PURE ENERGY MINERALS LIMITED

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED MARCH 31, 2014 AND 2013

(Unaudited)

Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited financial statements have been prepared by management and approved by the Audit Committee.

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

PURE ENERGY MINERALS LIMITED
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	March 31, 2014	June 30, 2013
		$	$
ASSETS			
CURRENT			
Cash		228,566	200,383
GST/HST receivable		5,791	209,235
Amount receivable	7	-	4,252
Prepaid expenses		3,275	3,275
		237,632	417,145
PROPERTY AND EQUIPMENT	5	18,296	26,685
EXPLORATION AND EVALUATION ASSETS	6	1,329,246	1,198,548
DEFERRED FINANCING COSTS		30,094	-
		1,615,268	1,642,378
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	8	78,785	82,031
		78,785	82,031
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	9	9,667,428	9,657,428
CONTRIBUTED SURPLUS	9	4,620,451	4,602,835
DEFICIT		(12,751,396)	(12,699,916)
		1,536,483	1,560,347
		1,615,268	1,642,378

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)
SUBSEQUENT EVENTS (Note 13)

Approved and authorized for issue on behalf of the Board on May 27, 2014

"Michael Dake"
Director

"Robert Mintak"
Director

PURE ENERGY MINERALS LIMITED
(formerly Harmony Gold Corp.)
Condensed Interim Consolidated Statements of Comprehensive Loss
For the nine months ended March 31, 2014 and 2013
(Expressed in Canadian dollars)
(Unaudited)

	Note	Three months ended 2014	Three months ended 2013	Nine months ended 2014	Nine months ended 2013
		$	$	$	$
EXPENSES					
Amortization	5	1,963	2,257	5,889	6,771
Bank charges and interest		161	(10)	714	863
Consulting		28,243	49,218	49,829	49,218
Investor relations	8	3,342	1,561	5,342	76,137
Management fees	8	10,500	67,500	31,976	138,625
Office and rent		15,425	26,546	38,034	74,821
Professional fees	8	7,164	5,036	31,704	81,728
Share based compensation	8	1,947	180,587	17,616	180,587
Transfer agent and filing fees		11,801	6,421	13,667	31,495
Travel and entertainment		26,101	41,262	30,198	55,592
LOSS BEFORE OTHER ITEMS		(106,647)	(380,378)	(224,969)	(695,837)
OTHER ITEMS					
Foreign exchange gain (loss)		3,256	(466)	6,654	(3,303)
Interest income		-	-	711	-
Gain on sale of royalty interest	7	-	-	166,124	-
Royalty income	7	-	4,704	-	13,614
		3,256	4,238	173,489	10,311
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)		(103,391)	(376,140)	(51,480)	(685,526)
LOSS PER SHARE, BASIC AND DILUTED		(0.00)	(0.01)	0.00	(0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		68,996,503	68,501,638	68,814,021	59,733,389

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

PURE ENERGY MINERALS LIMITED
Condensed Interim Consolidated Statements of Changes in Equity
For the nine months ended March 31, 2014 and 2013
(Expressed in Canadian dollars)
(Unaudited)

	Share Capital				
	# of Common Shares without Par Value	Amount	Contributed Surplus	Deficit	Total Shareholders' Equity (Deficiency)
		$	$	$	$
Balance at June 30, 2012	46,151,637	8,430,328	4,439,863	(11,853,782)	1,016,409
Shares issued for cash	12,000,000	600,000	-	-	600,000
Share issuance costs	-	(92,400)	-	-	(92,400)
Shares issued for acquisition of 0891884 BC Ltd.	9,850,001	689,500	-	-	689,500
Shares issued for property acquisition	500,000	30,000	-	-	30,000
Share based compensation	-	-	180,587	-	180,587
Net loss for the nine months ended	-	-	-	(685,526)	(685,526)
Balance at March 31, 2013	68,501,638	9,657,428	4,620,450	(12,539,308)	1,738,570
Balance at June 30, 2013	68,496,503	9,657,428	4,602,835	(12,699,916)	1,560,347
Shares issued for property acquisition	500,000	10,000	-	-	10,000
Share based compensation	-	-	17,616	-	17,616
Net loss for the nine months ended	-	-	-	(51,480)	(51,480)
Balance at March 31, 2014	68,996,503	9,667,428	4,620,451	(12,751,396)	1,536,483

PURE ENERGY MINERALS LIMITED
Condensed Interim Consolidated Statements of Cash Flow
For the nine months ended March 31, 2014 and 2013
(Expressed in Canadian dollars)
(Unaudited)

	2014	2013
	$	$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net (loss) for the year	(51,480)	(685,526)
Items not affecting cash:		
Amortization	5,889	6,771
Share-based compensation	17,616	180,587
	(27,975)	(498,168)
Changes in non-cash working capital balances		
Amounts receivable	207,696	(41,250)
Accounts payable and accrued liabilities	(3,246)	(3,287)
	176,475	(542,705)
INVESTING ACTIVITIES		
Acquisition of 0891884 BC Ltd.	-	(160,626)
Purchase of cash on acquisition of 0891884 BC Ltd.	-	10,089
Proceeds on sale of property and equipment	2,500	-
Exploration and Evaluation expenditures	(120,698)	(194,125)
	(118,198)	(344,662)
FINANCING ACTIVITIES		
Issuance of common shares	-	507,600
Deferred financing costs	(30,094)	-
	(30,094)	507,600
CHANGE IN CASH AND CASH EQUIVALENTS, during the period	28,183	(379,767)
CASH AND CASH EQUIVALENTS, beginning of period	200,383	850,630
CASH AND CASH EQUIVALENTS, end of period	228,566	470,863

Supplementary cash flow information and non-cash transactions (Note 11)

1. NATURE OF BUSINESS AND CONTINUING OPERATIONS

Pure Energy Minerals Limited (the "Company"; formerly Harmony Gold Corp) was incorporated on May 10, 2007 under the British Columbia Business Corporations Act. The Company's principal business activities are the acquisition, exploration and development of mineral properties. The Company is domiciled in Canada and is a reporting issuer with its common shares publicly traded on the TSX-Venture exchange under the stock symbol "PE". The address of its head office is 1780-355 Burrard Street, Vancouver, B.C., V6C 2G8.

At March 31, 2014, the Company had not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production from the mineral properties or proceeds from the disposition of the mineral property.

At March 31, 2014, the Company had incurred a net loss of $51,480 (2013 – loss $685,526) and an accumulated deficit of $12,751,396 (2012 - $12,539,308) which have been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements. The ability of the Company to raise sufficient funds to carry out its exploration plan creates material uncertainty that raises significant doubt to the Company's ability to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB") and the interpretation of the International Financial Reporting Standards ("IFRS") Interpretations committee ("IFRIC"). They do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements, and, therefore, should be read in conjunction with the Company's audited financial statements for the year ended June 30, 2013, prepared in accordance with IFRS as issued by the IASB.

The consolidated condensed interim financial statements were authorized for issue in accordance with a resolution from the Board of Directors on May 27, 2014.

b) Basis of presentation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 2(n). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Basis of presentation (continued)

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

c) Consolidation

The consolidated financial statements include the accounts of the Company and its 100% wholly owned subsidiaries, Avantec Technologies, Inc. ('ATI") and 0891884 BC Ltd., from the date of acquisition October 18, 2012. Inter-company balances and transactions are eliminated on consolidation.

d) Significant accounting estimates and judgments

The preparation of these consolidated 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 consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, 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:

Critical accounting estimates

i. the inputs used in accounting for share-based compensation expense in profit or loss;

ii. the assessment of indications of impairment of the exploration and evaluation assets and related determination of the net realizable value and write-down of the property where applicable; and,

Critical accounting judgments

i. The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

ii. Deferred income tax assets are not recognized.

iii. The functional currency is the Canadian dollar.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units of production method over estimated recoverable reserves. Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and evaluation costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and evaluation costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

f) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

h) Share-based compensation

Share-based compensation to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based compensation to non-employees is measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and is recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to contributed surplus.

Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital. Charges for options that are forfeited before vesting are reversed from contributed surplus.

i) Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted loss per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Flow-through shares

Current Canadian tax legislation permits a company to issue securities referred to as flow-through shares whereby the Company assigns the tax deductions arising from the related resource expenditures to the shareholders. The issue of flow-through shares is in substance an issue of ordinary shares and the sale of tax deductions. At the time the Company issues flow-through shares, the sale of tax deductions is deferred and presented as other liabilities in the statement of financial position to recognize the obligation to incur and renounce eligible resource exploration and evaluation expenditures. The tax deduction is measured as the difference between the current market price of the Company's common shares and the issue price of the flow-through share. Upon incurring and renouncing eligible resource exploration and evaluation expenditures, the Company recognizes the sale of tax deductions as other income on the statement of comprehensive loss and reduces the other liability.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

k) Share capital and warrants

When the Company issues units during a private placement, which include both common shares and share purchase warrants, the warrants are valued by comparing the total unit price to the fair value of the shares on the day of the announcement of the private placement. Any premium above the fair value of the shares issued would be allocated to the warrants and credited to the warrant reserve. The warrant reserve is a component of contributed surplus.

l) Impairment of non-financial assets

At the end of each reporting period, the Company assesses each cash generating unit to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

When an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

m) Cash and cash equivalents

Cash and cash equivalents consist of cash and liquid investments which are readily convertible into cash with maturities of three months of less when purchased. The Company's cash and cash equivalents are invested with major financial institutions and are not invested in any asset-backed deposits or investments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Financial instruments

i) Financial assets

Financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: at fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity, or available-for-sale.

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The Company has classified its cash as FVTPL.

Financial assets classified as loans and receivables are measured at amortized cost less impairment. The Company has classified amount receivable as loans and receivables.

Financial assets classified as held-to-maturity are measured at amortized cost. The Company has no financial assets classified as held-to-maturity.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. The Company has no financial assets classified as available-for-sale.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

ii) Financial liabilities

Financial liabilities are initially recorded at fair value and designed upon inception as FVTPL or classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income or loss. The Company has no financial liabilities classified as FVTPL.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest rate method. The Company has classified its accounts payable and accrued liabilities as other financial liabilities.

o) Property and equipment

Property and equipment is recorded at cost and amortized at the following annual rates:

Equipment	20%	declining balance
Leasehold improvement	20%	straight line

p) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Revenue Recognition

Revenue from royalties is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company.

3. RECENT ACCOUNTING PRONOUNCEMENTS

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after July 1, 2013, or later periods. Some updates are not applicable or are not consequential to the Company may have been excluded from the list below.

Accounting standards adopted during the year ended June 30, 2013

Income taxes
In December 2010, the IASB issued an amendment to IAS 12 – *Income Taxes* that provide a practical solution to determining the recovery of investment properties as it relates to the accounting for deferred income taxes. This amendment is effective for annual periods beginning on or after January 1, 2012, and was adopted during the year. This did not have a significant impact on its consolidated financial statements.

Presentation of financial statements
IAS 1, *Presentation of Financial Statements*, was amended to require entities to group items within other comprehensive income that may be reclassified to profit or loss. This amendment is effective for annual periods beginning on or after January 1, 2012, and was adopted during the year. This did not have a significant impact on its consolidated financial statements.

Accounting standards anticipated to be effective January 1, 2013

Financial Instruments
IFRS 7, *Financial Instruments: Disclosures' - Offsetting of Financial Assets and Liabilities,* requires an entity to disclose information to enable users of its financial statements to evaluate the effect or potential effect of netting arrangements on the entity's financial position. The Company does not anticipate the application of IFRS 7 to have a material impact on its consolidated financial statements.

Consolidation
IFRS 10, *Consolidated Financial Statements*, requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 *Consolidated and Separate Financial Statements*. The Company does not anticipate the application of IFRS 10 to have a material impact on its consolidated financial statements.

Joint ventures
On May 12, 2011, the IASB issued IFRS 11, *Joint Arrangements*. IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures*, and SIC-13, J*ointly Controlled Entities—Non-monetary Contributions by Venturers*. The Company does not anticipate the application of IFRS 11 to have a material impact on its consolidated financial statements.

3. RECENT ACCOUNTING PRONOUNCEMENTS (continued)

Accounting standards anticipated to be effective January 1, 2013 (continued)

Disclosure of interest in other entities
IFRS 12, *Disclosure of Interest in Other Entities*, establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The Company does not anticipate the application of IFRS 12 to have a material impact on its consolidated financial statements.

Fair value measurement
IFRS 13, Fair Value Measurement, sets out a single IFRS framework for measuring fair value and new required disclosures about fair value measurements. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the period beginning July 1, 2013, and has not yet considered the potential impact of the adoption of IFRS 13.

Accounting standards anticipated to be effective January 1, 2014

Financial Instruments
IAS 32, *Financial Instrument: Presentation*, clarifies some of the requirements for offsetting financial assets and liabilities in the statement of financial position. The Company does not anticipate the application of IAS 32 to have a material impact on its consolidated financial statements.

Accounting standards anticipated to be effective January 1, 2015

Financial instruments
IFRS 9, *Financial Instruments*, addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income. The Company has not yet considered the potential impact of the adoption of IFRS 9 on its consolidated financial statements.

4. ACQUISITION OF 0891884 BC LTD.

On October 18, 2012 the Company completed a share exchange agreement with 0891884 BC Ltd (formerly Pure Energy Minerals Limited) ("0891884"), pursuant to which the Company purchased all of the issued and outstanding common shares of 0891844 in exchange for the issuance of 9,850,001 common shares of the Company with a fair value of $689,500 (the "Acquisition"). 0891884 BC Ltd. does not meet the definition of a business under IFRS 3 and accordingly the acquisition has been treated as an asset acquisition. As a result of the Acquisition, the Company assumed the option to acquire an 80% undivided interest in an early stage lithium exploration project. The 80% interest is comprised of claims located in Nevada (the "Property"). The option is held under an agreement (the "Option Agreement") between GeoXplor Corp. and 0891844, whose remaining obligations under the Option Agreement were assumed by the Company on closing of the Acquisition. Under the terms of the Option Agreement the Company will issue 1,750,000 common shares, make cash payments of US $250,000 and is committed to exploration expenditures of US$1,600,000 prior to June 10, 2016. See Note 6.

4. ACQUISITION OF 0891884 BC LTD. (continued)

A summary of the net assets acquired is as follows:

Cash	$ 10,089
Receivables	11,583
Exploration and evaluation assets	840,036
Accounts payable and accrued liabilities	(72,997)
Due to Pure Energy Minerals Limited	(84,451)
Net assets acquired	$ 704,260
Consideration paid:	
Common shares	$ 689,500
Other acquisition costs	14,760
Total consideration paid	$ 704,260

5. PROPERTY AND EQUIPMENT

	Furniture and equipment $	Leasehold improvements $	Total $
Cost			
Balance, June 30, 2012	24,058	28,253	52,311
Additions	-	-	-
Balance, March 31, 2013	24,058	28,253	52,311
Balance, June 30, 2013	24,058	28,253	52,311
Disposals	(2,500)	-	(2,500)
Balance, March 31, 2014	21,558	28,253	49,811
Accumulated amortization			
Balance, June 30, 2012	7,182	9,418	16,600
Amortization for the nine month period	2,532	4,239	6,771
Balance, March 31, 2013	9,714	13,657	23,371
Balance, June 30, 2013	10,557	15,069	25,626
Amortization for the nine month period	1,650	4,239	5,889
Balance, March 31, 2014	12,207	19,308	31,515
Carrying amounts			
At March 31, 2013	14,344	14,596	28,940
At March 31, 2014	9,351	8,945	18,296

6. EXPLORATION AND EVALUATION ASSETS

	Esmeralda Property
	$
Acquisition costs	
Balance, June 30, 2012	-
Other acquisition costs	14,760
Fair value shares issued	825,276
Fair value shares issued for option payment	30,000
Acquisition of additional mineral claims	50,640
Balance, March 31, 2013	920,676
Exploration and evaluation	
Balance, June 30, 2012	-
Survey and geophysics	143,486
Balance, March 31, 2013	143,486
Total March 31, 2013	**1,064,162**
Balance, June 30, 2013	1,023,761
Shares issued	10,000
Cash option payment	86,422
Balance, March 31, 2014	1,120,183
Exploration and evaluation	
Balance, June 30, 2013	174,787
Survey and geophysics	34,276
Balance, March 31, 2014	209,063
Total March 31, 2014	1,329,246

Esmeralda Property

Pursuant to an Option agreement (the "Option Agreement") between the 0891884 BC Ltd. and GeoXplor Corp. ("GeoXplor") dated June 10, 2011, as amended on August 3, 2012, 0891884 BC Ltd. was granted an option to acquire an 80% interest in certain placer mining claims situated in Esmeralda County, Nevada (the "Property"). Under the terms of the Option Agreement, 0891884 BC Ltd made a cash payment of US$75,000 and issued 250,000 common shares and incurred exploration expenditures in excess of US$150,000. The Company shall make the following cash payments and share issuances: on or before October 10, 2012, cash payment of US$50,000 (paid) and issuance of 500,000 shares (issued); June 10, 2013 US$100,000 (paid) and 500,000 shares (issued October 8, 2013 see note 14); and June 10, 2014 US$100,000 and 750,000 shares. If the Company prepares a pre-feasibility study which recommends putting the property into production, the Company shall pay GeoXplor an additional payment of US$500,000, to be paid in cash or shares at GeoXplor 's discretion. In addition, the Company commits to a work program spending a minimum of $1,600,000 over a five year period as to not less than $250,000 in year two, $350,000 in year three, $500,000 in year four and $500,000 in year five. After five years GeoXplor and the Company shall form a joint venture where each party will be responsible for its proportionate share of future costs.

On January 18, 2013, the Company amended its option agreement with GeoXplor Corp. The amended option agreement entitles the Company to acquire a 100% interest in an additional 2,240

acres of land in Esmeralda County. The Company paid $50,640 ($50,000 US) for this amendment. The terms of the original option agreement with GeoXplor, dated June 10, 2011, as amended on August 3, 2012, otherwise remain unchanged.

CV and DB claims in Clayton Valley Esmeralda County, Nevada.

On November 19, 2013 the Company entered into memorandum of understanding to acquire the CV and DB claims in Clayton Valley Esmeralda County, Nevada. The Company paid $40,000US for the exclusive right to conduct due diligence and complete a definitive agreement, such right expiring on February 25, 2014. The definitive agreement will include the payment by the Company of cash, shares, an exploration commitment and a royalty to be granted to the vendor.

On March 3, 2014 the Company entered into an extension agreement, extending the expiry date to April 30, 2014, in exchange for cash payment of $20,000 US (paid).

See Note 13.

7. ROYALTY RIGHTS

During the year ended June 30, 2009, the Company sold certain assets including equipment and patents to a third party. Under the sale agreement, the Company retained a royalty of $0.20 US per unit sold. On July 11, 2013 the Company entered into an Assignment Agreement whereby certain royalty rights owned by the Company were sold to a third party for cash consideration of $160,000 US.

8. RELATED PARTY TRANSACTIONS AND BALANCES

The Company's related parties consist of companies owned in whole or in part by executive officers and directors as follows:

Name	Position and nature of transactions
Robert Mintak	President, CEO and Director – Management fees
Mike Dake	Director, Investor relations and Management fees
Grant Hall	Director
Gerhard Jacob	Director
Jeremy Poirier	Director
Michael Liddle	former Director
Jason Dussault	former Director
J. W. Jardine & Company Ltd.	CFO – Professional fees
Jean Bailly	former Director
Jerry Minni	former Director – Management fees
Craig Englesman	former Director – Management fees

Transactions have been measured at the exchange amount which is determined on a cost recovery basis.

8. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Compensation of Key Management Personnel

Nine months ended	March 31, 2014	March 31, 2013
Management fees	$ 31,976	$ 116,125
Investor relations	-	45,000
Professional fees	22,500	27,500
Share-based compensation	17,616	-
Total	$ 72,092	$ 188,625

Included in accounts payable and accrued liabilities is $14,000 (2013 - $Nil) owing to a director and companies controlled by directors of the Company for accrued and unpaid fees. These amounts are unsecured, non-interest bearing and due on demand.

9. SHARE CAPITAL

a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued and outstanding

(i) On October 12, 2012, the Company completed a private placement of 12,000,000 units at $0.05 per unit. Each unit consists of one share and one half of a share purchase warrant entitling the holder to acquire one additional share at a cost of $0.10 per share to October 11, 2013. The Company paid finders' fees and commissions totaling $92,400 in cash pursuant to the financing.

(ii) On October 18, 2012, the Company issued 9,850,001 shares with a fair value of $689,500 for the acquisition of 0891884 BC Ltd. (Note 4).

(iii) On November 19, 2012, the Company issued 500,000 shares with a fair value of $30,000 pursuant to the Esmeralda property option agreement (Note 6).

(iv) During the year ended June 30, 2012, the Company completed a private placement of 11,250,000 units at $0.10 per unit. Each unit consists of one share and one half of a share purchase warrant entitling the holder to acquire one additional share at a cost of $0.20 per share to May 5, 2012. The Company paid finders' fees totaling $73,465 in cash pursuant to the financing.

(v) On November 18, 2013, the Company issued 500,000 shares with a fair value of $10,000 pursuant to the Esmeralda property option agreement (Note 6).

9. SHARE CAPITAL (continued)

c) Stock options

The Company grants incentive stock options as permitted pursuant to the Company's Stock Option Plan (the "Plan") which complies with the rules and policies of the TSX. Under the Plan, the aggregate number of common shares which may be subject to option at any one time may not exceed 5% of the issued common shares and the maximum term is 10 years.

The continuity of stock options for the nine months ended March 31, 2014 is as follows:

	Number of Options	Weighted Average Exercise Price	Expiry Date
Balance, June 30, 2012	-	-	
Granted	3,050,000	$0.10	January 29, 2017
Balance, March 31, 2013	3,050,000	$0.10	January 29, 2017
Balance, June 30, 2013 and March 31, 2014	3,050,000	$0.10	January 29, 2017
Fully vested and exercisable at March 31, 2014	3,050,000	$0.10	

d) Share-based payments

During the year ended June 30, 2013, the Company granted 3,050,000 (2012 - nil) stock options with a fair value of $180,587 or $0.06 per option. During the nine months ended March 31, 2014, the Company expensed $17,616 (2013 - $180,587) relating to the options granted and vested during the nine months ended March 31, 2014. Of the options granted in the current year, 2,250,000 vest upon grant, and 400,000 vest on July 29, 2013 and 400,000 vest on January 29, 2014.

The options were valued using the Black-Scholes option pricing model under the following weighted average assumptions:

	2014	2013
Risk free interest rate	-	1.38%
Expected dividend yield	-	-
Stock price volatility	-	97%
Expected life of options	-	4 years
Forfeiture rate	-	-

Expected stock price volatility was calculated based solely on historical volatility.

9. SHARE CAPITAL (continued)

e) Warrants

A summary of the changes in the Company's warrants for the nine months ended March 31, 2014 and 2013 is presented below.

	Number of Warrants	Weighted Average Exercise Price	Expiry Date
Balance, June 30, 2012 and March 31, 2013	6,000,000	$0.10	October 11, 2013
Balance, June 30, 2013	6,000,000	$0.10	October 11, 2013
Expired during the period	(6,000,000)	$0.10	
Balance, March 31, 2014	Nil		

10. MANAGEMENT OF 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 sourcing and exploration of mineral properties. The Company considers the items in shareholders' equity as capital. There has been no change to what the Company considers capital from the prior year. The Company does not have any externally imposed capital requirements to which it is subject.

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 common shares or dispose of assets or adjust the amount of cash. There has been no change to how capital is managed from the prior year.

11. FINANCIAL INSTRUMENTS

Fair value

As at March 31, 2014 the Company's financial instruments consist of cash, amount receivable and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values because of their current nature.

IFRS 7 *Financial Instruments – Disclosures*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 7 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The fair values of the Company's financial assets and liabilities as of March 31, 2014 and 2013 were calculated as follows:

	Level 1	Level 2	Level 3	March 31, 2014
Cash	$ 228,566	$ -	$ -	$ 228,566

	Level 1	Level 2	Level 3	March 31, 2013
Cash	$ 470,863	$ -	$ -	$ 470,863

11. FINANCIAL INSTRUMENTS (continued)

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due (Note 1). The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined above.

The Company monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed deposits.

Foreign Exchange Risk

The Company is exposed to currency fluctuations. The Company has US dollar balances in cash, amounts receivable, accounts payable and accrued liabilities and is therefore exposed to gains or losses on foreign exchange. A significant change in the currency exchange rate between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

At March 31, 2014, the Company, through its wholly owned subsidiaries, had a cash balance of $124,176, amounts receivable of $Nil and accounts payable of $Nil which were denominated in US dollars. Management considers foreign exchange not to be a significant risk.

Interest Rate Risk

The Company is not exposed to significant interest rate risk.

12. SUPPLEMENTARY CASH FLOW INFORMATION

Non-cash Financing and Investing Activities	2014	2013
	$	$
Shares issued for acquisition of 0891884 BC Ltd.	-	689,500
Exploration and evaluation asset option payment	10,000	30,000
Expenditures on mineral property interests	-	-
Total	10,000	719,500

There were no cash inflows and outflows for interest and taxes during the nine months ended March 31, 2014 and 2013.

See Note 4 for acquisition of 0891884 BC Ltd.

13. SUBSEQUENT EVENTS

(a) On April 3, 2014 the Company consolidated its share capital on a basis of 1 new common share for 4 old common shares.

(b) On May 12, 2014, the Company entered into an option agreement with GeoXplor to earn a 100% interest in the CV and DB claims in Clayton Valley Esmeralda County, Nevada ("the Property"). Under the agreement the Company has an option to earn a 100% interest by making cash payment to GeoXplor totalling $1,100,000 US, issuing 1,707,648 post consolidation common shares and completing $3,750,000 US in exploration and development work on the Property, over the next four years and either (i) preparing a pre-feasibility study or (ii) commencing commercial production on the Property within the four year term. Pursuant to the agreement, the Company has paid $100,000 US cash payment and is committed to issue 1,000,000 post consolidation common shares.