’s registered office is Suite 400, 570 Granville Street, Vancouver, British Columbia, Canada, V6C 3P1.

The Company is a mineral exploration company focused on acquiring, exploring and developing exploration and evaluation assets in Canada. The Company has entered into a proposed transaction as described in Note 15.

The Company is in the process of exploring its exploration and evaluation asset and has not yet determined whether the property contains reserves that are economically recoverable. The recoverability of the amounts shown for the exploration and evaluation asset is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves, the achievement of profitable production, or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis. Management estimates that the Company will have sufficient financial resources to carry out its exploration and operations through the next fiscal year. Any additional projects or investments may require additional capital.

2. BASIS OF PREPARATION

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. It does not include all of the information required for full annual financial statements, and should be read in conjunction with the Company’s audited financial statements for the year ended September 30, 2012.

The policies applied in these condensed interim consolidated financial statements are based on IFRS issued as of March 31, 2013. These financial statements were authorized to issue by the audit committee and Board of Directors of the Company on the filing date. Any subsequent changes to IFRS that are given effect in the Company’s annual financial statements for the year ending September 30, 2013 could result in restatement of these condensed interim financial statements.

(b) Use of estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

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2. BASIS OF PREPARATION - Continued

(b) Use of estimates and judgments - Continued

- (i) The carrying value and the recoverability of the exploration and evaluation asset, which is included in the financial statements.
- (ii) Recognition of the deferred income tax amounts.
- (iii) Valuation of share-based payments and share purchase warrants.

(c) Determination of functional currency

The functional currency is the currency of the primary economic environment in which the entity operates. Management has determined that the functional currency for the Company is the Canadian dollar. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

3. BASIS OF CONSOLIDATION

These consolidated financial statements include the financial statements of the Company and the entities controlled by the Company. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the condensed consolidated financial states from the date that control commences until the date control ceases. All intercompany balances and transactions, income and expenses have been eliminated upon consolidation.

The condensed consolidated financial statements include the financial statements of Dakar Resources Corp. and its subsidiary Dakar Acquisition LLC, a Delaware limited liability company.

Name of controlled entities	Country of incorporation	Percentage of interest	
		March 31, 2013	September 30, 2012
Dakar Acquisition, LLC	USA	100%	0%

Dakar Acquisition, LLC was incorporated in the State of Delaware, United States on December 18, 2012 for the purpose of the proposed transaction mentioned in Note 15.

4. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual financial statements as at September 30, 2012. The accompanying unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended September 30, 2012.

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Notes to the Condensed Interim Consolidated Financial Statements
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5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED DURING THE PERIOD

(i) Business combinations

The Company measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The Company elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

(ii) Change in ownership interest in a subsidiary

Changes in ownership interest in a subsidiary without loss of control are accounted for as transactions with equity holders in their capacity as equity holders; therefore no goodwill is recognized as a result of such transactions.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

6. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE

A number of new standards, amendments to standards and interpretations are not yet effective as of March 31, 2013, and have not been applied in preparing these financial statements. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

(a) IFRS 9, Financial Instruments: Classification and Measurement

IFRS 9 reflects the first phase of the International Accounting Standards Board's ("IASB") work on the replacement of IAS 39, Financial Instruments: Recognition and Measurement, and deals with the classification and measurements criteria for financial assets and financial liabilities. This standard establishes two primary measurement categories for financial assets, amortized cost and fair value, and eliminates the existing categories of held-to-maturity, available-for-sale, and loans and receivables. The

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6. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE - Continued

(a) IFRS 9, Financial Instruments: Classification and Measurement - Continued

new classification will depend on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015.

(b) IFRS 10, Consolidated Financial Statements

The amendment establishes a single control model that applies to all entities. These changes will require management to exercise significant judgment to determine which entities are controlled, and, therefore, are required to be consolidated by a parent, compared with the former requirements. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

(c) IFRS 11, Joint Arrangements

In May 2011, the IASB issued IFRS 11 *Joint Arrangements*, which is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. If an entity applies this Standard earlier, it shall also apply IFRS 10, IFRS 12, IAS 27 (2011) and IAS 28 (2011) at the same time. IFRS 11 replaces the guidance in IAS 31 *Interests in Joint Ventures*. Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. IFRS 11 essentially carves out of previous jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for the liabilities and are accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11, there is no longer a free choice of equity accounting or proportionate consolidation for joint ventures; the equity method is now required. Upon application of IFRS 11, entities which had previously accounted for joint ventures using proportionate consolidation shall collapse the proportionately consolidated net asset value (including any allocation of goodwill) into a single investment balance at the beginning of the earliest period presented. The investment's opening balance is tested for impairment in accordance with IAS 28 (2011) and IAS 36 *Impairment of Assets*. Any impairment losses are recognized as an adjustment to opening retained earnings at the beginning of the earliest period presented. The Company intends to adopt IFRS 11 in its financial statements for the annual period beginning on October 1, 2013. The extent of the impact of adoption of IFRS 11 has not yet been determined.

(d) IFRS 12, Disclosure of Interests in Other Entities

In May 2011, the IASB issued IFRS 12 *Disclosure of Interests in Other Entities*, which is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. If an entity applies this Standard earlier, it need not apply IFRS 10, IFRS 11, IAS 27 (2011) and IAS 28 (2011) at the same time. IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity.

The required disclosures aim to provide information in order to enable users to evaluate the nature of, and the risks associated with, an entity's interest in other entities, and the effects of those interests on the entity's financial position, financial performance and cash flows. The Company intends to adopt IFRS 12

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6. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE - Continued

(d) IFRS 12, Disclosure of Interests in Other Entities - Continued

in its consolidated financial statements for the annual period beginning on January 1, 2013. The Company does not expect IFRS 12 to have a material impact on the financial statements.

(e) IFRS 13, Fair Value Measurement

In May 2011, the IASB published IFRS 13, Fair Value Measurement, which is effective prospectively for annual periods beginning on or after January 1, 2013. IFRS 13 replaces the fair value measurement guidance contained in individual IFRS with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e., an exit price. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income. IFRS 13 explains "how" to measure fair value when it is required or permitted by other IFRS.

(f) IAS 32, Financial Instruments: Presentation

These amendments address inconsistencies when applying the offsetting requirements, and are effective for annual periods beginning on or after January 1, 2014.

7. RECEIVABLES

	March 31, September 30,	
	2013	2012
Amount due from a government agency	\$ 14,321	\$ 22,982
Other	44,166	2,328
	<u>\$ 58,487</u>	<u>\$ 25,310</u>

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8. EXPLORATION AND EVALUATION ASSET

Acquisition costs

Balance, September 30, 2011	\$ 15,250
Cash	5,000
Shares	6,000
Balance, September 30, 2012	26,250
Cash	10,000
Property written off	(36,250)
Balance, March 31, 2013	\$ -

Exploration Costs	Periods ended	
	March 31,	
	2013	2012
General administration	\$ -	\$ 500
Property management	-	6,780
Totals	\$ -	\$ 7,280

NAP Property

On November 3, 2010, the Company entered into an Option Agreement to acquire a 100% interest in certain mining claims situated in Kamloops Mining District in the Province of British Columbia, Canada. The Company can exercise its option to acquire 100% interest in these claims after fulfillment of the following terms and conditions:

- (i) pay to the owner \$7,000 within 10 business days after execution of the Option Agreement (paid); 5,000 on or before October 15, 2011 (paid); \$16,000 on or before December 14, 2012; \$40,000 on or before October 15, 2013; \$80,000 on or before October 15, 2014; and
- (ii) incur annual expenditures of \$100,000 on or before October 15, 2011 (incurred); \$200,000 on or before October 15, 2012 (incurred); \$200,000 on or before October 15, 2013; \$500,000 on or before October 15, 2014; and
- (iii) issue 100,000 shares of the Company to the owner within 10 business days after execution of the Option Agreement (issued at a value of \$6,000); additional 80,000 shares on or before October 15, 2011 (issued at a value of \$6,000); additional 100,000 shares on or before December 14, 2012;
- (iv) additional 100,000 shares on or before October 15, 2013; and additional 100,000 shares on or before October 15, 2014.

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8. EXPLORATION AND EVALUATION ASSET - Continued

The property is subject to a 2% net smelter returns royalty ("NSR") payable to the optionor. The first 1% NSR can be acquired for \$500,000 and the remaining 1% NSR for \$1,000,000.

On March 7, 2011, the Company paid \$5,007 as reclamation bond on the NAP Property.

On September 1, 2011, the Company issued 15,000 shares at a value of \$2,250 as the finder's fee for the project.

On October 19, 2012, the Company paid the NAP property optionor \$10,000 to obtain a two month extension from October 15, 2012 to December 14, 2012 of the next cash and share option payments due under the NAP property option agreement.

On January 29, 2013, the Company relinquished its option to acquire the NAP Property and the related acquisition cost of \$36,250 was written off.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2013	September 30, 2012
Accounts payable	\$ 59,840	\$ 172,349
Accrued liabilities	15,191	23,344
	<u>\$ 75,031</u>	<u>\$ 195,693</u>

10. OTHER INCOME

During the quarter ended March 31, 2013, the Company received a tax refund of \$46,012 from the provincial government of British Columbia for the year ended September 30, 2011, for carrying out mineral exploration activities in the province.

11. SHARE CAPITAL AND EQUITY RESERVES

(a) Authorized share capital

Unlimited common shares without par value.

(b) Escrowed shares

As at March 31, 2013, 4,638,062 (September 30, 2012; 8,522,035) common shares were held in escrow.

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11. SHARE CAPITAL AND EQUITY RESERVES – Continued

(b) Escrowed shares – Continued

	Number of shares
Escrowed shares in IPO	12,210,000
Shares released in 2012	3,687,965
Balance, September 30, 2012	8,522,035
Shares released during the period	3,883,972
Balance, March 31, 2013	4,638,063
Shares eligible for release during the year	2,854,010
Balance, September 30, 2013	1,784,053
Shares eligible for release during the year	1,784,053
Balance, September 30, 2014	-

(c) Issued share capital

Issuance of common shares

On October 15, 2011, 100,000 common shares were issued at \$0.06 per share pursuant to the NAP Property Option Agreement (Note 6).

On May 29, 2012, 3,000,000 common shares were issued at \$0.25 per share upon completion of an IPO for gross proceeds of \$750,000. Agent commissions consisting of \$60,000 in cash and 240,000 share purchase warrants at an exercise price of \$0.25 per share expiring on May 29, 2015 valued at \$38,602 were paid and issued, respectively.

There were no share transactions during the period ended March 31, 2013.

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11. SHARE CAPITAL AND EQUITY RESERVES - Continued

(d) Stock options

The Company has a stock options plan in place 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 options will vest on a date set by the director and expire at a time set by the directors, being not more than ten years from the date of grant, provided that any outstanding Options will expire on a date to be determined by the directors following the date that the holder ceases to be a senior officer, director, employee or consultant of the Corporation, such period not being more than 12 months from the date of such cessation.

On May 31, 2012, the Company granted 450,000 incentive stock options to acquire shares at \$0.25 per share until May 31, 2017 to 3 directors and all the stock options are vested immediately.

There were no stock options granted during the period ended March 31, 2013 and 2012.

The number and weighted average exercise prices of the stock options are as follows:

	Number of Shares	Exercise Price Per Share
Balance, October 1, 2011	-	\$ -
Granted during the year	450,000	0.25
Outstanding and exercisable, March 31, 2013 and September 30, 2012	450,000	0.25

The options outstanding and exercisable at March 31, 2013 have an exercise price of \$0.25 and a weighted average contractual life of 4.17 years.

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11. SHARE CAPITAL AND EQUITY RESERVES - Continued

(e) Share purchase warrants

Changes in outstanding warrants were as follows:

Number of Warrants Outstanding as at October 1, 2012	Number of Warrants Issued during the year	Number of Warrants Expired/Exercised during the year	Number of Warrants Outstanding as at March 31, 2013	Exercise Price Per Warrant	Expiry Dates
-	240,000	-	240,000	\$ 0.25	May 29, 2015

Number of Warrants Outstanding as at October 1, 2011	Number of Warrants Issued during the year	Number of Warrants Expired/Exercised during the year	Number of Warrants Outstanding as at September 30, 2012	Exercise Price Per Warrant	Expiry Dates
-	240,000	-	240,000	\$ 0.25	May 29, 2015

There was no share purchase warrant issued during the period ended March 31, 2013 and 2012.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Financial risk management

The Company classified its cash as fair value through profit or loss ("FVTPL"); receivables as loans and receivables; reclamation bond as held-to-maturity and accounts payable and accrued liabilities as other financial liabilities. The fair value of cash is measured on the statement of financial position using level 1 of the fair value hierarchy. The fair values of receivables, and accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments.

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - Continued

(b) Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

(i) Credit Risk

Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments with the exception of the financial institutions which hold its cash including a demand guaranteed investment certificate ("GIC"). The Company manages this credit risk by ensuring that these financial assets are placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company's receivables consist primarily of amounts due from a government agency. The Company does not believe it has a material exposure to credit risk.

(ii) Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. As at March 31, 2013, the Company had a cash balance of \$450,103 to settle accounts payable and accrued liabilities of \$75,031. All of the Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days or are repayable on demand and are subject to normal trade terms.

(iii) Interest Rate Risk

The Company is exposed to interest rate risk. The Company's bank account earns interest income at variable rates. The fair value of cash is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to short-term rates.

(iv) Commodity price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

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(Unaudited)

13 MANAGEMENT OF CAPITAL

The Company manages its common shares, options and warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets or other investments and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

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. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in demand certificates of deposit with major financial institutions.

The Company expects its current capital resources will be sufficient to carry its operations through its current operating year but in order to carry out new exploration programs the Company will need to raise additional capital through equity financing.

14. RELATED PARTIES

Directors of the Company control 14.3% percent of the voting shares of the Company.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

	Three months ended		Six months ended	
	March 31,		March 31,	
	2013	2012	2013	2012
Income statement items				
Consulting fees - CEO	\$ 8,000	\$ -	\$ 24,000	\$ -
Consulting fees - CFO	12,225	-	17,325	-
	<u>\$ 20,225</u>	<u>\$ -</u>	<u>\$ 41,325</u>	<u>\$ -</u>

Included in accounts payable is \$13,692 (September 30, 2012 - \$1,680) due to a company owned by the Company's CFO.

Dakar Resource Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)
March 31, 2013
(Unaudited)

15. SEGMENTED INFORMATION

The Company operates in one business segment being the acquisition and exploration of exploration and evaluation assets in Canada. The total assets attributable to the geographical locations relate primarily to exploration and evaluation assets have been disclosed in Note 6.

16. PROPOSED TRANSACTION

On November 2, 2012, the Company entered into a letter agreement to acquire all the issued and outstanding share capital of Proteus Energy Corporation (“Proteus”), a non-related private company incorporated in Delaware with oil and gas assets located in California, by way of a reverse takeover (the “Transaction”).

On December 18, 2012, the Company and Proteus entered into a stock purchase agreement. The Company will issue to the shareholders of Proteus 5,716,602.75 common shares of the Company for each one Proteus common shares and each one Proteus Series A preferred share which is issued and outstanding. Proteus will have outstanding 13,561,684 issued common shares and 1,771,501 issued Series A preferred shares. On closing of the Transaction, the Company will issue 87,653,727 common shares to Proteus shareholders and will have pre-financing total issued share capital of 102,878,727 common shares.

Concurrent brokered private placement

Proteus proposes to arrange a convertible bond financing of US\$5,000,000 which is payable within 12 months. Interest will accrue on an annual basis at a rate of 7.5% per annum. The convertible bond is convertible into equity at a conversion rate of \$0.30 into one common share: a) by the holder at any time following the transaction; b) by the holder or issuer with a 30 days written notice; or c) at maturity. Due to the fact that Proteus can convert the convertible bond this financing has been accounted for as equity.

Concurrent with the Transaction the Dakar proposes to a private placement of units at \$0.325 (the “offering”) of up to gross proceeds of \$1,500,000. Each unit consists of one common share and one common share purchase warrant entitling the holder to acquire one common share for \$0.50 for two years. The agents will receive 7% in cash and agents’ warrants.

The Company has advanced \$60,000 for fees related to the proposed financing and has incurred transaction costs related to the proposed transaction of \$137,207 during the quarter ended March 31, 2013.

Completion of the transaction is subject to a number of conditions, including regulatory acceptance. There can be no assurance that the transaction will be completed as proposed or at all.