MINERAL MOUNTAIN RESOURCES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2014 AND 2013

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mineral Mountain Resources Ltd..

We have audited the accompanying consolidated financial statements of Mineral Mountain Resources Ltd., which comprise the statements of financial position as at March 31, 2014 and 2013, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence that we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mineral Mountain Resources Ltd. as at March 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 to the consolidated financial statements, which describes certain conditions that indicate the existence of a material uncertainty that may give rise to significant doubt about Mineral Mountain Resources Ltd.'s ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not qualified in respect of this matter.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, B.C.
July 24, 2014

MINERAL MOUNTAIN RESOURCES LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31

	Note	2014	2013
ASSETS			
Current assets			
Cash and cash equivalents		$ 21,158	$ 1,744,233
Marketable securities	4	5,000	18,750
Receivables	5	18,761	350,207
Prepaid expenses and deposits	6	87,343	121,861
Investment in GRIT shares	7	1,573,000	-
		1,705,262	2,235,051
Non-current assets			
Restricted cash	8	28,750	28,750
Exploration and evaluation assets	10	8,198,185	11,494,532
Property and equipment	9	192,653	251,741
		8,419,588	11,775,023
Total assets		$ 10,124,850	$ 14,010,074
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	11	$ 108,439	$ 225,303
Amounts due to related parties	12	102,308	20,445
Loans from related parties	12	48,112	-
Total liabilities		258,859	245,748
Equity			
Share capital	13	33,420,632	31,717,137
Share-based payments reserve	14	2,503,416	2,856,765
Accumulated other comprehensive income		(8,750)	5,000
Deficit		(26,049,307)	(20,814,576)
Total equity		9,865,991	13,764,326
Total liabilities and equity		$ 10,124,850	$ 14,010,074

Going concern (Note 2)
Commitments (Note 10, 12 & 20)
Subsequent events (Note 21)

The financial statements were authorised for issue by the board of directors on July 24, 2014 and were signed on its behalf by:

"Nelson Baker"	Director	*"John Morita"*	Director
Chief Executive Officer		Chief Financial Officer	

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

MINERAL MOUNTAIN RESOURCES LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
YEARS ENDED MARCH 31

	Note	2014	2013
EXPENSES			
Consulting		$ 374,963	$ 508,889
Depreciation	9	101,972	91,048
Investor relations		-	19,589
Media and news dissemination		93,711	98,574
Office and miscellaneous		91,300	92,201
Professional fees		96,022	63,814
Project investigation costs		-	193,989
Rent		96,234	101,203
Share-based payments	14	-	607,454
Transfer agent and filing fees		41,179	67,580
Travel and conference		74,378	135,548
Wages and benefits		197,197	205,529
		(1,166,956)	(2,185,418)
OTHER ITEMS			
Interest income		11,888	14,968
Foreign exchange		11,978	2,844
Loss on disposal of equipment		(9,667)	(639)
Part XII.6 tax refund (expense)		4,199	(133)
Write-off of exploration and evaluation assets	10	(4,526,854)	(14,022,283)
		(4,508,456)	(14,005,243)
Loss before income taxes		(5,675,412)	(16,190,661)
Deferred income tax recovery	17	-	1,595,653
Net loss for the year		(5,675,412)	(14,595,008)
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:			
Fair value loss on marketable securities		(13,750)	5,000
Comprehensive loss for the year		$ (5,689,162)	$ (14,590,008)
Basic and diluted loss per common share	13	$ (0.05)	$ (0.15)

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

MINERAL MOUNTAIN RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Number of Shares	Share capital	Share-based payments reserve	Accumulated other comprehensive income	Deficit	Total equity
Balance, March 31, 2013		112,281,198	$ 31,717,137	$ 2,856,765	$ 5,000	$ (20,814,576)	$ 13,764,326
Comprehensive loss							
Loss for the year		-	-	-	-	(5,675,412)	(5,675,412)
Other comprehensive income for the year		-	-	-	(13,750)	-	(13,750)
Comprehensive loss for the year		-	-	-	(13,750)	(5,675,412)	(5,689,162)
Transactions with owners							
Acquisition of exploration and evaluation assets	13	2,530,000	227,100	-	-	-	227,100
Shares exchange	13	28,600,000	1,573,000	-	-	-	1,573,000
Finders' shares to be issued	13	-	(87,332)	87,332	-	-	-
Share issuance costs	13	-	(10,673)	-	-	-	(10,673)
Adjustment of prior period share issuance costs		-	1,400	-	-	-	1,400
Adjustment on expiration of stock options		-	-	(440,681)	-	440,681	-
Transactions with owners		31,130,000	1,703,495	(353,349)	-	440,681	1,790,827
Balance, March 31, 2014		143,411,198	$ 33,420,632	$ 2,503,416	$ (8,750)	$ (26,049,307)	$ 9,865,991

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

MINERAL MOUNTAIN RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (cont'd…)

	Note	Number of Shares	Share capital	Share-based payments reserve	Accumulated other comprehensive income	Deficit	Total equity
Balance, March 31, 2012		76,523,877	$ 24,169,183	$ 1,941,212	$ -	$ (6,707,283)	$ 19,403,112
Comprehensive loss							
Loss for the year		-	-	-	-	(14,595,008)	(14,595,008)
Other comprehensive income for the year		-	-	-	5,000	-	5,000
Comprehensive loss for the year		-	-	-	5,000	(14,595,008)	(14,590,008)
Transactions with owners							
Private placements	13	28,250,000	6,927,500	-	-	-	6,927,500
Acquisition of exploration and evaluation assets	13	6,730,000	1,517,700	-	-	-	1,517,700
Agent's units	13	777,321	195,581	-	-	-	195,581
Share issuance costs	13	-	(694,542)	-	-	-	(694,542)
Warrants issued for exploration and evaluation assets	9	-	-	563,657	-	-	563,657
Agent's warrants	13	-	-	232,157	-	-	232,157
Deferred tax effects of share issuance costs		-	(398,285)	-	-	-	(398,285)
Share-based payments	14	-	-	607,454	-	-	607,454
Adjustment on expiration of stock options		-	-	(487,715)	-	487,715	-
Transactions with owners		35,757,321	7,547,954	915,553	-	487,715	8,951,222
Balance, March 31, 2013		112,281,198	$ 31,717,137	$ 2,856,765	$ 5,000	$ (20,814,576)	$ 13,764,326

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

MINERAL MOUNTAIN RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31

	Note	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the year		$ (5,675,412)	$ (14,595,008)
Items not affecting cash:			
Accrued loan interest		112	-
Depreciation		101,972	91,048
Share-based payments		-	607,454
Loss on disposal of equipment		9,667	639
Write-off of exploration and evaluation assets		4,526,854	14,022,283
Deferred income tax recovery		-	(1,595,653)
Changes in non-cash working capital items:			
Receivables		31,446	190,281
Prepaid expenses and deposits		34,518	(34,944)
Trade and other payables		(31,251)	(1,481)
Amounts due to related parties		81,863	4,405
Net cash used in operating activities		(920,231)	(1,310,976)
CASH FLOWS FROM INVESTING ACTIVITIES			
BC mining exploration credit refund		323,488	-
Exploration and evaluation assets		(1,109,416)	(4,504,885)
Purchase of property and equipment		(54,243)	(73,604)
Proceeds from disposal of equipment		-	2,000
Reclamation deposits		-	28,000
Net cash used in investing activities		(840,171)	(4,548,489)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from related party loans		48,000	-
Proceeds from issuance of share capital		-	6,927,500
Share issuance costs		(10,673)	(266,804)
Net cash provided by financing activities		37,327	6,660,696
Change in cash and cash equivalents during the year		(1,723,075)	801,231
Cash and cash equivalents, beginning of the year		1,744,233	943,002
Cash and cash equivalents, end of the year		$ 21,158	$ 1,744,233
Cash and cash equivalents are comprised of:			
Cash		$ 21,158	$ 199,233
Guaranteed investment certificates		-	1,545,000
		$ 21,158	$ 1,744,233

Supplemental disclosures with respect to cash flows (Note 16)

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

1. NATURE OF BUSINESS

Mineral Mountain Resources Ltd. (the “Company”) was incorporated on September 1, 2006 under the laws of British Columbia, Canada and maintains its head office at Suite 401, 1195 West Broadway, Vancouver, British Columbia, Canada, V6H 3X5. Its registered office is located at Suite 2300, 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 2B5. The Company is engaged in the acquisition, exploration, and development of mineral properties in North America. The Company’s common shares are listed on the TSX Venture Exchange (TSX-V) under the symbol “MMV” and on the OTCQX International under the symbol “MNRLF”.

2. BASIS OF PREPARATION

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by International Accounting Standards Board (“IASB”).

These consolidated financial statements incorporate the financial statements of the Company and its wholly-owned subsidiaries. All inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair values. In addition these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is functional currency of the Company and its subsidiary.

Going concern of operations

The Company is an exploration stage company. The Company has a history of losses with no operating revenue. The ability of the Company to recover the costs it has incurred to date on the exploration and evaluation assets is dependent upon the Company being able to identify a commercial ore body, to finance its exploration and development costs and to resolve any environmental, regulatory, or other constraints which may hinder the successful development of the assets. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern.

The Company’s ability to continue as a going concern is dependent on its ability to obtain adequate financing on reasonable terms from lenders, shareholders and other investors and/or to commence profitable operations in the future. Although the Company has been successful in raising funds in the past, there is no assurance that it will be able to obtain adequate financing in which case the Company may be unable to meet its obligations. The directors, after reviewing the current cash position and having considered the Company’s ability to raise funds in the short term, adopt the going concern basis in preparing its consolidated financial statements.

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

2. BASIS OF PREPARATION (cont'd…)

Significant estimates and assumptions

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

i) The determination of the fair value of stock options and agent's warrants using stock pricing models, require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate.
ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts.
iii) The determination of the fair value of the Company's investment in Global Resources Investment Trust Plc ("GRIT") shares. The Company holds 1,121,128 common shares of GRIT which were acquired on February 27, 2014 in exchange for 28,600,000 common shares of the Company (Notes 7 and 13). GRIT shares are listed on the London Stock Exchange and, to date, there has been a minimal number of trades. There is significant uncertainty of the timing and the value of the proceeds that will be eventually received on the sale of these shares. Subsequent to March 31, 2014, the GRIT shares traded at significantly lower than the carrying value reported at March 31, 2014.

Significant judgments

The preparation of these consolidated financial statements requires management to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

i) Recorded costs of exploration and evaluation assets are not intended to reflect present or future values of these assets. The assessment of indications of impairment loss and the reversal of an impairment loss and the measuring of the recoverable amount when impairment tests have been prepared involve judgment. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount.
ii) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its exploration projects and working capital requirements and whether there are events or conditions that may give rise to significant uncertainty.
iii) The classification of financial instruments.
iv) The determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all years presented in these consolidated financial statements, unless otherwise indicated.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and at banks and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset into operation and an initial estimate of the rehabilitation obligation.

Property and equipment are generally depreciated on a straight line basis over their estimated useful lives as follows:

Building	10 years
Computer software	2 years
Office furniture and equipment	5 years
Vehicles and field equipment	3 - 10 years

An item of property and equipment is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of comprehensive loss.

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for property and equipment and any changes arising from the assessment are applied by the Company prospectively.

Exploration and evaluation assets

Once a license to explore an area has been secured, all direct costs related to the acquisition, exploration and evaluation of mineral property interests are capitalized into intangible asset on a property by property basis until such time that technical feasibility and commercial viability of extracting a mineral resource has been determined for a property, in which case the capitalized exploration and evaluation costs are transferred and capitalized into property, plant and equipment. The Company records expenditures on exploration and evaluation activities at cost. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Proceeds received from a partial sale or option of any interest in a property are credited against the carrying value of the property. When the proceeds exceed the carrying costs, the excess is recorded in profit or loss in the period the excess is received. When all of the interest in a property is sold, subject only to any retained royalty interests which may exist, the accumulated property costs are written-off, with any gain or loss included in profit or loss in the period the transfer takes place.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment of non-financial assets

Management assesses the exploration and evaluation assets and property and equipment for impairment at least annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For exploration and evaluation assets, the assessment is based on the development program, the nature of the mineral deposit, commodity prices and the Company's intentions and ability for development of the undeveloped property. If, after management review, it is determined that the carrying amount of an asset is impaired, that asset is written down to its estimated recoverable amount. The recoverable amount of an asset is determined as the higher of its fair value less costs to sell and its value in use. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

Provision for decommissioning and restoration

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties in the year in which it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Initially, a provision for a decommissioning liability is recognized based on expected cash flows required to settle the obligation and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. Following the initial recognition of the decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows. As at March 31, 2014 and 2013, the Company had no known material restoration, rehabilitation or environmental liabilities related to its mineral properties.

Financial instruments

(i) Financial assets

The Company classifies its financial assets in the following categories: loans and receivables and available-for-sale investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

Fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. The Company's GRIT shares (Note 7) are classified as fair value through profit or loss.

Loans and receivables

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

(i) Financial assets (cont'd)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Subsequent to initial recognition, changes in the fair value of available-for-sale financial assets other than impairment losses are recognized as other comprehensive income and classified as a component of equity. When available-for-sale financial asset are sold, the accumulated fair value adjustments recognized in other comprehensive income are transferred to profit and loss. The Company's available-for-sale assets include marketable securities in equity securities of other listed entities.

(ii) Financial liabilities

The Company has the following non-derivative financial liabilities: trade and other payables, amounts due to related parties and loans from related parties. Non-derivative financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(iii) Impairment of financial assets

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

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

(iv) Offsetting financial instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Share capital

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

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. The diluted loss per share reflects all dilutive potential common shares equivalents, which comprise outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. All of the outstanding stock options and the share purchase warrants were anti-dilutive for the years ended March 31, 2014 and 2013.

Share-based payments

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

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

Foreign currency translation

The financial statements for the Company and its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The presentation currency of the Company is Canadian dollars. Assets and liabilities for the statement of financial position of its subsidiary are translated into Canadian dollars using the exchange rate at the end of the reporting period and the statement of comprehensive income is translated into Canadian dollars using the average exchange rate for the period. All gains and losses on translation of a subsidiary from the functional currency to the presentation currency are charged to other comprehensive income.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Flow-through shares

Canadian tax legislation permits a company to issue flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability ("flow-through share premium liability"), and ii) share capital. Upon qualifying expenditure being incurred and renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through share premium liability will be reversed. To the extent that suitable deferred tax assets are available to offset the deferred tax liability, the Company will reduce the deferred tax liability and record a deferred tax recovery.

Income taxes

Current taxes receivable or payable are estimated on taxable income or loss for the current year at the statutory tax rates enacted or substantively enacted at the reporting date.

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

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

New accounting policies in effect April 1, 2013

Certain new standards have been issued by the IASB that are mandatory for accounting periods beginning on or after January 1, 2013. The Company has adopted the following new standards.

i) IAS 1 *Presentation of financial statements* ("IAS 1") was amended to change the disclosure of items presented in Other Comprehensive Income ("OCI"), including a requirement to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss in the future. The amendments to IAS 1 became effective for the Company on April 1, 2013 and appropriate disclosures have been included in the consolidated financial statements.

ii) New standard IFRS 10 *Consolidated Financial Statements* (IFRS 10) has been issued by IASB to replace IAS 27 *Consolidated and Separate Financial Statements* and SIC 12 *Consolidation—Special Purpose Entities*. IFRS 10 provides a new single consolidation model that identifies control as the basis for consolidation for all types of entities. IFRS 10 was adopted effective April 1, 2013 and had no impact in comparative periods.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New accounting policies in effect April 1, 2013 (cont'd…)

iii) New standard IFRS 11 *Joint Arrangements* (IFRS 11) has been issued to replace IAS 31 *Interests in Joint Ventures*. IFRS 11 reduces the types of joint arrangements to two: joint ventures and joint operations. IFRS 11 requires the use of equity accounting for interests in joint ventures, eliminating the existing policy choice of proportionate consolidation for jointly controlled entities under IAS 31. Entities that participate in joint operations will follow accounting much like that for jointly controlled assets and jointly controlled operations under IAS 31. IFRS 11 was adopted effective April 1, 2013 and had no impact in comparative periods.

iv) New standard IFRS 12 *Disclosure of Interest in Other Entities* (IFRS 12) has been issued to set out the disclosure requirements for entities reporting under IFRS 10 and IFRS 11, and replaces the disclosure requirements currently found in ISA 28, *Investments in Associates*. IFRS 12 was adopted effective April 1, 2013 and had no impact in comparative periods.

v) New standard IFRS 13 *Fair Value Measurement* ("IFRS 13") has been issued to provide a single source of guidance for all fair value measurements required by IFRS to reduce the complexity and improve consistency across its application. Fair value is 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. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. The Company has adopted IFRS 13 on a prospective basis and added additional disclosures on fair value measurement in Note 19.

Future accounting changes

Certain new standards and amendments to existing standards have been issued by the IASB that are mandatory for accounting periods beginning on or after January 1, 2014, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

i) Amendments to IAS 32 *Financial Instruments: Presentation* have been issued to clarify requirements for offsetting of financial assets and financials liabilities. The amendments are applicable for annual periods beginning on or after January 1, 2014, with early adoption permitted.

ii) New standard IFRS 9 *Financial Instruments* (IFRS 9) has been issued by IASB to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 has two measurement categories: amortized cost and fair value. In February 2014, the IASB tentatively decided that the mandatory effective date of IFRS 9 would be annual periods beginning on or after January 1, 2018.

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

4. MARKETABLE SECURITIES

		2014		2013
Common shares of Duncastle Gold Corp.	$	5,000	$	18,750

Marketable securities are measured at fair value which is determined using quoted closing prices of the shares on the exchange where they are listed, at the end of each reporting period. A change in fair value of the marketable securities is included as a component of other comprehensive income.

Refer to Note 19 for further information on the measurement of fair value.

5. RECEIVABLES

		2014		2013
GST/HST recoverable	$	14,490	$	45,786
British Columbia mining exploration tax credit receivable		-		300,000
Interest receivable		71		4,421
Other receivable		4,200		-
	$	18,761	$	350,207

6. PREPAID EXPENSES AND DEPOSITS

		2014		2013
Exploration advances	$	21,263	$	21,946
Prepaid expenses		35,630		69,465
Rental deposit		30,450		30,450
	$	87,343	$	121,861

7. INVESTMENT IN GRIT SHARES

The Company holds 1,121,128 common shares of Global Resources Investment Trust Plc (“GRIT”) which were acquired on February 27, 2014 in exchange for 28,600,000 common shares of the Company (Note 13). GRIT shares are listed on the London Stock Exchange and to date there has been a minimal number of trades. The GRIT shares are subject to resale restrictions expiring on September 7, 2014, including the requirement for any share sales to be approved by GRIT. There exists significant uncertainty as to the timing and the value of the proceeds that will be eventually received on the sale of these shares.

Subsequent to March 31, 2014, shares of GRIT sold at a price of £0.31. If the Company’s GRIT shares were sold at a similar price this would give rise to proceeds of approximately $640,000 resulting in a loss of $933,000.

8. RESTRICTED CASH

The Company has provided corporate credit cards to its directors with a credit limit totalling $25,000 for the Company's expenses. As collateral for the credit cards, the Company has a one-year term deposit of $28,750 earning annual interest at the prime rate minus 2.05%. As at March 31, 2014, the credit cards had an outstanding balance of $9,933 (2013 - $3,607) in total.

9. PROPERTY AND EQUIPMENT

	Building	Computer software	Office furniture & equipment	Vehicle & field equipment	Total
Cost					
Balance as at March 31, 2013	145,285	184,035	79,336	20,133	428,789
Additions	-	36,458	4,068	13,717	54,243
Disposal	-	-	-	(20,133)	(20,133)
Balance as at March 31, 2014	145,285	220,493	83,404	13,717	462,899
Accumulated depreciation					
Balance as at March 31, 2013	32,989	105,935	28,665	9,459	177,048
Depreciation for the year	14,528	71,169	16,275	1,692	103,664
Adjustment on disposal	-	-	-	(10,466)	(10,466)
Balance as at March 31, 2014	47,517	177,104	44,940	685	270,246
Net book value as at March 31, 2014	$ 97,768	$ 43,389	$ 38,464	$ 13,032	$ 192,653

	Building	Computer software	Office furniture & equipment	Vehicles	Total
Cost					
Balance as at March 31, 2012	$ 145,285	$ 119,852	$ 71,432	$ 26,534	$ 363,103
Additions	-	64,183	7,904	1,517	73,604
Disposal	-	-	-	(7,918)	(7,918)
Balance as at March 31, 2013	145,285	184,035	79,336	20,133	428,789
Accumulated depreciation					
Balance as at March 31, 2012	18,460	29,963	13,589	9,544	71,556
Depreciation for the year	14,529	75,972	15,076	5,194	110,771
Adjustment on disposal	-	-	-	(5,279)	(5,279)
Balance as at March 31, 2013	32,989	105,935	28,665	9,459	177,048
Net value as at March 31, 2013	$ 112,296	$ 78,100	$ 50,671	$ 10,674	$ 251,741

During the year ended March 31, 2014, the Company expensed $101,972 (2013 - $91,048) in depreciation to the statement of comprehensive loss and capitalized $1,692 (2013 - $19,723) to exploration and evaluation assets.

10. EXPLORATION AND EVALUATION ASSETS

	March 31, 2012	Additions/ (Recoveries)	Write-offs	March 31, 2013	Additions/ (Recoveries)	Write-offs	March 31, 2014
Holy Terror Project, South Dakota							
Acquisition costs							
Option payments	$ -	$ 2,554,641	$ -	$ 2,554,641	$ 476,325	$ -	$ 3,030,966
Staking and other property costs	-	219,155	-	219,155	49,901	-	269,056
	-	2,773,796	-	2,773,796	526,226	-	3,300,022
Exploration costs							
Accommodation/camp	-	8,685	-	8,685	30,099	-	38,784
Assays	-	341,318	-	341,318	5,853	-	347,171
Drilling	-	1,337,415	-	1,337,415	5,997	-	1,343,412
Equipment rental	-	19,673	-	19,673	13,774	-	33,447
Field work	-	195,491	-	195,491	96,204	-	291,695
Geological consulting	-	562,412	-	562,412	355,004	-	917,416
Geophysical survey	-	288,544	-	288,544	3,059	-	291,603
Miscellaneous	-	57,559	-	57,559	44,189	-	101,748
State and local taxes	-	83,003	-	83,003	20,275	-	103,278
Travel	-	99,938	-	99,938	26,235	-	126,173
	-	2,994,038	-	2,994,038	600,689	-	3,594,727
	$ -	$ 5,767,834	$ -	$ 5,767,834	$ 1,126,915	$ -	$ 6,894,749

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10. EXPLORATION AND EVALUATION ASSETS

Continued…	March 31, 2012	Additions/ (Recoveries)	Write-offs	March 31, 2013	Additions/ (Recoveries)	Write-offs	March 31, 2014
Rochford Project, South Dakota							
Acquisition costs							
Staking and other property costs	$ -	$ 191,390	$ -	$ 191,390	$ 45,515	$ -	$ 236,905
Exploration costs							
Assays	-	674	-	674	-	-	674
Equipment rental	-	1,612	-	1,612	430	-	2,042
Field work	-	307	-	307	1,082	-	1,389
Geological consulting	-	32,412	-	32,412	55,646	-	88,058
Geophysical survey	-	202,470	-	202,470	22,433	-	224,903
Miscellaneous	-	207	-	207	1,650	-	1,857
State and local taxes	-	19,591	-	19,591	3,777	-	23,368
Travel	-	8,161	-	8,161	6,857	-	15,018
	-	265,434	-	265,434	91,875	-	357,309
	$ -	$ 456,824	$ -	$ 456,824	$ 137,390	$ -	$ 594,214

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10. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Continued…	**March 31, 2012**	**Additions/ (Recoveries)**	**Write-offs**	**March 31, 2013**	**Additions/ (Recoveries)**	**Write-offs**	**March 31, 2014**
Kootenay Arc Project, British Columbia							
Acquisition costs							
Option payments	$ 734,875	$ 34,700	$ -	$ 769,575	$ 27,100	$ (795,675)	$ 1,000
Staking and other property costs	156,149	23,623	-	179,772	3,072	(182,844)	-
	891,024	58,323	-	949,347	30,172	(978,519)	1,000
Exploration costs							
Accommodation/camp	101,733	-	-	101,733	-	(101,733)	-
Assays	447,367	6,036	-	453,403	1,296	(454,699)	-
Drilling	415,058	-	-	415,058	-	(415,058)	-
Equipment rental	86,008	931	-	86,939	-	(86,939)	-
Field work	607,478	-	-	607,478	-	(607,478)	-
Geological consulting	646,065	660	-	646,725	-	(646,725)	-
Geophysical survey	683,076	-	-	683,076	-	(683,076)	-
Helicopter rental	748,709	-	-	748,709	-	(748,709)	-
Miscellaneous	26,721	835	-	27,556	-	(27,556)	-
Project administration	104,775	7,154	-	111,929	-	(111,929)	-
Soil and rock sampling	129,621	-	-	129,621	-	(129,621)	-
BC mining exploration tax credit	(441,700)	-	-	(441,700)	(23,488)	465,188	-
	3,554,911	15,616	-	3,570,527	(22,192)	(3,548,335)	-
	$ 4,445,935	$ 73,939	$ -	$ 4,519,874	$ 7,980	$ (4,526,854)	$ 1,000

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10. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Continued…	March 31, 2012	Additions/ (Recoveries)	Write-offs	March 31, 2013	Additions/ (Recoveries)	Write-offs	March 31, 2014
Pipestone Project, Ontario							
Acquisition costs							
Option payments	$ 1,982,250	$ -	$ (1,568,500)	$ 413,750	$ -	$ -	$ 413,750
Staking and other property costs	308,496	19,891	(328,387)	-	716	-	716
	2,290,746	19,891	(1,896,887)	413,750	716	-	414,466
Exploration costs							
Accommodation/camp	619,975	26,942	(646,917)	-	-	-	-
Assays	356,407	646	(357,053)	-	-	-	-
Drilling	1,231,657	-	(1,231,657)	-	-	-	-
Equipment rental	103,702	11,500	(115,202)	-	-	-	-
Field work	802,927	(2,881)	(800,046)	-	-	-	-
Geological consulting	286,046	16,425	(302,471)	-	-	-	-
Geophysical survey	309,959	8,272	(318,231)	-	-	-	-
Miscellaneous	152,636	16,843	(169,479)	-	-	-	-
Prospecting	333,041	-	(333,041)	-	-	-	-
	4,196,350	77,747	(4,274,097)	-	-	-	-
Recoveries	-	(13,750)	-	(13,750)	(43,160)	-	(56,910)
	$ 6,487,096	$ 83,888	$ (6,170,984)	$ 400,000	$ (42,444)	$ -	$ 357,556

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10. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Continued…	March 31, 2012	Additions/ (Recoveries)	Write-offs	March 31, 2013	Additions/ (Recoveries)	Write-offs	March 31, 2014
Shining Tree Project, Ontario							
Acquisition costs							
Option payments	$ 4,082,500	$ -	$ (3,732,500)	$ 350,000	$ -	$ -	$ 350,000
Staking and other property costs	38,247	18,954	(57,201)	-	666	-	666
	4,120,747	18,954	(3,789,701)	350,000	666	-	350,666
Exploration costs							
Accommodation/camp	137,460	11,644	(149,104)	-	-	-	-
Assays	424,751	7,379	(432,130)	-	-	-	-
Drilling	2,319,912	12,652	(2,332,564)	-	-	-	-
Equipment rental	28,875	4,120	(32,995)	-	-	-	-
Field work	363,251	44,952	(408,203)	-	-	-	-
Geological consulting	284,393	30,056	(314,449)	-	-	-	-
Geophysical survey	255,103	-	(255,103)	-	-	-	-
Miscellaneous	49,977	3,088	(53,065)	-	-	-	-
Project administration	71,997	11,988	(83,985)	-	-	-	-
	3,935,719	125,879	(4,061,598)	-	-	-	-
	8,056,466	144,833	(7,851,299)	350,000	666	-	350,666
Total	$ 18,989,497	$ 6,527,318	$ (14,022,283)	$ 11,494,532	$ 1,230,507	$ (4,526,854)	$ 8,198,185

10. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Holy Terror Project, South Dakota

The Company's Holy Terror project is located in the Keystone Mining District, Pennington County, South Dakota, United States and includes the following properties:

<u>Holy Terror Property</u>

On May 30, 2012, the Company signed an option agreement ("Holy Terror Agreement") with the Holy Terror Mining Company ("Holy Terror Mining"), whereby Holy Terror Mining granted the Company the exclusive working right and option to acquire up to a 75% interest in certain mineral claims located in the Keystone Mining District, Pennington County, South Dakota. Pursuant to the Holy Terror Agreement and subsequent amendment signed on October 8, 2013, the Company must make cash payments of US$1,000,000, issue 10,000,000 common shares and incur US$7,500,000 in exploration expenditures by May 30, 2022 to earn a 60% interest in the property. To date, the Company has paid US$500,000, issued 5,000,000 common shares (with a fair value of $700,000) and incurred approximately US$4,700,000 of deemed exploration expenditures. The remaining option payments are due as follows:

- pay US$250,000 and issue 2,500,000 common shares by May 30, 2014 (postponed to July 2, 2014 per request of Holy Terror Mining);
- pay US$250,000 and issue 2,500,000 common shares by May 30, 2015; and
- incur additional US$2,800,000 in exploration expenditures by May 30, 2022.

As of the date of the approval of these financial statements, the cash payment and share issuance due July 2, 2014 have not been completed. However, the Company has not been served notice by the optionor that the agreement is in default.

To exercise its option to acquire an additional 15% interest in the property, for a 75% interest in aggregate, the Company shall incur additional exploration expenditures of US$12,500,000 by May 30, 2022. The property is subject to a 3% net smelter returns royalty ("NSR").

Once the Company has earned its interest in the property (either a 60% interest or a 75% interest), the Company and Holy Terror Mining will form a joint venture (the "Joint Venture"). The Company will then be responsible for the first US$25,000,000 of expenditures on the property and there will be no dilution of the Holy Terror Mining's interest in the Joint Venture. In addition, upon the formation of the Joint Venture, the Company agreed to make a further cash payment of US$250,000 per year to Holy Terror Mining until the US$25,000,000 of exploration expenditures has been incurred on the property.

<u>Bullion Mine Property</u>

On August 15, 2012, the Company and its wholly-owned subsidiary entered into an asset purchase agreement with Energy Fuels Corporation ("Energy Fuels"), whereby Energy Fuels agreed to sell certain mineral claims located in the Keystone Mining District in Pennington County, South Dakota in consideration of 4,000,000 common shares of the Company (issued with a fair value of $1,000,000) and 4,000,000 share purchase warrants (issued with a fair value of $563,657 using the Black-Scholes option pricing model, assuming a risk-free interest rate of 1.25%, an expected life of 3 years, annualized volatility of 102% and a dividend rate of 0%). Of the 4,000,000 share purchase warrants, 2,000,000 warrants are exercisable at a price of $0.35 per share until August 27, 2015 and the remaining 2,000,000 warrants are exercisable at a price of $0.40 per share until August 27, 2015. Because the Bullion Mine property falls within the area of interest defined in the Holy Terror Agreement, a deemed cost of $750,000 for the 4,000,000 issued common shares for the purchase of the Bullion Mine property is considered as part of the exploration expenditure commitment pursuant to the Holy Terror Agreement.

10. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Holy Terror Project, South Dakota (cont'd…)

Bismarck Mine Property

On August 27, 2012, Holy Terror Mining acquired an additional 241 mineral claims that fall within the area of interest under the Holy Terror Agreement. The Company, as part of its obligations under the Holy Terror Agreement, has reimbursed Holy Terror Mining the purchase price of $223,359. The purchase price is considered as part of the exploration expenditure commitment pursuant to the Holy Terror Agreement.

Staked Mining Claims

In October 2012, the Company staked an additional 70 unpatented federal lode mining claims for approximately $172,000. The staked claims falls within the area of interest defined in the Holy Terror Agreement and forms part of the terms and conditions of the aforementioned option agreement.

Rochford Project, South Dakota

During the year ended March 31, 2013, the Company acquired certain mineral claims in the Rochford Mining District of the Black Hills, South Dakota, by staking at a cost of $191,390. The newly acquired mineral claims are situated approximately 40 kilometers northwest of the Company's Holy Terror Project in the Keystone Mining District.

Kootenay Arc Project, British Columbia

The Company's Kootenay Arc project is located in the Kootenay Land District of British Columbia. During the year ended March 31, 2014, the Company decided not to continue working on the property and allowed most of the mineral claims lapsed. Accordingly, the Company wrote down the acquisition and exploration costs totaling $4,526,854, leaving a balance of $1,000.

Pipestone Project, Ontario

The Company's Pipestone Project is located in the Kenora Mining District in north western Ontario and includes the following properties:

Whetstone Property

On February 23, 2011, the Company entered into a letter agreement with Whetstone Minerals Ltd. to acquire a 100% interest in certain unpatented claims located in the Kenora Mining District in north western Ontario. The Company has earned a 100% interest in the property by paying $200,000 and issuing 650,000 common shares with a fair value of $250,250.

The property is subject to a 2% NSR and the Company has the option to purchase one-half of the NSR (1%) at any time for $1,000,000.

10. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Pipestone Project, Ontario (Cont'd…)

Eustace Property

On July 22, 2011, the Company entered into an agreement to acquire a 100% interest in certain patented claims located in the Kenora Mining District in north western Ontario. The Company has earned a 100% interest in the property by paying $600,000 and issuing 350,000 common shares with a fair value of $167,000.

The property is subject to a 3% NSR and the Company has the option to purchase a 2% of the 3% NSR at a price of $1,000,000 for each 1%.

Shotgun Property

On September 20, 2010, the Company entered into an option agreement with Shotgun Exploration ("Shotgun") to earn up to a 75% interest in certain patented and unpatented claims located in the Kenora Mining District in north western Ontario. To earn an initial 60% interest, the Company was required to make cash payments of $550,000 ($350,000 paid), issue 2,500,000 common shares (750,000 common shares issued with a fair value of $415,000), and fulfill work commitments of $4,750,000. During the year ended March 31, 2013, the Company decided not to proceed with the option agreement and accordingly wrote off the capitalized acquisition and exploration costs of $4,221,445.

Memorandum of Understanding

On September 29, 2011, the Company entered into a Memorandum of Understanding ("MOU") with Naicatchewenin First Nation ("Naicatchewenin") to promote a co-operative and mutually respectful relationship with regard to the Company's exploration activities on the Pipestone Project. Pursuant to the MOU, the Company issued 300,000 common shares (with a fair value of $117,000) and granted 500,000 share purchase warrants to the Naicatchewenin. Each warrant is exercisable into one common share of the Company at a price of $0.60 until November 30, 2016. The warrants were scheduled to vest in five equal tranches over 5 years, with the first tranche vesting on November 30, 2012, provided that the Company continues to conduct exploration activities on the Pipestone Project. As a result of the termination of the Shotgun option agreement in August 2012, all warrants were cancelled unvested. In addition, the Company agreed to contribute to the Naicatchewenin Community Fund on a quarterly basis, a gradual percentage, of monies spent on exploration activities on the property. Subsequent to the termination of the Shotgun option agreement the Company discontinued any further exploration on the Pipestone Project and thereby extinguishing any further obligations under the MOU.

Duncastle Option Agreement

On October 25, 2012, the Company signed a letter of understanding with Duncastle Gold Corp. ("Duncastle"), whereby the Company granted Duncastle an option to acquire up to a 100% interest in the Company's Pipestone Project, subject to a 2% NSR, by making cash payments of $300,000, issuing 2,000,000 common shares of Duncastle (250,000 common shares received) and incurring exploration expenditures of $4,000,000 on the property over five years. During the year ended March 31, 2014, Duncastle decided not to proceed with the option agreement and returned the Pipestone property to the Company.

At March 31, 2013, the Company wrote down the Pipestone Project to its estimated recoverable value of $400,000.

10. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Shining Tree Project, Ontario

On October 25, 2010, the Company entered into a letter agreement with Benton Resources Corp. ("Benton") to assume all the remaining rights and obligations of the option agreement dated June 1, 2009 ("Underlying Agreement") between Benton and Golden Harp Resources Inc. ("Golden Harp") to earn up to a 70% interest in certain mineral claims located in the Larder Lake Mining District of Ontario.

During the year ended March 31, 2012, the Company completed the option terms and earned a 70% interest in the Shining Tree Project. Pursuant to the Underlying Agreement, the Company and Golden Harp will jointly fund and manage the property in accordance with their participating interests held. However, the Company is required to expend an additional $2,544,500 in exploration expenditures before Golden Harp commences its funding to the joint venture. If a party elects not to contribute or to contribute a lesser amount, then its interest in the claims will be diluted. In the event that either party's participating interest is reduced to 10%, its interest shall be converted to a 1% NSR over those claims comprising the property that are not already subject to an NSR. The Company's 70% interest in the property is subject to a 1% NSR, payable to Benton.

At March 31, 2013, the Company wrote down the Shining Tree Project to its estimated recoverable value of $350,000.

11. TRADE AND OTHER PAYABLES

	2014	2013
Trade payables	$ 67,391	$ 150,101
Accrued expenses	41,048	75,202
	$ 108,439	$ 225,303

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

12. RELATED PARTY TRANSACTIONS

Amounts due to related parties were for services rendered to the Company by the directors and officers or companies controlled by its directors and officers and are unsecured, non-interest bearing, and have no specific terms of repayment.

During the year ended March 31, 2014, the Company received loans totalling $48,000 from two directors of the Company. These loans are unsecured, bear interest at 8% per annum and are payable on demand. As at March 31, 2014, the Company has accrued $112 of interests on the loans.

Key management includes directors (executive and non-executive) and senior officers of the Company. The compensation paid or payable to key management personnel during the year ended March 31 is as follows:

		2014		2013
Consulting fees	$	360,440	$	483,641
Geological consulting fees		49,750		154,200
Share-based payments		-		265,056
Total	$	410,190	$	902,897

The Company entered into the following transactions relating to key management personnel and entities over which they have control or significant influence during the year ended March 31, 2014:

a) Incurred consulting fees of $259,000 (2013 - $278,125) to three companies controlled separately by three directors of the Company.

b) Incurred consulting fees of $91,200 (2013 - $91,200) to a director of the Company.

c) Incurred consulting fees of $9,590 (2013 - $14,910), geological consulting fees of $42,600 (2013 - $81,900) and project investigation fees of $nil (2013 - $16,450) to two companies controlled separately by two directors of the Company.

d) Incurred consulting fees of $650 (2013 - $7,150) and geological consulting fees of $7,150 (2013 - $31,100) to an officer of the Company.

e) Incurred consulting fees of $nil (2013 - $90,000) to a company controlled by a former officer of the Company.

The Company has entered into four consulting agreements with a director and three companies controlled separately by three directors of the Company for management and corporate consulting services for a total monthly fee of $30,100 plus applicable taxes. These agreements are on a month to month basis and may be terminated with a six month notice or a termination payment equal to six months' remuneration.

13. SHARE CAPITAL

Authorized share capital

The Company has authorized an unlimited number of common shares with no par value.

Issued share capital

At March 31, 2014, the Company had 143,411,198 common shares outstanding (2013 - 112,281,198).

Share issuance

During the year ended March 31, 2014, the Company:

a) Issued 2,500,000 common shares with a fair value of $225,000 pursuant to the Holy Terror property option agreement.

b) Issued 30,000 common shares with a fair value of $2,100 pursuant to the Kootenay Arc Butte-Bonanza property option agreement.

c) Issued 28,600,000 common shares with a fair value of $1,573,000 to GRIT in exchange for 1,121,128 common shares of GRIT (Note 7). In connection with the transaction, the Company has agreed to pay finders' fees of up to a maximum of 1,894,284 common shares of the Company (the "Finders' Shares"). The Finders' Shares are issuable upon the Company receiving cash proceeds from the sale of the GRIT shares. The number of Finders' Shares will decrease if the proceeds are lower than $2,002,000 based on an agreed formula. The Company estimated that 1,587,857 Finders' Shares will be issuable based on the recorded value of the GRIT shares, recognizing a share issuance cost of $87,332 which has been included in the share-based payment reserve. The Company also incurred filing fees of $10,673 in connection with the transaction.

During the year ended March 31, 2013, the Company:

a) Completed a non-brokered private placement of 10,000,000 units at a price of $0.20 per unit for gross proceeds of $2,000,000. Each unit is comprised of one common share and one share purchase warrant; each warrant entitles the holder to acquire one additional common share at a price of $0.35 for a two year period. The Company paid $25,445 and issued 204,225 agent's units with a fair value of $40,845 as a finder's fee and incurred filing and other expenses of $15,177 in connection with the private placement. The agent's units have the same terms as the units issued under the private placement.

b) Completed a non-brokered private placement of 16,250,000 units at a price of $0.27 per unit for gross proceeds of $4,387,500. Each unit is comprised of one common share and one share purchase warrant; each warrant entitles the holder to acquire one additional common share for a period of 24 months at a price of $0.35 in the first year and at a price of $0.45 in the second year. The Company paid $199,126, issued 505,096 agent's units with a fair value of $136,376 and issued 1,242,600 agent's warrants as a finder's fee. The agent's units have the same terms as the units issued under the private placement. The agent's warrants have the same terms as the warrants issued under the private placement. The agent's warrants were valued at $219,573 using the Black-Scholes option pricing model (assuming a risk-free interest rate of 1.11%, an expected life of 2 year, annualized volatility of 103% and a dividend rate of 0%). The Company also incurred filing and other expenses of $23,489 in connection with the private placement.

c) Issued 200,000 common shares with a fair value of $37,000 as a finder's fee in connection with the Holy Terror property option agreement.

13. SHARE CAPITAL (Cont'd…)

Share issuance (Cont'd…)

d) Completed a non-brokered private placement of 2,000,000 units at a price of $0.27 per unit for gross proceeds of $540,000. Each unit is comprised of one common share and one share purchase warrant; each warrant entitles the holder to acquire one additional common share for a period of 24 months at a price of $0.36 in the first year and at a price of $0.45 in the second year. The Company issued 68,000 agent's unit with a fair value of $18,360 and 68,000 agent's warrants as a finder's fee. The agent's units have the same terms as the units issued under the private placement. The agent's warrants have the same terms as the warrants issued under the private placement. The agent's warrants were valued at $12,584 using the Black-Scholes option pricing model (assuming a risk-free interest rate of 1.11%, an expected life of 2 year, annualized volatility of 103% and a dividend rate of 0%). The Company also incurred filing and other expenses of $3,567 in connection with the private placement.

e) Issued 6,530,000 common shares pursuant to mineral property agreements with a total value of $1,480,700 as follows:

	Common Shares		Fair Value
Kootenay Arc – Butte-Bonanza Property	30,000	$	5,700
Holy Terror – Holy Terror	2,500,000		475,000
Holy Terror – Bullion Mine	4,000,000		1,000,000
	6,530,000	$	1,480,700

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended March 31, 2014 was based on the loss attributable to common shareholders of $5,675,412 (2013 - $14,595,008) and a weighted average number of common shares outstanding of 116,898,184 (2013 - 95,352,112).

At March 31, 2014, 5,375,000 stock options (2013 - 7,030,000), 33,027,321 warrants (2013 - 36,532,321), and 1,310,600 agent's warrants (2013 – 2,013,260) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

14. SHARE-BASED PAYMENTS

Stock options

The Company has adopted an incentive rolling stock option plan (the "Plan") under which it is authorized to grant options to directors, officers, employees and consultants enabling them to acquire up to a maximum of 10% of the issued and outstanding common shares of the Company. The options can be granted for a maximum term of 5 years and vest as determined by the board of directors. Options granted to employees or consultants performing investor relations will vest in stages over 12 months with no more than one quarter of the options vesting in any three month period. The exercise price of options granted under the Plan shall not be less than the closing price of the Company's shares on the trading day immediately preceding the date of grant, less the discount permitted under the Exchange's policies.

14. SHARE-BASED PAYMENTS (Cont'd…)

Stock options (Cont'd…)

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2012	5,255,000	$ 0.49
Options granted	3,375,000	0.29
Cancelled	(1,600,000)	0.46
Balance, March 31, 2013	7,030,000	$ 0.40
Cancelled/expired	(1,655,000)	0.36
Balance, March 31, 2014	5,375,000	$ 0.42
Exercisable at March 31, 2014	5,375,000	$ 0.42
Weighted average fair value of options granted during the year	$ -	(2013 - $0.18)

The options outstanding at March 31, 2014 have an exercise price in the range of $0.25 to $0.70 (2013 - $0.25 to $0.70) and a weighted average remaining contractual life of 2.72 years (2013 - 3.07 years).

As at March 31, 2014 the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
250,000	$ 0.25	June 30, 2015
1,225,000	0.70	January 7, 2016
200,000	0.70	February 23, 2016
525,000	0.50	June 7, 2016
2,875,000	0.28	September 6, 2017
300,000	0.35	October 4, 2017
5,375,000		

14. SHARE-BASED PAYMENTS (Cont'd…)

Stock options (Cont'd…)

For the year ended March 31, 2014, the Company expensed $nil (2013 - $607,454) for the stock options vested during the year The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the year ended March 31:

	2014	2013
Risk-free interest rate	-	1.23%
Expected life of options	-	3 years
Annualized volatility	-	100.11%
Dividend rate	-	Nil

Warrants

Warrants are issued as private placement incentives. No value was allocated to the warrants issued with private placement units. Agents' warrants are measured at fair value on the date of the grant as determined using the Black-Scholes option pricing model.

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, March 31, 2012	8,467,046	$	0.49
Warrants issued	33,027,321		0.35
Agents' warrants issued	1,310,600		0.35
Warrants cancelled	(500,000)		0.60
Warrants expired	(3,596,292)		0.40
Agents' warrants expired	(163,094)		0.40
Balance, March 31, 2013	38,545,581		0.38
Warrants expired	(3,505,000)		0.63
Agents' warrants expired	(702,660)		0.59
Balance, March 31, 2014	34,337,921	$	0.41
Exercisable at March 31, 2014	34,337,921	$	0.41

The warrants outstanding at March 31, 2014 have an exercise price in the range of $0.35 to $0.45 (2013 - $0.35 to $0.70) and a weighted average remaining contractual life of 0.61 years (2013 - 1.48 years).

14. SHARE-BASED PAYMENTS (Cont'd…)

Warrants (Cont'd…)

As at March 31, 2014 the following warrants were outstanding:

	Number of Warrants	Exercise Price	Expiry Date
Warrants			
	8,687,650	$ 0.35	June 29, 2014
	1,516,575	0.35	July 6, 2014
	7,257,796	0.45	November 19, 2014
	2,068,000	0.45	November 20, 2014
	9,497,300	0.45	November 21, 2014
	2,000,000	0.35	August 27, 2015
	2,000,000	0.40	August 27, 2015
	33,027,321		
Agents' warrants			
	489,336	$ 0.45	November 19, 2014
	68,000	0.45	November 20, 2014
	753,264	0.45	November 21, 2014
	1,310,600		
	34,337,921		

15. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, pursue exploration of its mineral property interest and to maintain a flexible capital structure for the benefits of its stakeholders. In the management of capital, the Company includes components of shareholders' equity in the definition of capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or dispose of assets.

Management reviews the capital structure on a regular basis to ensure that the Company's capital management objectives are achieved. There was no change in the Company's approach to capital management from the prior year. The Company's capital is not subject to any external restrictions.

16. SUPPLEMENTAL CASH FLOW INFORMATION

	2014	2013
Cash paid for income taxes during the year	$ -	$ -
Cash paid for interest during the year	$ -	$ -

Significant non-cash investing and financing transactions during the year ended March 31, 2014 included:

(a) The Company issued 2,530,000 common shares pursuant to mineral property agreements with a total value of $227,100.

(b) The Company issued 28,600,000 common shares with a fair value of $1,573,000 to GRIT in exchange for 1,121,128 common shares of GRIT.

(c) The Company allocated depreciation of property and equipment of $1,692 to exploration and evaluation assets.

(d) Included in trade and other payables are $60,006 related to exploration and evaluation assets.

Significant non-cash investing and financing transactions during the year ended March 31, 2013 included:

(a) The Company issued 6,530,000 common shares pursuant to mineral property agreements with a total value of $1,480,700.

(b) The Company issued 200,000 common shares with a fair value of $37,000 as a finder's fee in connection with the Holy Terror property option agreement.

(c) The Company issued 1,310,600 agent's warrants with a fair value of $232,157 as financing fees for a non-brokered private placement.

(d) The Company allocated depreciation of property and equipment of $19,723 to exploration and evaluation assets.

(e) The Company charged $563,657 of fair value of warrants issued pursuant to mineral property agreements to exploration and evaluation assets.

(f) The Company received 250,000 common shares of Duncastle Gold Corp. pursuant to a mineral property agreement with a total value of $13,750.

(g) The Company credited $115,596 of tax effect of share issuance costs to share capital.

(h) Included in trade and other payables are $145,619 related to exploration and evaluation assets.

17. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2014	2013
Loss before income taxes	$ (5,675,412)	$ (16,190,661)
Statutory tax rate	25.75%	25.00%
Expected income tax recovery at statutory rates	$ (1,461,418)	$ (4,047,665)
Non-deductible items	3,539	152,445
Impact of tax rate changes	(127,215)	(625)
Other	38,683	(66,210)
Unrecognized temporary differences	1,546,411	-
Renunciation of exploration costs	-	2,366,402
Deferred income tax recovery	$ -	$ (1,595,653)

Deferred income tax assets and liabilities

The Company has available for deduction against future taxable income non-capital losses of approximately $6,300,000. These losses, if not utilized, will expire between 2027 and 2034. Subject to certain restrictions, the Company also has resource expenditures of approximately $17,500,000 (2013 - $16,600,000) and share issuance costs of approximately $707,000 (2013 - $1,120,000) available to reduce taxable income in future years. Deferred tax assets which may arise as a result of these non-capital losses and resource deductions have not been recognized in these financial statements as the Company determined that, as at March 31, 2014, their realization is uncertain.

The nature and tax effect of the temporary differences giving rise to the unrecognized deferred tax assets are as follows:

	2014	2013
Exploration and evaluation assets	$ 2,475,216	$ 1,266,988
Non-capital loss carry forwards	1,648,858	1,245,011
Share issuance costs	214,062	321,918
Marketable securities	1,138	(625)
Property and equipment	92,460	45,742
Unrecognized deferred income tax assets	$ 4,431,733	$ 2,879,034

18. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows: cash and cash equivalents, deposits, receivables and restricted cash classified as loans and receivables and measured at amortized cost; marketable securities as either fair value through profit or loss (GRIT shares) or available-for-sale and measured at fair value; trade and other payables, amounts due to related parties and loans from related parties as other financial liabilities and measured at amortized cost. The carrying amount of financial assets and liabilities carried at amortized cost is a reasonable approximation of fair value due to the relatively short period to maturity of these financial instruments.

Financial risk management

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

Credit risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash and cash equivalents, marketable securities and receivables. The credit risk with respect to its cash and cash equivalents is minimal as they are held with high-credit quality financial institutions. The Company's receivables mainly consist of goods and services tax due from Canadian governments. Management does not expect these counterparties to fail to meet their obligations.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. The Company performs cash flow forecasting for each fiscal year to ensure there is sufficient cash available to fund its projects and operations. As at March 31, 2014, the Company had a cash and cash equivalents balance of $21,158 and current liabilities of $258,859. The Company's financial liabilities include trade and other payables which have contractual maturities of 30 days or are due on demand. Management intends to sell the Company's marketable securities to settle its liabilities and fund operations, however, the timing of such a sale and the amount of the proceeds is uncertain and not entirely within the Company's control.

At present, the Company's operations do not generate cash flow. The Company's primary source of funding has been the issuance of equity securities through private placements and the exercise of stock options and warrants. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

Interest rate risk

Interest risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company is exposed to interest rate risk to the extent that the cash and cash equivalents maintained at the financial institutions. The interest rate risks on cash and cash equivalents are not considered significant due to their short-term nature and maturity. Loans from related parties bear a fix interest rate at 8% per annum and thus are not subject to interest rate risk.

Foreign exchange rate risk

Foreign exchange risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in the United States by using US dollars converted from its Canadian bank accounts. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

19. FAIR VALUE MEASUREMENTS

Fair value is 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. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Assets and liabilities measured at fair value on a recurring basis on the statement of financial position are summarized in levels of fair value hierarchy as follows. There have been no changes in these levels and no changes in classifications during the year ended March 31, 2014.

	Level 1	Level 2	Level 3	Total
March 31, 2014				
Available-for-sale financial assets				
Marketable securities	$ 5,000	$ -	$ -	$ 5,000
Fair value through profit or loss				
Investment in GRIT shares	-	-	1,573,000	1,573,000
	$ 5,000	$ -	$ 1,573,000	$ 1,578,000
March 31, 2013				
Available-for-sale financial assets				
Marketable securities	$ 3,750	$ -	$ -	$ 3,750

The following valuation techniques and inputs were used to estimate the fair values:

i) Marketable securities

The fair value of marketable securities is determined based on the closing price of each security at the end of each reporting period. The closing price is a quoted market price obtained from the exchange that is the principal active market for the particular security, and therefore marketable securities are classified within Level 1 of the fair value hierarchy.

ii) Investment in GRIT shares

The fair value of GRIT shares has been estimated based on the fair value of the shares of the Company that were issued to GRIT as consideration. The number of shares issued by the Company to GRIT was agreed to on an arms-length basis, consistent with other companies that make up GRIT's portfolio of investments. The Company has concluded that, because the length of time between the date that the GRIT shares were obtained and the reporting period end date is not significant, the fair value at issuance date is a reasonable approximation of the fair value at March 31, 2014. As discussed in Note 7, subsequent to March 31, 2014, GRIT shares were traded at a significantly lower price.

20. COMMITMENTS

i) On April 18, 2011, the Company entered into an office lease agreement for its office premises commencing July 1, 2011 and ending June 30, 2014. Subsequent to March 31, 2014, the Company extended the existing lease for two additional years to June 30, 2016. The minimum lease commitments under the lease for the next three fiscal years are as follows:

2015	$ 54,625
2016	54,625
2017	13,656
	$ 122,906

ii) The Company signed employment agreements with two employees whereby the Company will pay the employees a lump sum amount equal to six months of salary for a total of $73,800 in the event of termination of employment as a result of a change of the company's existing management team.

21. SUBSEQUENT EVENTS

Subsequent to March 31, 2014, the Company issued promissory notes for aggregate proceeds of $190,000. The promissory notes bear interest at 8% per annum and are payable on demand.