# SOLVISTA GOLD CORPORATION

# CONSOLIDATED FINANCIAL STATEMENTS

# FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

# (EXPRESSED IN CANADIAN DOLLARS)

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# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Solvista Gold Corporation

We have audited the accompanying consolidated financial statements of Solvista Gold Corporation and its subsidiaries, which comprise the consolidated statements of financial position as at March 31, 2014 and 2013 and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in equity 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 we have obtained 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 Solvista Gold Corporation and its subsidiaries as at March 31, 2014 and 2013, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
July 25, 2014

## Solvista Gold Corporation
**Consolidated Statements of Financial Position**
**(Expressed in Canadian dollars)**

| | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents (note 7) | **$ 4,317,503** | $ 7,746,060 |
| Prepaid expenses and deposits | **19,181** | 81,063 |
| Amounts receivable and advances (note 8) | **22,700** | 47,033 |
| **Total current assets** | **4,359,384** | 7,874,156 |
| Office equipment (note 9) | **118,353** | 164,829 |
| Automobiles and trucks (note 9) | **-** | 62,672 |
| **Total assets** | **$ 4,477,737** | $ 8,101,657 |
| **LIABILITIES AND EQUITY** | | |
| **Current liabilities** | | |
| Amounts payable and other liabilities (note 10) | **$ 275,267** | $ 463,780 |
| Related party payable | | |
| Norvista Resources Corporation (note 16(a)) | **-** | 4,215 |
| **Total current liabilities** | **275,267** | 467,995 |
| **Equity** | | |
| Share capital (note 11) | **23,530,382** | 23,419,382 |
| Reserve (notes 13 and 14) | **5,278,920** | 5,636,948 |
| Deficit | **(24,606,832)** | (21,422,668) |
| **Total equity** | **4,202,470** | 7,633,662 |
| **Total liabilities and equity** | **$ 4,477,737** | $ 8,101,657 |

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

Nature of operations (note 1)
Contingencies (note 18)
Subsequent event (note 19)

**Approved on behalf of the Board:**

(Signed) "Donald Christie", Director

(Signed) "G. Edmund King", Director

## Solvista Gold Corporation
**Consolidated Statements of Loss and Comprehensive Loss**
**(Expressed in Canadian dollars)**

| | Year ended March 31, 2014 | Year ended March 31, 2013 |
|---|---|---|
| **Operating expenses** | | |
| Exploration costs (note 3) | **$ 2,425,406** | $ 7,187,408 |
| Legal and professional | **221,941** | 348,532 |
| Share-based payments (note 14) | **227,131** | 383,063 |
| General and administrative | **273,954** | 449,224 |
| Depreciation (note 9) | **40,281** | 76,528 |
| Salaries and benefits | **653,631** | 817,341 |
| Investor relations | **59,610** | 62,477 |
| Loss before the following items | **(3,901,954)** | (9,324,573) |
| Interest income | **50,451** | 72,731 |
| Other income | **1,695** | - |
| Foreign exchange gain | **93,696** | 14,038 |
| Loss on sale of equipment | **(13,211)** | - |
| **Net loss and comprehensive loss for the year** | **$ (3,769,323)** | $ (9,237,804) |
| **Basic and diluted net loss per share** (note 12) | **$ (0.06)** | $ (0.17) |
| **Weighted average number of common shares outstanding** | **68,532,058** | 55,849,026 |

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

## Solvista Gold Corporation
**Consolidated Statements of Cash Flows**
**(Expressed in Canadian dollars)**

| | Year ended March 31, 2014 | 2013 |
|---|---|---|
| **Operating activities** | | |
| Net loss for the year | **$ (3,769,323)** | $ (9,237,804) |
| Adjustments for: | | |
| Depreciation | **40,281** | 76,528 |
| Share-based payments | **227,131** | 383,063 |
| Shares issued for mineral exploration property interest (note 3) | **111,000** | 495,000 |
| Loss on sale of equipment | **13,211** | - |
| Non-cash working capital items: | | |
| Amounts receivable and advances | **24,333** | 221,497 |
| Prepaid expenses and deposits | **61,882** | (57,701) |
| Amounts payable and other liabilities | **(188,513)** | (44,506) |
| **Net cash (used in) operating activities** | **(3,479,998)** | (8,163,923) |
| **Investing activities** | | |
| Acquisition of equipment | **(2,465)** | (41,798) |
| Proceeds received from sale of equipment | **58,121** | - |
| **Net cash provided by (used in) investing activities** | **55,656** | (41,798) |
| **Financing activities** | | |
| Proceeds from issue of common shares and warrants | **-** | 5,645,545 |
| Share issue costs | **-** | (207,032) |
| Related party debt due to Norvista Resources Corporation | **(4,215)** | (395,880) |
| **Net cash (used in) provided by financing activities** | **(4,215)** | 5,042,633 |
| **Net change in cash and cash equivalents** | **(3,428,557)** | (3,163,088) |
| **Cash and cash equivalents, beginning of year** | **7,746,060** | 10,909,148 |
| **Cash and cash equivalents, end of year** (note 7) | **$ 4,317,503** | $ 7,746,060 |
| **Supplemental information:** | | |
| Non-cash share issue costs | **$ -** | $ 223,289 |

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

## Solvista Gold Corporation
### Consolidated Statements of Changes in Equity
### (Expressed in Canadian dollars)

**Equity attributable to shareholders**

| | Share capital | Reserve: Contributed surplus | Reserve: Warrants | Deficit | Total |
|---|---|---|---|---|---|
| **Balance, March 31, 2012** | **$ 18,881,349** | **$ 919,961** | **$ 3,000,134** | **$ (12,246,554)** | **$ 10,554,890** |
| Shares issued pursuant to private placement | 5,593,170 | - | - | - | 5,593,170 |
| Valuation of warrants issued pursuant to private placement | (1,474,932) | - | 1,474,932 | - | - |
| Units issued to agents pursuant to private placement | 114,834 | - | 45,166 | - | 160,000 |
| Share issue costs | (263,448) | - | (103,584) | - | (367,032) |
| Shares issued for mineral exploration property interest | 495,000 | - | - | - | 495,000 |
| Shares issued on exercise of warrants | 37,500 | - | - | - | 37,500 |
| Fair value of warrants exercised | 15,150 | - | (15,150) | - | - |
| Shares issued on exercise of stock options | 14,875 | - | - | - | 14,875 |
| Fair value of stock options exercised | 5,884 | (5,884) | - | - | - |
| Expiry of stock options | - | (61,690) | - | 61,690 | - |
| Share-based payments | - | 383,063 | - | - | 383,063 |
| Loss for the year | - | - | - | (9,237,804) | (9,237,804) |
| **Balance, March 31, 2013** | **23,419,382** | **1,235,450** | **4,401,498** | **(21,422,668)** | **7,633,662** |
| Shares issued for mineral exploration property interest | 111,000 | - | - | - | 111,000 |
| Expiry of warrants | - | - | (346,096) | 346,096 | - |
| Expiry of stock options | - | (239,063) | - | 239,063 | - |
| Share-based payments | - | 227,131 | - | - | 227,131 |
| Loss for the year | - | - | - | (3,769,323) | (3,769,323) |
| **Balance, March 31, 2014** | **$ 23,530,382** | **$ 1,223,518** | **$ 4,055,402** | **$ (24,606,832)** | **$ 4,202,470** |

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

## 1. Nature of operations

Solvista Gold Corporation ("Solvista" or the "Corporation") is engaged in the acquisition and exploration of precious metals mineral properties in Colombia, South America through its wholly-owned subsidiaries, Sociedad Minera Solvista Colombia S.A.S. ("Solvista Colombia") and Sociedad Minera Solvista Guadalupe S.A.S. ("Solvista Guadalupe"). The head office of the Corporation is located at 4 King Street West, Suite 1500, Toronto, Ontario, M5H 1B6.

On July 19, 2010, Solvista was incorporated by articles of incorporation in the Province of Ontario, Solvista Colombia was incorporated on August 10, 2010 and Solvista Guadalupe was incorporated on November 7, 2012. Solvista Colombia has two Colombian exploration projects, the Caramanta project and the Guadalupe project (collectively, the "Properties").

As at March 31, 2014, the Corporation had not determined the existence of economically recoverable reserves. The Corporation's exploration property interests may be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

Although the Corporation has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Corporation's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements.

## 2. Significant accounting policies

*(a) Statement of compliance*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies set out below have been applied consistently to the years presented in these consolidated financial statements unless otherwise noted below.

The Board of Directors approved the consolidated financial statements on July 25, 2014.

*(b) Basis of presentation*

These consolidated financial statements have been prepared on a historical cost basis other than cash equivalents which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 2(p).

**2. Significant accounting policies (continued)**

*(c) Basis of consolidation*

The consolidated financial statements incorporate financial statements of Solvista Gold Corporation and its subsidiaries. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

The following entities have been consolidated within the consolidated financial statements:

| | Country of incorporation | Principal activity |
|---|---|---|
| Solvista Gold Corporation | Canada | Parent company |
| Solvista Gold (Barbados) Corporation [1] | Barbados | Holding company |
| Solvista Colombian Mining (Barbados) Corporation [2] | Barbados | Holding company |
| Solvista Guadalupe Mining (Barbados) Corporation [2] | Barbados | Holding company |
| Sociedad Minera Solvista Colombia S.A.S. [3] | Colombia | Exploration company |
| Sociedad Minera Solvista Guadalupe S.A.S. [4] | Colombia | Exploration company |

[1] 100% owned by Solvista Gold Corporation.
[2] 100% owned by Solvista Gold (Barbados) Corporation.
[3] 100% owned by Solvista Colombian Mining (Barbados) Corporation.
[4] 100% owned by Solvista Guadalupe Mining (Barbados) Corporation.

*(d) Foreign currency translation*

The functional currency, as determined by management, of Solvista and its subsidiaries is the Canadian dollar. For the purpose of the consolidated financial statements, the results and financial position are expressed in Canadian dollars.

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in operations. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

*(e) Financial instruments*

The Corporation's financial instruments consist of the following:

Financial assets:

All financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity investments', 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

FVTPL:

Financial assets are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management (fair value option), or if they are derivative assets that are not part of an effective and designated hedging relationship. Financial assets classified as FVTPL are measured at fair value, with changes recognized in the consolidated statements of loss and comprehensive loss.

**2. Significant accounting policies (continued)**

*(e) Financial instruments (continued)*

Loans and receivables:

Loans and receivables are initially measured at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method.

Financial liabilities:

Financial liabilities are classified as either financial liabilities ‘at FVTPL’ or ‘other financial liabilities’.

Other financial liabilities:

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

De-recognition of financial liabilities:

The Corporation derecognizes financial liabilities when the obligations are discharged, cancelled or expire.

The Corporation’s financial instruments consist of the following:

| **Financial assets:** | **Classification:** |
|---|---|
| Cash | Loans and receivables |
| Cash equivalents | FVTPL |
| Amounts receivable and advances | Loans and receivables |

| **Financial liabilities:** | **Classification:** |
|---|---|
| Amounts payable and other liabilities | Other financial liabilities |
| Related party payable | Other financial liabilities |

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account.

**2. Significant accounting policies (continued)**

*(e) Financial instruments (continued)*

Impairment of financial assets (continued):

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are 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 through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). As of March 31, 2014, cash equivalents of $4,191,800 are classified as Level 2 under the fair value hierarchy (2013 - $5,812,387).

*(f) Equipment*

Items of equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and fair value of any other consideration given to acquire the asset. The capitalized value of a finance lease is also included within equipment.

*Depreciation*

Equipment is generally depreciated on a straight line basis over their estimated useful lives of 3 to 5 years.

An item of equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of loss and comprehensive loss when the asset is derecognized. The assets' residual values, useful lives and methods of depreciation are reviewed each reporting period, and adjusted prospectively if appropriate.

*(g) Impairment of non-financial assets*

At the end of each reporting period, the Corporation reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets are impaired. Where such an indication exists, the recoverable amount of the asset is estimated. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The Corporation evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

## 2. Significant accounting policies (continued)

*(h) Exploration and evaluation expenditures*

The Corporation expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral exploration properties, property option payments and evaluation activity.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

*(i) Cash and cash equivalents*

Cash and cash equivalents in the consolidated statements of financial position comprise cash at banks and other short-term highly liquid investments with original maturities of three months or less. The Corporation's cash is invested with major financial institutions in business accounts that are available on demand by the Corporation for its programs. The Corporation does not invest in any asset backed deposits/investments.

*(j) Provisions*

A provision is recognized when the Corporation has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Corporation from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The Corporation had no material provisions at March 31, 2014 and 2013.

*(k) Modification of warrant terms*

Under IFRS, following a report dated July 19, 2012, the IASB's IFRS Discussion Group concluded that the accounting under IFRS for the modification of warrants issued as part of a private placement unit should not trigger an expense, rather the modification would trigger a reclassification within equity, or alternatively, no recognition at all. In consideration of this guidance, the Corporation has elected to not value warrant modifications if they relate to private placement warrants.

*(l) Share-based payment transactions*

The fair value of share options granted is recognized as an expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Corporation.

The fair value of share-based payments to employees is measured at the grant date and recognized over the period during which the options vest. 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 fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. For those options and warrants that expire after vesting, the recorded value is transferred to deficit.

**2. Significant accounting policies (continued)**

*(m) Income taxes*

Income tax on the profit or loss for the years 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 period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet 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 following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. 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.

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.

*(n) Restoration, rehabilitation and environmental obligations*

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production 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 or expensed if they relate to exploration and evaluation activities, as soon as the obligation to incur such costs arises. Discount rates using a pretax 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 a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Corporation has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

*(o) Loss per share*

The Corporation presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares. During the years ended March 31, 2014 and 2013, all outstanding options and warrants were considered anti-dilutive and were therefore excluded from the diluted loss per share calculation.

## 2. Significant accounting policies (continued)

*(p) Significant accounting judgments and estimates*

The preparation of these consolidated financial statements in conformity with IFRS 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 that, 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 year 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.

Critical accounting estimates:

Significant assumptions about the future that management has made 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:

*Estimation of restoration, rehabilitation and environmental obligations and the timing of expenditure*
Restoration, rehabilitation and similar liabilities are estimated based on the Corporation's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of restoration, rehabilitation or similar liabilities that may occur. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

*Income taxes and recoverability of potential deferred tax assets*
In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Corporation considers relevant tax planning opportunities that are within the Corporation's control, are feasible and within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Corporation from realizing the tax benefits from the deferred tax assets. The Corporation reassesses unrecognized income tax assets at each reporting period.

**2. Significant accounting policies (continued)**

*(p) Significant accounting judgments and estimates (continued)*

*Share-based payments*
Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

*Contingencies*
Refer to note 18.

*(q) Change in accounting policies*

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for Solvista beginning April 1, 2013. The following new standards have been adopted:

(i) Consolidated Financial Statements (“IFRS 10”) was issued by the IASB in May 2011. IFRS 10 is a new standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity’s returns. At April 1, 2013, the Corporation adopted this pronouncement and there was no material impact on the Corporation’s consolidated financial statements.

(ii) Joint Arrangements (“IFRS 11”) was issued by the IASB in May 2011. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, whereas entities in the latter case account for the arrangement using the equity method. At April 1, 2013, the Corporation adopted this pronouncement and there was no material impact on the Corporation’s consolidated financial statements.

(iii) Disclosure of Interests in Other Entities (“IFRS 12”) was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including joint arrangements, special purpose vehicles, and off balance sheet vehicles. At April 1, 2013, the Corporation adopted this pronouncement and there was no material impact on the Corporation’s consolidated financial statements.

(iv) Fair Value Measurement ("IFRS 13") is effective for the Corporation beginning on April 1, 2013, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy. At April 1, 2013, the Corporation adopted this pronouncement and there was no material impact on the Corporation’s consolidated financial statements.

(v) Presentation of Financial Statements ("IAS 1") was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. At April 1, 2013, the Corporation adopted this pronouncement and there was no material impact on the Corporation’s consolidated financial statements.

**2. Significant accounting policies (continued)**

*(q) Change in accounting policies (continued)*

(vi) Separate Financial Statements ("IAS 27") was effective for annual periods beginning on or after January 1, 2013, as a result of the issue of the new consolidation suite of standards, IAS 27 has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. At April 1, 2013, the Corporation adopted this pronouncement and there was no material impact on the Corporation's consolidated financial statements.

*(r) Recent accounting pronouncements*

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after April 1, 2014 or later periods.

(i) Financial Instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Corporation is in the process of assessing the impact of this pronouncement.

(ii) Financial Instrument: Presentation ("IAS 32") was amended to clarify the criteria that should be considered in determining whether an entity has a legally enforceable right of set off in respect of its financial instruments. Amendments to IAS 32 are applicable to annual periods beginning on or after January 1, 2014 with retrospective application required. The Corporation is in the process of assessing the impact of this pronouncement.

**3. Exploration and evaluation of mineral exploration properties**

(i) Solvista Colombia holds a 100% interest in the Caramanta and Guadalupe projects located in Colombia.

On March 17, 2014, the Corporation announced that it had entered into a definitive option agreement (the "Option Agreement") with IAMGOLD Corporation ("IAMGOLD") setting out the major terms of a 70% earn-in option agreement.

Under the terms of the Option Agreement, IAMGOLD has agreed to complete a minimum of US$2,500,000 in exploration expenditures and will have the right to earn up to a 70% interest in the Corporation's Caramanta Project (the "Project"), located in Colombia's Mid-Cauca Belt, by completing the following steps:

- IAMGOLD can earn an initial 51% interest in the Project by investing a total of US$18,000,000 (including the US$2,500,000 firm commitment described above) in qualifying expenditures, which will include US$900,000 of cash payments to the Corporation, over a maximum five-year period commencing on December 16, 2013; and

- IAMGOLD can earn an additional 19% interest in the Project, for a total 70% interest, by investing a further US$18,000,000 in qualifying expenditures over a maximum three-year period following the completion of the initial 51% earn-in.

Subject to the satisfaction of the aforementioned conditions, and upon completion of IAMGOLD's 51% or 70% earn-in, as IAMGOLD may elect, the Corporation and IAMGOLD would enter into a joint venture to hold and advance the Project.

### 3. Exploration and evaluation of mineral exploration property (continued)

(ii) The Corporation and Tolima Gold Inc. ("Tolima") entered into a binding letter of intent dated April 29, 2012 (the “LOI”) to consolidate a portion of their properties in the Middle Cauca Gold Belt of Colombia and on July 30, 2012, the Corporation and Tolima entered into a definitive agreement (the "Agreement") in accordance with the LOI.

Under the Agreement, Solvista may acquire a 50% ownership interest in up to three Tolima properties in the Caramanta district (H6455005, HHVN-07 (6418) and DI5-151). Tolima acquired two Solvista properties in the same district (FGS-14002X and JIT-08301) and also received 1.8 million common shares in the capital of Solvista with a value of $495,000. To complete the purchase of the initial 50% ownership interest, the Corporation must issue 600,000 common shares on each of the first and the second anniversary of closing to Tolima.

Solvista will fund all exploration expenditures for three years on the Tolima properties in which it has earned an interest and will commission an independent National Instrument 43-101 compliant technical report. At the end of such term, Solvista will have the right for three months to acquire the remaining 50% interest in up to five properties for consideration consisting of one million common shares and a payment on resources/reserves of gold equivalent, as follows:

i. 10 USD/Oz of Inferred Resources;
ii. 20 USD/Oz of Indicated Resources;
iii. 40 USD/Oz of Measured Resources;
iv. 60 USD/Oz of Probable Reserves; and
v. 100 USD/Oz of as Proven Reserves.

Tolima has the right to elect to receive this payment in cash or common shares priced at a 10 day volume weighted average trading price. If the option to purchase the remaining 50% interest in the Tolima properties is not exercised by Solvista, the parties will advance and develop the properties as a joint venture. The parties will continue to explore further opportunities where they can consolidate their areas of interest and maximize their exploration potential.

On July 29, 2013, the Corporation issued 600,000 shares (valued at $111,000) to Tolima pursuant to the Agreement.

### 4. Capital risk management

The Corporation manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Corporation monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Corporation may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Corporation manages capital through its financial and operational forecasting processes. The Corporation reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. Selected information is provided to the Board of Directors of the Corporation. The Corporation’s capital management objectives, policies and processes have remained unchanged during the years ended March 31, 2014 and 2013.

The Corporation and its subsidiaries are not subject to any capital requirements imposed by a lending institution.

## 5. Financial risk management

Financial risk

The Corporation's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency risk and commodity and equity price risk).

Risk management is carried out by the Corporation's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management. There were no changes to credit risk, liquidity risk or market risk during the years ended March 31, 2014 and 2013.

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Corporation's credit risk is primarily attributable to cash and cash equivalents. Cash and cash equivalents are held with select major Canadian chartered banks, from which management believes the risk of loss to be minimal.

(ii) Liquidity risk

Liquidity risk is the risk that the Corporation will not have sufficient cash resources to meet its financial obligations as they come due. The Corporation's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Corporation. The Corporation generates cash flow primarily from its financing activities. The Corporation prepares annual capital expenditure budgets, which are monitored and updated as required. In addition, the Corporation requires authorization for expenditures on projects to assist with the management of capital. The Corporation's financial liabilities comprise amounts payable and other liabilities, which are due within 12 months.

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

(a) Interest rate risk

The Corporation currently does not have any short-term or long-term debt that is interest bearing and, as such, the Corporation's current exposure to interest rate risk is minimal.

(b) Foreign currency risk

The Corporation's functional and reporting currency is the Canadian dollar and the Corporation holds cash balances in US dollars and Colombian pesos which could give rise to exposure to foreign exchange risk. It is not the Corporation's policy to hedge its foreign currency related to the Colombian peso and US dollar.

## 5. Financial risk management (continued)

(iii) Market risk (continued)

(c) Commodity and equity price risk

The Corporation is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Corporation closely monitors commodity prices, as they relate to precious and base metals and other minerals, and the stock market to determine the appropriate course of action to be taken by the Corporation.

Commodity price risk could adversely affect the Corporation. In particular, the Corporation's future profitability and viability of development depend upon the world market price of precious and base metals and other minerals. Precious and base metals and other mineral prices have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of precious and base metals and other minerals are produced in the future, a profitable market will exist for them. As of March 31, 2014, the Corporation was not a precious mineral, base metals and other minerals producer. Even so, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Corporation's liquidity and its ability to meet its ongoing obligations.

**Sensitivity analysis**

Based on management's knowledge and experience of the financial markets, the Corporation believes the following movements are reasonably possible over the next year:

(i) The Corporation is exposed to currency risk to the extent that monetary assets and liabilities held by the Corporation are not denominated in Canadian dollars. The Corporation has not entered into any foreign currency contracts to mitigate this risk.

The Corporation holds balances in foreign currencies (cash and cash equivalents, amounts receivable, amounts payable and other liabilities) which could give rise to exposure to foreign exchange risk. Sensitivity to a plus or minus 10% change in the foreign exchange rate of the US dollar and Colombian peso against the Canadian dollar would affect the reported consolidated loss and comprehensive loss by approximately $167,000 based on foreign currency levels as at March 31, 2014.

## 6. Financial instruments

| | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|
| **Financial assets:** | | |
| FVTPL | | |
| Cash equivalents | **$ 4,191,800** | $ 5,812,387 |
| Loans and receivables | | |
| Cash | **$ 125,703** | $ 1,933,673 |
| Amounts receivable | **$ 7,300** | $ 6,823 |
| **Financial liabilities:** | | |
| Other financial liabilities | | |
| Amounts payable and other liabilities | **$ 275,267** | $ 463,780 |
| Related party payable | **$ -** | $ 4,215 |

As at March 31, 2014 and 2013, the fair value of all the Corporation's financial instruments approximates the carrying value, due to their short-term nature.

**(Expressed in Canadian dollars)**

## 7. Cash and cash equivalents

| | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|
| Cash | **$ 125,703** | $ 1,933,673 |
| Cash equivalents | **4,191,800** | 5,812,387 |
| Total | **$ 4,317,503** | $ 7,746,060 |

## 8. Amounts receivable and advances

| | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|
| Harmonized sales tax recoverable - (Canada) | **$ 8,766** | $ 35,789 |
| Taxes advances | **3,094** | 361 |
| Amounts receivable | **7,300** | 6,823 |
| Advances | **3,540** | 4,060 |
| Total | **$ 22,700** | $ 47,033 |

## 9. Equipment

Equipment is represented by the following:

| **Cost** | **Office equipment** | **Automobiles and trucks** | **Total** |
|---|---|---|---|
| Balance at March 31, 2012 | $ 216,872 | $ 141,087 | $ 357,959 |
| Additions | 41,153 | 645 | 41,798 |
| Balance, March 31, 2013 | 258,025 | 141,732 | 399,757 |
| Additions | 2,465 | - | 2,465 |
| Disposition | (12,593) | (141,732) | (154,325) |
| Balance, March 31, 2014 | $ 247,897 | $ - | $ 247,897 |

| **Depreciation** | **Office equipment** | **Automobiles and trucks** | **Total** |
|---|---|---|---|
| Balance at March 31, 2012 | $ 43,389 | $ 52,339 | $ 95,728 |
| Depreciation | 49,807 | 26,721 | 76,528 |
| Balance, March 31, 2013 | 93,196 | 79,060 | 172,256 |
| Depreciation | 40,642 | (361) | 40,281 |
| Disposition | (4,294) | (78,699) | (82,993) |
| Balance, March 31, 2014 | $ 129,544 | $ - | $ 129,544 |

| **Net book value** | **Office equipment** | **Automobiles and trucks** | **Total** |
|---|---|---|---|
| Balance, March 31, 2013 | $ 164,829 | $ 62,672 | $ 227,501 |
| Balance, March 31, 2014 | $ 118,353 | $ - | $ 118,353 |

**(Expressed in Canadian dollars)**

### 10. Amounts payable and other liabilities

| | | As at March 31, 2014 | | As at March 31, 2013 |
|---|---|---|---|---|
| Falling due within the year | | | | |
| Trade payables | **$** | **69,298** | $ | 260,957 |
| Accrued liabilities | | **205,969** | | 202,823 |
| Total | **$** | **275,267** | $ | 463,780 |

The following is an aged analysis of the amounts payable and other liabilities:

| | | As at March 31, 2014 | | As at March 31, 2013 |
|---|---|---|---|---|
| Less than 1 month | **$** | **249,917** | $ | 418,558 |
| 1 to 3 months | | **-** | | 22,312 |
| Greater than 3 months | | **25,350** | | 22,910 |
| Total | **$** | **275,267** | $ | 463,780 |

### 11. Share capital

a) Authorized share capital

The authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

At March 31, 2014, the issued share capital amounted to $23,530,382. The change in issued share capital for the years ended March 31, 2014 and 2013 were as follows:

| | Number of common shares | Amount |
|---|---|---|
| **Balance, March 31, 2012** | **53,434,997** | **$ 18,881,349** |
| Shares issued pursuant to private placement (i) | 12,429,266 | 5,593,170 |
| Valuation of warrants issued pursuant to private placement (i) | - | (1,474,932) |
| Units issued to agents pursuant to private placement (i) | 355,555 | 114,834 |
| Share issue costs | - | (263,448) |
| Shares issued for mineral exploration property interest (note 3) | 1,800,000 | 495,000 |
| Shares issued on exercise of warrants | 50,000 | 37,500 |
| Value of warrants exercised | - | 15,150 |
| Shares issued on exercise of stock options | 59,500 | 14,875 |
| Value of stock options exercised | - | 5,884 |
| **Balance, March 31, 2013** | **68,129,318** | **23,419,382** |
| Shares issued for mineral exploration property interest (note 3) | 600,000 | 111,000 |
| **Balance, March 31, 2014** | **68,729,318** | **$ 23,530,382** |

As at March 31, 2014, there were 3,132,035 shares held in escrow.

**(Expressed in Canadian dollars)**

## 11. Share capital (continued)

b) Common shares issued (continued)

(i) On February 26, 2013, the Corporation completed a non-brokered private placement financing of 12,429,266 units at a price of $0.45 per unit for gross proceeds of $5,593,170.

Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share for $0.60 until February 26, 2015. The grant date fair value of $1,474,932 was assigned to the 12,429,266 warrants issued as estimated by using a fair value market technique incorporating the Black-Scholes option pricing model, using the following assumptions: a risk-free interest rate of 1.03%; an expected volatility factor of 103%; an expected dividend yield of 0%; and an expected life of 2 years.

In connection with the non-brokered private placement financing, an aggregate of $137,301 in cash was paid and an aggregate of 355,555 units were issued valued at $160,000, as finder's fees to certain eligible finders, with each unit consisting of one common share and one common share purchase warrant. The grant date fair value of $45,166 was assigned to the 355,555 warrants issued as estimated by using a fair value market technique incorporating the Black-Scholes option pricing model, using the following assumptions: a risk-free interest rate of 1.03%; an expected volatility factor of 103%; an expected dividend yield of 0%; and an expected life of 2 years.

Directors and officers who are insiders of the Corporation and are therefore related parties of the Corporation subscribed for an aggregate of 2,922,220 units of the non-brokered private placement financing for gross proceeds of $1,315,000. The participation by each of the related parties in the non-brokered private placement financing was approved by directors of the Corporation who are independent of such related parties.

## 12. Net loss per common 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 $3,769,323 (2013 - $9,237,804) and the weighted average number of common shares outstanding of 68,532,058 (2013 - 55,849,026). Diluted loss per share for the year ended March 31, 2014 did not include the effect of 24,608,342 warrants (2013 - 25,750,574 warrants) and 5,598,100 stock options (2013 - 6,570,630 stock options) as they are anti-dilutive.

## 13. Warrants

The following table reflects the continuity of warrants for the years ended March 31, 2014 and 2013:

| | **Number of warrants** | **Grant date fair value ($)** | **Weighted average exercise price ($)** |
|---|---|---|---|
| **Balance, March 31, 2012** | **13,015,753** | **3,000,134** | **1.07** |
| Granted - warrants (note 11(b)(i)) | 12,429,266 | 1,474,932 | 0.60 |
| Granted - warrants (agents) (note 11(b)(i)) | 355,555 | 45,166 | 0.60 |
| Exercised | (50,000) | (15,150) | 0.75 |
| Share issue costs | - | (103,584) | - |
| **Balance, March 31, 2013** | **25,750,574** | **4,401,498** | **0.84** |
| Expired | (1,142,232) | (346,096) | 0.75 |
| **Balance, March 31, 2014** | **24,608,342** | **4,055,402** | **0.84** |

**(Expressed in Canadian dollars)**

## 13. Warrants (continued)

The following table reflects the warrants issued and outstanding as of March 31, 2014:

| | Number of warrants outstanding | Grant date fair value ($) | Exercise price ($) | Expiry date |
|---|---|---|---|---|
| (i) | 11,823,521 | 2,638,888 | 1.10 | April 27, 2014 |
| | 12,429,266 | 1,371,348 | 0.60 | February 26, 2015 |
| | 355,555 | 45,166 | 0.60 | February 26, 2015 |
| | 24,608,342 | | 4,055,402 | 0.84 |

(i) On April 16, 2013, the Corporation announced that it had received approval from the TSX Venture Exchange for the extension of the expiry dates of certain common share purchase warrants. The expiry date of an aggregate of 11,823,521 warrants has been amended from April 27, 2013 and May 9, 2013, to April 27, 2014 for warrants issued on April 27, 2011 and May 9, 2011, respectively. The exercise price of the warrants remains unchanged at $1.10 per warrant. Subsequent to the year ended March 31, 2014, these warrants expired unexercised.

## 14. Stock options

The following table reflects the continuity of stock options for the years ended March 31, 2014 and 2013:

| | Number of stock options | Weighted average exercise price ($) |
|---|---|---|
| **Balance, March 31, 2012** | **5,082,998** | **0.66** |
| Options granted (i)(ii)(iii) | 2,240,000 | 0.65 |
| Options cancelled | (692,868) | 0.74 |
| Options exercised | (59,500) | 0.54 |
| **Balance, March 31, 2013** | **6,570,630** | **0.66** |
| Options granted (iv) | 225,000 | 0.30 |
| Options expired/cancelled | (1,197,530) | 0.61 |
| **Balance, March 31, 2014** | **5,598,100** | **0.66** |

Share-based payments includes $215,526 (2013 - $161,123) relating to stock options granted in previous years that vested during the year ended March 31, 2014.

(i) On April 12, 2012, the Corporation granted a total of 350,000 stock options to certain officers, directors, employees and consultants of the Corporation with each option exercisable at a price of $0.75 per common share and expiring on April 12, 2017. The stock options granted were valued at the grant date at $53,900, using the Black-Scholes option pricing model, with a risk-free rate of 1.48%, an expected life of 5 years, an expected volatility of 100% and an expected dividend yield of 0%. 250,000 of these options vest as to one-third on April 12, 2012, one-third on April 12, 2013 and one-third on April 12, 2014. The remaining 100,000 stock options vested as to one-half on October 12, 2012 and one-half on April 12, 2013. During the year ended March 31, 2013, due to employees' departures, 66,666 stock options were cancelled and the expiry date for 33,334 stock options was changed to May 1, 2013. As at March 31, 2014, 250,000 stock options remain outstanding. During the year ended March 31, 2014, $4,315 (2013, $39,192) was recorded as share-based payments.

**(Expressed in Canadian dollars)**

### 14. Stock options (continued)

(ii) On July 25, 2012, the Corporation granted a total of 345,000 stock options to certain employees of the Corporation pursuant to the Corporation's stock option plan. The stock options were granted effective July 25, 2012, exercisable at a price of $0.75 per common share and expire on July 25, 2017. The options shall vest as to one-third on the later of (i) July 25, 2012 (the "Option Grant Date") and (ii) upon completion by each grantee (the "New Grantee"), if applicable, of three months employment with the Corporation (the "Probationary Period"), one-third on the first anniversary of the Option Grant Date or, in the case of a New Grantee, on the first anniversary of the completion of the Probationary Period and one-third on the second anniversary of the Option Grant Date or, in the case of a New Grantee, the second anniversary of the completion of the Probationary Period. The stock options granted were valued at the grant date at $56,580, using the Black-Scholes option pricing model, with a risk-free rate of 1.12%, an expected life of 5 years, an expected volatility of 100% and an expected dividend yield of 0%. During the year ended March 31, 2013, 20,000 stock options were cancelled and during the year ended March 31, 2014, 50,000 options were cancelled. As at March 31, 2014, 275,000 stock options remain outstanding. During the year ended March 31, 2014, $12,284 (2013 - $36,738) was recorded as share-based payments.

(iii) On March 14, 2013, the Corporation granted a total of 1,545,000 stock options to certain officers, directors and employees of the Corporation with each option exercisable at a price of $0.60 per common share and expiring on March 14, 2018. The stock options granted were valued at the grant date at $409,425, using the Black-Scholes option pricing model, with a risk-free rate of 1.46%, an expected life of 5 years, an expected volatility of 103% and an expected dividend yield of 0%. These options vest as to one-third on March 14, 2013, one-third on March 14, 2014 and one-third on March 14, 2015. During the year ended March 31, 2014, $172,433 (2013 - $146,010) was recorded as share-based payments.

(iv) On October 29, 2013, the Corporation granted a total of 225,000 stock options to a director of the Corporation with each option exercisable at a price of $0.30 per common share and expiring on October 29, 2018. The stock options granted were valued at the grant date at $21,375, using the Black-Scholes option pricing model, with a risk-free rate of 1.71%, an expected life of 5 years, an expected volatility of 112% and an expected dividend yield of 0%. These options vest as to one-third on October 29, 2013, one-third on October 29, 2014 and one-third on October 29, 2015. During the year ended March 31, 2014, $11,605 was recorded as share-based payments.

Details of the stock options outstanding at March 31, 2014 are as follows:

| Grant date fair value($) | Contractual life (years) | Exercisable options | Number of options | Exercise price ($) | Expiry date |
|---|---|---|---|---|---|
| 55,769 | 1.65 | 564,000 | 564,000 | 0.25 | November 22, 2015 |
| 126,272 | 1.65 | 1,277,000 | 1,277,000 | 0.75 | November 22, 2015 |
| 80,959 | 1.84 | 160,000 | 160,000 | 0.75 | January 31, 2016 |
| 109,868 | 2.11 | 242,000 | 242,000 | 0.75 | May 9, 2016 |
| 443,122 | 2.59 | 1,060,100 | 1,060,100 | 0.85 | November 1, 2016 |
| 40,976 | 3.04 | 200,000 | 250,000 | 0.75 | April 12, 2017 |
| 45,100 | 3.32 | 183,333 | 275,000 | 0.75 | July 25, 2017 |
| 409,425 | 3.96 | 1,030,000 | 1,545,000 | 0.60 | March 14, 2018 |
| 21,375 | 4.58 | 75,000 | 225,000 | 0.30 | October 29, 2018 |
| 1,332,866 | 2.75 | 4,791,433 | 5,598,100 | 0.66 | |

**(Expressed in Canadian dollars)**

## 15. Income taxes

(a) Provision for income taxes

Major items causing the Corporation's income tax rate to differ from the federal statutory rate of 26.5% (2013 - 26.5%) were as follows:

| | Year ended March 31, 2014 | Year ended March 31, 2013 |
|---|---|---|
| Loss before income taxes | **$ (3,769,323)** | $ (9,237,804) |
| Expected income tax recovery based on the statutory rate: | **$ (999,000)** | $ (2,448,000) |
| Adjustments to expected income tax benefit: | | |
| Share-based payments | **60,000** | 102,000 |
| Differences in foreign statutory rates | **(1,201,000)** | (38,000) |
| Change in statutory tax rate | **-** | 96,000 |
| Other | **(367,000)** | 1,449,000 |
| Benefit of tax assets not recognized | **2,507,000** | 839,000 |
| Deferred income tax provision (recovery) | **$ -** | $ - |

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

| | March 31, 2014 | March 31, 2013 |
|---|---|---|
| Deferred income tax assets | | |
| Non-capital loss carry-forwards | **$ 5,109,000** | $ 2,788,000 |
| Exploration and evaluation assets | **17,983,000** | 14,995,000 |
| Share issue costs | **870,000** | 901,000 |
| Other temporary differences | **80,000** | 21,000 |
| Deferred income tax assets not recognized | **$ 24,042,000** | $ 18,705,000 |

Tax losses expire from March 31, 2015. The other temporary differences do not expire under current legislation.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profits will be available against which the Corporation and its subsidiaries can utilize the benefits.

**(Expressed in Canadian dollars)**

### 15. Income taxes (continued)

(b) Tax loss carry-forwards

At March 31, 2014, the Corporation has the unclaimed non-capital losses that expire as follows:

Canadian losses:

| | |
|---|---|
| 2015 | $ 12,000 |
| 2016 | 50,000 |
| 2027 | 66,000 |
| 2028 | 74,000 |
| 2030 | 50,000 |
| 2031 | 402,000 |
| 2032 | 1,513,000 |
| 2033 | 1,421,000 |
| 2034 | 1,361,000 |

Barbadian losses:

| | |
|---|---|
| 2020 | 47,000 |
| 2021 | 39,000 |
| 2022 | 39,000 |

Colombian losses:

| | |
|---|---|
| No expiry | 35,000 |
| | $ 5,109,000 |

### 16. Major shareholders and related party transactions

**Major shareholders**

To the knowledge of the directors and senior officers of the Corporation, as of March 31, 2014, no person or corporation beneficially owns or exercises control or direction over common shares of the Corporation carrying more than 10% of the voting rights attached to all common shares of the Corporation other than as set out below:

| | Number of common shares | Percentage of outstanding common shares |
|---|---|---|
| Bullet Holding Corporation (1) | 11,653,695 | 16.96 % |
| Reindeer Capital Limited (1) | 418,258 | 0.61 % |

(1) Robert W. Allen has control or direction over both Bullet Holding Corporation and Reindeer Capital Limited.

None of the Corporation's major shareholders have different voting rights than other holders of the Corporation's common shares.

The Corporation is not aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Corporation. To the knowledge of the Corporation, it is not directly or indirectly owned by another corporation, by any government or by any natural or legal person severally or jointly.

**(Expressed in Canadian dollars)**

## 16. Major shareholders and related party transactions (continued)

### Related party transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties) and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

(a) The Corporation entered into the following transactions with related parties:

| | | **As at March 31, 2014 $** | **As at March 31, 2013 $** |
|---|---|---|---|
| Balance due to Norvista Resources Corporation | (i) | **-** | 4,215 |
| Balance due to Durham Exploration Services Inc. ("Durham Exploration") | (ii) | **5,650** | - |

(i) During the year ended March 31, 2014, the Corporation repaid $4,215 (2013 - repaid $395,880) to Norvista Resources Corporation and $nil is included in current liabilities as at March 31, 2014 (2013 - $4,215). Norvista Resources Corporation has several officers and directors who are also officers and directors of Solvista. This balance bears no interest and is due on demand.

(ii) During the year ended March 31, 2014, the Corporation expensed $30,000 (2013 - $nil) paid to Durham Exploration, a company controlled by a director of the Corporation, for advisory and geological services. The amounts charged by Durham Exploration are recorded at their exchange value. Included in the March 31, 2014, amounts payable and other liabilities is $5,650 (2013 - $nil).

(b) In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation directly or indirectly, including any directors (executive and non-executive) of the Corporation. Remuneration of directors and key management personnel of the Corporation was as follows:

| | **Year ended March 31,** | |
|---|---|---|
| | **2014 $** | **2013 $** |
| Salaries and benefits [(1)] | **390,643** | 626,053 |
| Share-based payments | **176,857** | 283,875 |

[(1)] The Board of Directors and select officers do not have employment or service contracts with the Corporation. Directors and officers are entitled to fees and stock options for their services.

## 17. Segmented information

The Corporation's operations comprise a single reporting operating segment engaged in mineral exploration and evaluation in Colombia. As the operations comprise a single reporting segment, amounts disclosed in the consolidated financial statements also represent segment amounts. The Corporation's non-current assets are located in Colombia.

## 18. Contingencies

The Corporation's exploration activities are subject to foreign government laws and regulations, including foreign tax laws and laws and regulations governing the protection of the environment. The Corporation believes that its operations comply in all material respects with all applicable past and present laws and regulations. The Corporation records provisions for any identified obligations, based on management's estimate at the time. Such estimates are, however, subject to changes in laws and regulations.

## 19. Subsequent event

On April 27, 2014, 11,823,521 warrants with an exercise price of $1.10 expired unexercised.