ZENYATTA VENTURES LTD.

FINANCIAL STATEMENTS

For the years ended March 31, 2014 and 2013

(Expressed in Canadian Dollars)

ZENYATTA VENTURES LTD.

MARCH 31, 2014 AND 2013	PAGE

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Zenyatta Ventures Ltd.

We have audited the accompanying financial statements of Zenyatta Ventures Ltd., which comprise the statements of financial position as at March 31, 2014 and 2013, and the statements of loss and comprehensive loss, statements of cash flows, and 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 Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of Zenyatta Ventures 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.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
June 18, 2014

ZENYATTA VENTURES LTD.
STATEMENTS OF FINANCIAL POSITION

(Stated in Canadian Dollars)	**March 31, 2014 $**	March 31, 2013 $
ASSETS		
Non-current assets		
Equipment [note 3]	**65,106**	67,005
Exploration and evaluation assets [note 4]	**18,611,279**	10,018,567
Total non-current assets	**18,676,385**	10,085,572
Current assets		
Cash	**626,630**	5,316,645
Temporary investments [note 5]	**1,303,180**	1,289,913
Amounts and other receivables	**655,832**	216,730
Prepaids and deposits	**31,469**	39,068
Total current assets	**2,617,111**	6,862,356
Total assets	**21,293,496**	16,947,928
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities [note 6]	**272,331**	500,555
Total liabilities	**272,331**	500,555
SHAREHOLDERS' EQUITY		
Share capital [note 7(a)]	**26,423,654**	19,061,351
Warrants [note 7(b)]	**110,000**	410,185
Share-based payment reserve [note 7(c)]	**3,070,411**	2,039,812
Shares to be issued [note 4]	**472,500**	472,500
Deficit	**(9,055,400)**	(5,536,475)
Total shareholders' equity	**21,021,165**	16,447,373
Total shareholders' equity and liabilities	**21,293,496**	16,947,928

Going Concern [note 1]
Commitments and Contingencies [notes 4 and 13]

See accompanying notes to the financial statements

These financial statements were authorized for issue by the Board of Directors on June 18, 2014
Approved on behalf of the Board of Directors:

"Aubrey Eveleigh" , Director

"Barry Allan" , Director

ZENYATTA VENTURES LTD.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Stated in Canadian Dollars) **FOR THE YEARS ENDED MARCH 31**	**2014** **$**	2013 $
EXPENSES		
Amortization	**16,276**	16,751
Consulting fees	**567,818**	112,166
General and administrative [note 16]	**1,477,919**	1,174,032
Investor relations and promotion	**119,783**	115,669
Professional fees	**168,090**	175,054
Stock-based compensation [note 7 (c)]	**1,198,599**	1,108,956
Stock exchange and filing fees	**19,450**	8,100
Loss from operating activities	**3,567,935**	2,710,728
Interest revenue	**43,128**	19,468
Loss before income taxes	**3,524,807**	2,691,260
Deferred tax (recovery) [note 8]	**-**	(339,300)
Net loss for the year, being total comprehensive loss for the year	**3,524,807**	2,351,960
Basic and diluted net loss per share [note 14]	**0.06**	0.06

See accompanying notes to the financial statements

ZENYATTA VENTURES LTD.
STATEMENTS OF CASH FLOWS

(Stated in Canadian Dollars)	**2014**	2013
FOR THE YEARS ENDED MARCH 31	**$**	$
OPERATING ACTIVITIES		
Loss for the year	**(3,524,807)**	(2,351,960)
Items not affecting cash		
Amortization	**16,276**	16,751
Stock-based compensation	**1,198,599**	1,108,956
Deferred tax (recovery)	**-**	(339,300)
	(2,309,932)	(1,565,553)
Net change in non-cash working capital balances [note 9]	**(75,871)**	(74,632)
Cash (used in) operating activities	**(2,385,803)**	(1,640,185)
INVESTING ACTIVITIES		
Mineral exploration and evaluation expenditures	**(9,177,210)**	(2,413,610)
Purchase of temporary investments	**(1,300,159)**	(1,287,534)
Redemption of temporary investments	**1,287,534**	2,550,000
Purchase of equipment	**(14,377)**	(8,640)
Cash (used in) investing activities	**(9,204,212)**	(1,159,784)
FINANCING ACTIVITIES		
Proceeds from warrants exercised [note 7(a)]	**6,690,000**	7,004,429
Proceeds from stock options exercised [note7(a)]	**210,000**	-
Cash provided by financing activities	**6,900,000**	7,004,429
(Decrease) increase in cash during the year	**(4,690,015)**	4,204,460
Cash, beginning of year	**5,316,645**	1,112,185
Cash, end of year	**626,630**	5,316,645

Supplementary disclosures - see note 9

See accompanying notes to the financial statements

ZENYATTA VENTURES LTD.
STATEMENTS OF CHANGES IN EQUITY

(Stated in Canadian Dollars)	Number of Shares	Share Capital $	Warrants $	Share-Based Payment Reserve $	Shares to be Issued $	Deficit $	Total Equity $
Balance as at March 31, 2012	39,570,313	11,313,304	1,167,403	962,856	-	(3,216,515)	10,227,048
Recognition of stock-based compensation [note 7(c)]	-	-	-	1,108,956	-	-	1,108,956
Options expired	-	-	-	(32,000)	-	32,000	-
Warrants exercised [note 7(a)]	8,299,549	7,761,647	(757,218)	-	-	-	7,004,429
Shares issued pursuant to acquisition agreement [note 4]	500,000	315,000	-	-	-	-	315,000
Shares to be issued pursuant to acquisition agreement [note 4]	-	-	-	-	472,500	-	472,500
Derecognition of deferred tax asset charged to share capital	-	(328,600)	-	-	-	-	(328,600)
Net loss and comprehensive loss for the year	-	-	-	-	-	(2,351,960)	(2,351,960)
Balance as at March 31, 2013	48,369,862	19,061,351	410,185	2,039,812	472,500	(5,536,475)	16,447,373
Recognition of stock-based compensation [note 7(c)]	-	-	-	1,198,599	-	-	1,198,599
Warrants exercised [note 7(a)]	6,690,000	6,984,303	(294,303)	-	-	-	6,690,000
Warrants expired	-	-	(5,882)	-	-	5,882	-
Stock options exercised [note 7(a)]	350,000	378,000	-	(168,000)	-	-	210,000
Net loss and comprehensive loss for the year	-	-	-	-	-	(3,524,807)	(3,524,807)
Balance as at March 31, 2014	55,409,862	26,423,654	110,000	3,070,411	472,500	(9,055,400)	21,021,165

See accompanying notes to the financial statements

1. NATURE OF BUSINESS AND GOING CONCERN

Zenyatta Ventures Ltd. (the "Company") was incorporated as 1774119 Ontario Limited on July 29, 2008 under the laws of the province of Ontario, Canada. The Company changed its name to Zenyatta Ventures Ltd. on November 24, 2009. The shares of the Company began trading on the TSX Venture Exchange in December 2010. The principal business of the Company is to identify and evaluate opportunities for the acquisition of an interest in mineral exploration assets or businesses and, once identified, to negotiate an acquisition or participation. The address of the Company's executive office is 1224 Amber Drive, Thunder Bay, Ontario, P7B 6M5, Canada.

The Company is engaged in the acquisition, exploration and development of properties for the mining of precious and base metals. The Company is in the process of exploring its resource properties for mineral resources and has not determined whether the properties contain economically recoverable reserves. The recovery of the amounts shown for the exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the exploration, and upon future profitable production.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company’s continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write downs of the carrying values.

Although the Company 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 exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty.

These financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes the realization of assets and the settlement of liabilities in the normal course of business. The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations, the ability of the Company to obtain necessary financing, and the ability of the Company to identify, evaluate, and negotiate an acquisition of, a participation in or an interest in properties, assets, or businesses. Management feels that sufficient working capital will be obtained from public share offerings to meet the Company’s liabilities and commitments as they come due. These financial statements do not reflect any adjustments to amounts that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below. The financial statements are prepared on the historical cost basis except for temporary investments which are reflected at fair value. In addition, these financial statements are prepared using the accrual basis of accounting, except for cash flow information.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Actual results could differ from those estimates. Significant accounts that require estimates as the basis for determining the stated amounts include exploration and evaluation assets, share-based payments, allocation of financing proceeds and income taxes. Differences may be material.

Foreign Currency Translation

The financial statements are presented in Canadian dollars, which is the functional currency of the Company. In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Gains/losses on translation are recorded in the statement of loss.

Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value adjusted by transactions costs, and subsequently accounted for at amortized cost, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

The Company has designated its cash, amounts and other receivables as loans and receivable which are measured at amortized cost on the statement of financial position. Temporary investments have been classified as fair value through profit or loss and are recorded at their fair market value with changes in fair value included in the statement of loss and comprehensive loss. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

Financial assets and financial liabilities are measured subsequently as described below.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Assets
For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition: loans and receivables; financial assets at fair value through profit or loss; held-to-maturity investments; available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'general and administrative' expenses or 'interest revenue'.

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial Assets at Fair Value Through Profit or Loss
Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss.

Financial Liabilities
Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

Impairment of Financial Assets
Financial assets are assessed for indicators of impairment at each financial reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, default of delinquency in interest or principal payments, or it becoming probable that the borrower will enter bankruptcy or financial re-organization.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Financial Assets (continued)

For certain categories of financial assets, such as amounts receivable and deposits, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of the financial asset is reduced by the 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 uncollectable, it is written off against the allowance account. 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.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decreases 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. In respect of available-for-sale equity securities, impairment loses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

The Company does not have any derivative financial instruments.

Exploration and Evaluation Assets

Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity (e.g. geological, geophysical studies, exploratory drilling and sampling), and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination or asset purchase. The Company follows the practice of capitalizing all costs related to the acquisition of, exploration for and evaluation of mineral claims and crediting all revenue received against the cost of related claims. Costs incurred before the Company has obtained the legal rights to explore an area are recognized as expenses of the Company.

Capitalized costs are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Exploration and evaluation assets are assessed for impairment at each financial reporting date or when facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is depended on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment

Equipment is carried at acquisition cost less subsequent amortization and impairment losses. Amortization is recognised on a declining balance basis over the estimated useful lives of the equipment less estimated residual value. The rates generally applicable are:

Equipment - Automotive	20%
Equipment - Office	20%
Equipment - Field	20%
Computers	20%
Computer Software	100%

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within 'gain/loss on sale of equipment'.

Cash and Cash Equivalents

The Company's policy is to disclose cash, bank account balances and investment-grade deposit certificates with original maturities of three months or less as cash and cash equivalents. Cash and cash equivalents are held in Canadian chartered banks or financial institutions controlled by a Canadian chartered bank. The Company did not have any cash equivalents as at March 31, 2014 and 2013.

Temporary Investments

Temporary investments consist of investment-grade deposit certificates with original maturities greater than three months but less than one year. Temporary investments are held in Canadian chartered banks or financial institutions controlled by a Canadian chartered bank.

Impairment of Non-Financial Assets

At each financial reporting date, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair values less costs to sell, and value in use.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less that its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share Capital

Share capital represents the fair value of consideration received, less related costs.

Flow Through Shares

Under Canadian income tax legislation, a company is permitted to issue flow through shares whereby it agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The Company allocates the proceeds from the issuance of these shares between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of non-flow through shares and the amount the investor pays for flow-through shares. A flow through premium liability is recognized for the difference. The liability is reversed when the expenditures are made and is recorded in the statement of comprehensive loss. The spending also gives rise to a deferred tax timing difference between the carrying value and tax value of the qualifying expenditure.

Warrants

Warrants are recorded at their fair value on the date of issue, net of issue costs. The Company uses the Black-Scholes option pricing model to estimate the fair value of warrants issued. On the exercise of warrants, consideration received and the accumulated warrant value attributed to the portion exercised is credited to share capital. For those warrants that expire after vesting, the recorded value is transferred to deficit.

Share-Based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share-based payment note.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the period during which the employee becomes unconditionally entitled to equity instruments, based on the Company’s estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Charges for options that are forfeited before vesting are reversed from share-based payment reserve. For those options that expire after vesting, the recorded value is transferred to deficit.

On the exercise of options, consideration received and the accumulated option value attributed to the portion exercised is credited to share capital.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss per Share
Basic loss per share is calculated using the weighted average number of shares outstanding. In order to determine diluted loss per share, any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of warrants and options that would increase earnings per share or decrease loss per share. The outstanding stock options and warrants to purchase common shares disclosed in note 7 were not included in the computation of the diluted loss per share for the periods presented because the effect would be anti-dilutive.

Income Taxes
Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity. Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period, adjusted for amendments to tax payable with regards to previous years.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income. The Company has not recognized deferred tax assets to the extent that the company does not consider it probable that a deferred tax asset will be recovered.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of taxable income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Restoration, Rehabilitation, and Environmental Obligations
An obligation to incur restoration, rehabilitation and environmental costs arises when the Company has a present legal or constructive obligation 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, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. 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 which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses. The Company has no material restoration, rehabilitation and environmental obligations as at March 31, 2014 or 2013 as the disturbance to date is minimal.

Company as Lessee
Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Interest
Interest income and expenses are reported on an accrual basis using the effective interest method.

Operating Expenses
Operating expenses are recognised in profit or loss upon utilization of the service or at the date of their origin.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical Judgements and Estimation Uncertainties
The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Assets' carrying values and impairment charges
In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Capitalization of exploration and evaluation costs
Management has determined that exploration and evaluation costs incurred during the year have future economic benefits and are economically recoverable. In making this judgement, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits. See note 4 for details of capitalized exploration and evaluation costs.

Impairment of exploration and evaluation assets
While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's mineral exploration properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

Mineral reserve estimates
The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operations.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are 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 Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

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.

Existence of decommissioning and restoration costs and the timing of expenditure
Decommissioning, restoration and similar liabilities are estimated based on the Company'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 decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Contingencies
Refer to note 13.

New Accounting Standards and Interpretations Adopted

The Company has adopted the following new standards, along with any consequential amendments, effective April 1, 2013. These changes were made in accordance with the applicable transitional provisions.

IFRS 10 - Consolidated Financial Statements ("IFRS 10") was issued by the IASB in May 2011 and replaces IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation - Special Purpose Entities. 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, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect returns. At April 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Standards and Interpretations Adopted (continued)

IFRS 11 - Joint Arrangements (“IFRS 11”) was issued by the IASB in May 2011 and replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers. 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: joint operations and joint ventures. A joint operation exists when the parties have rights to the assets and obligations for the liabilities of a joint arrangement. A joint venture exists when the parties have rights to the net assets of a joint arrangement. Assets, liabilities, revenues and expenses in a joint operation are accounted for in accordance with the arrangement. Joint ventures are accounted for using the equity method. At April 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.

IFRS 12 - 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 Company adopted this pronouncement and there was no material impact on the Company's financial statements.

IFRS 13 - Fair Value Measurement ("IFRS 13") was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRS. IFRS 13 clarifies that 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 under current market conditions. It also establishes disclosures about fair value measurement. At April 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.

IAS 1 - Presentation of Financial Statements (“IAS 1”) was amended by the IASB in June 2011. As a result of the amendment, items in other comprehensive income are 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 Company adopted this pronouncement and there was no material impact on the Company's financial statements.

IAS 27 - Separate Financial Statements ("IAS 27") was amended during 2011 and replaces IAS 27 Consolidated and Separate Financial Statements. IAS 27 has been reissued to reflect the change of including the consolidation guidance in IFRS 10. In addition, IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when the Company prepares separate financial statements. On April 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.

IAS 28 - Investments in Associates and Joint Ventures ("IAS 28") was issued by the IASB in May 2011 and supersedes IAS 28 - Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 defines significant influence as the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. IAS 28 also provides guidance on how the equity method of accounting is to be applied and also prescribes how investments in associates and joint ventures should be tested for impairment. On April 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Standards and Interpretations not yet Adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning on or after January 1, 2014. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine the impact on the Company.

IFRS 9 - Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 - 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, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 if effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IAS 32 - Financial Instruments: Presentation ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014.

IAS 36 – Impairments of Assets ("IAS 36") was amended by the IASB in May 2013 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014.

IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39") was amended by the IASB in June 2013 to clarify that novation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations does not terminate hedge accounting. The amendments to IAS 39 are effective for annual periods beginning on or after January 1, 2014.

IFRIC 21 – Levies ("IFRIC 21") was issued in May 2013. IFRIC 21 provides guidance on the accounting for levies within the scope of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"). IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014.

(Stated in Canadian Dollars)
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3. EQUIPMENT

	March 31, 2014		March 31, 2013	
	Cost $	Accumulated Amortization $	Cost $	Accumulated Amortization $
Equipment - Automotive	31,083	15,169	31,083	11,190
Equipment - Office	20,767	11,571	20,308	9,272
Equipment - Field	37,762	17,420	34,262	12,335
Computers	33,255	13,601	22,837	8,688
Computer Software	538	538	538	538
	123,405	**58,299**	**109,028**	**42,023**
Net Book Value		**65,106**		**67,005**

4. EXPLORATION AND EVALUATION ASSETS

During the year ended March 31, 2010, the Company signed an option agreement which was subsequently superseded and replaced effective November 2, 2010 (the “Albany Agreement”), to earn an interest in the Albany Property located in Northern Ontario. Under the terms of the Albany Agreement, the Company can acquire, upon exercise of the first option, a 25% interest in the Albany Property, and upon exercise of the second option, an additional 55% interest in the Albany Property. The Albany Property consists of two groupings of claims, the "Block 4F Claims" and the other claims. The first option was exercised after completion of a helicopter borne geophysical survey on the property and issuance of 1,000,000 units to the optionor, each unit being comprised of one common share and one warrant to purchase one additional common share at a price of $1.50 any time before December 23, 2015.

The second option was exercised on the Block 4F Claims after making certain payments totaling $140,000 and incurring aggregate expenses on the property of not less than $10,000,000. The optionor is a significant shareholder of the Company. Both parties to the agreement acknowledge that the second option has been acquired.

The Albany Property is subject to payment of a 2.0% net smelter royalty ("NSR"), which may be reduced to 1.0% upon payment of $1,000,000, and success fees of $250,000 upon commencement of the first pre-feasibility study and $500,000 upon commencement of each additional pre-feasibility study on each of the Block 4F Claims and the other claims. The success fees and NSR are payable to a corporation controlled by the President, Chief Executive Officer and Director of the Company.

On November 21, 2012, the Company reached an agreement with the optionor to amend the Albany Agreement and to acquire the remaining 20% interest in the Block 4F Claims bringing the Company's total interest in the claims to 100%. Pursuant to the terms of the transaction, the Company and the optionor agreed to the following with respect to this agreement which are in addition to the above terms:

a) The Company will issue to the optionor a total of 1,250,000 shares as follows: (i) 500,000 shares upon signing the agreement (issued and valued at $315,000 based on the fair market value at the agreement date); (ii) 250,000 shares to be issued upon completion of a pre-feasibility study (valued at $157,500 based on the fair market value at the agreement date); (iii) 500,000 shares to be issued upon completion of a feasibility study (valued at $315,000 based on the fair market value at the agreement date). Total shares to be issued are 750,000 common shares valued at $472,500.

b) The Company will grant the optionor a net smelter return royalty of 0.75% on the Block 4F Claims, of which 0.5% can be purchased at any time for $500,000.

c) Assumption of all liabilities of the property.

The second option on the other claims is subject to a covenant to conduct drilling, a payment of $55,000 on July 1, 2013 (paid) and an obligation not to be in default of the terms under the Albany Agreement. The Albany Agreement provides a clawback right that allows the optionor to reduce the Company's interest in the other claims to 30% subsequent to the exercise of the second option by giving notice within 30 days that the optionor intends to commence sole funding up to completion of a feasibility study within 48 months and within 30 days deliver a payment of $27,500,000.

(Stated in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

The amounts shown below represent costs incurred to date, and do not necessarily represent present or future value as these are entirely dependent upon the economic recovery of future ore reserves.

Albany Property	Opening Balance $	Expenditures $	Ending Balance $
For the year ended March 31, 2013	**7,345,342**	**2,673,225**	**10,018,567**
For the year ended March 31, 2014	**10,018,567**	**8,592,712**	**18,611,279**

Expenditures include acquisition costs of $1,292,500 for the Albany Property as at March 31, 2014 (March 31, 2013 - $1,237,500). The remaining balances are comprised of exploration expenditures.

5. TEMPORARY INVESTMENTS

Guaranteed investment certificates	**March 31, 2014 $**	March 31, 2013 $
Non-cashable, 1.40%, matured November 15, 2013	**-**	25,000
Cashable, variable rate, matured January 7, 2014	**-**	1,262,534
Non-cashable, 1.30%, maturing November 15, 2014	**25,000**	-
Cashable, variable rate, maturing January 7, 2015	**1,275,159**	-
Accrued interest	**3,021**	2,379
	1,303,180	1,289,913

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2014 $	March 31, 2013 $
Trade payables	**187,331**	460,914
Accrued liabilities	**85,000**	25,000
Due to shareholders and related parties	**-**	14,641
	272,331	500,555

The amounts owing to shareholders and related parties are unsecured, non-interest bearing, and have no fixed terms of repayment.

(Stated in Canadian Dollars)

7. SHARE CAPITAL

(a) Share Capital

The Company is authorized to issue an unlimited number of common shares, with no par value.

During the year ended March 31, 2014, the Company completed the following share capital transactions:

A total of 6,690,000 common shares were issued upon exercise of 6,690,000 share purchase warrants at a price of $1.00 per warrant for total proceeds of $6,690,000. The carrying value of the warrants, being $294,303, was removed from Warrants and added to Share Capital.

A total of 350,000 common shares were issued upon exercise of 350,000 stock options at a price of $0.60 per option for total proceeds of $210,000. The carrying value of the options, being $168,000, was removed from Share-based payment reserve and added to Share Capital.

During the year ended March 31, 2013, the Company completed the following share capital transactions:

A total of 1,054,000 common shares were issued upon exercise of 1,054,000 share purchase units at a price of $0.25 per unit for total proceeds of $263,500. The carrying value of the units, being $22,344, was removed from Warrants and added to Share Capital. Upon the exercise of the units, 1,054,000 subwarrants were granted with an exercise price at $1.00 and an expiry date of June 23, 2013.

A total of 1,261,549 common shares were issued upon exercise of 1,261,549 share purchase warrants at a price of $0.60 per warrant for total proceeds of $756,929. The carrying value of the warrants, being $441,542, was removed from Warrants and added to Share Capital.

A total of 5,984,000 common shares were issued upon exercise of 5,984,000 share purchase warrants at a price of $1.00 per warrant for total proceeds of $5,984,000. The carrying value of the warrants, being $293,332, was removed from Warrants and added to Share Capital.

A total of 500,000 common shares were issued pursuant to the agreement with the optionor discussed in note 4 to acquire the remaining 20% interest in the Block 4F Claims of the Albany Property. The common shares had a fair value of $315,000 at the time of issuance based on the fair market value at the measurement date of $0.63 per share.

(b) Share Purchase Warrants

Details of share purchase warrants outstanding as of March 31, 2014 are as follows:

Expiry Date	Exercise Price $	Grant Date Fair Value $	March 31, 2014 #
December 23, 2015	**1.50**	**110,000**	**1,000,000**

(Stated in Canadian Dollars)

7. SHARE CAPITAL (continued)

(b) Share Purchase Warrants (continued)

The following is a summary of warrants activity for the years ended March 31, 2014 and March 31, 2013:

	March 31, 2014		March 31, 2013	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
		$		$
Balance, beginning of year	**7,810,000**	**1.06**	15,055,549	0.95
Granted	**-**	**-**	1,054,000	1.00
Exercised	**(6,690,000)**	**1.00**	(8,299,549)	0.84
Expired	**(120,000)**	**1.00**	-	-
Balance, end of year	**1,000,000**	**1.50**	7,810,000	1.06

(c) Stock Options and Share-Based Payment Reserve

The Company has a stock option plan (the "Plan") for directors, officers, employees and consultants. The Plan authorizes the granting of options to purchase up to a maximum of 10% of the issued and outstanding common shares at the time of grant, of which 3,875,000 options are outstanding as at March 31, 2014.

The Plan provides that:

a) any options granted pursuant to the Plan shall expire no later than ten years after the date of grant;

b) any options granted pursuant to the Plan shall be non-assignable and non-transferable;

c) the number of common shares issuable pursuant to the Plan to any one person in any 12 month period shall not exceed 5% of the outstanding common shares;

d) the number of common shares issuable pursuant to the Plan to any one consultant in any 12 month period may not exceed 2% of the outstanding common shares;

e) the number of common shares issuable pursuant to the Plan to persons employed in investor relation activities may not exceed 2% of the outstanding common shares in any 12 month period.

f) the Plan provides that options shall expire and terminate 90 days following the date the optionee ceases to be an employee, director or officer of, or consultant to, the Company, provided that if such termination is as a result of death of the optionee, the optionee's personal representative shall have one year to exercise such options.

g) the number of common shares: (1) reserved for issuance to insiders of the Company may not exceed 10% of the issued and outstanding common shares; and (2) which may be issued to insiders within a one year period may not exceed 10% of the issued and outstanding common shares.

h) the Plan provides that options granted under the Plan shall vest in the optionee, and may be exercisable by the optionee under certain vesting terms.

7. SHARE CAPITAL (continued)

(c) Stock Options and Share-Based Payment Reserve (continued)

During the year ended March 31, 2014, the Company issued the following stock options:

On November 18, 2013, the Company issued 200,000 stock options to a consultant with an exercise price of $2.78 and an expiry date of November 18, 2023. The grant date fair value of these stock options was $2.60. The remaining contractual life of the stock options issued and outstanding at March 31, 2014 was 9.64 years. The fair value of these options was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 115%; risk-free interest rate of 1%; and expected life of 10 years. The vesting period of the options is as follows: 50% at November 18, 2013; 50% at November 18, 2014.

On November 18, 2013, the Company issued 75,000 stock options to an employee and a consultant with an exercise price of $2.78 and an expiry date of November 18, 2015. The grant date fair value of these stock options was $1.64. The remaining contractual life of the stock options issued and outstanding at March 31, 2014 was 1.64 years. The fair value of these options was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 115%; risk-free interest rate of 1%; and expected life of 2 years. The vesting period of the options is as follows: 50% at November 18, 2013; 50% at November 18, 2014.

During the year ended March 31, 2013, the Company issued the following stock options:

On October 10, 2012, the Company issued 250,000 stock options to a director with an exercise price of $0.44 and an expiry date of October 10, 2017. The grant date fair value of these stock options was $0.43. The remaining contractual life of the stock options issued and outstanding at March 31, 2013 was 4.47 years. The fair value of these options was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 192%; risk-free interest rate of 1.14%; and expected life of 5 years. The options vest in the optionee as follows: (1) 1/3 on the date of granting; (2) 1/3 twelve months from the date of granting; (3) 1/3 twenty-four months from the date of granting.

On January 30, 2013, the Company issued 100,000 stock options to an employee with an exercise price of $0.94 and an expiry date of January 30, 2018. The grant date fair value of these stock options was $0.88. The remaining contractual life of the stock options issued and outstanding at March 31, 2013 was 4.77 years. The fair value of these options was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 168%; risk-free interest rate of 1.14%; and expected life of 5 years. The options vest in the optionee as follows: (1) 1/3 on the date of granting; (2) 1/3 six months from the date of granting; (3) 1/3 nine months from the date of granting.

On February 7, 2013, the Company issued 1,325,000 stock options to a number of its directors, officers, employees and consultants with an exercise price of $1.27 and an expiry date of February 7, 2018. The grant date fair value of these stock options was $1.19. The remaining contractual life of the stock options issued and outstanding at March 31, 2013 was 4.79 years. The fair value of these options was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 165%; risk-free interest rate of 1.14%; and expected life of 5 years. The options vest in the optionee as follows: (1) 1/2 on the date of granting; (2) 1/4 twelve months from the date of granting; (3) 1/4 twenty-four months from the date of granting.

(Stated in Canadian Dollars)

7. SHARE CAPITAL (continued)

(c) Stock Options and Share-Based Payment Reserve (continued)

On March 13, 2013, the Company issued 100,000 stock options to a consultant with an exercise price of $2.12 and an expiry date of March 13, 2015. The grant date fair value of these stock options was $1.62. The remaining contractual life of the stock options issued and outstanding at March 31, 2013 was 1.93 years. The fair value of these options was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 166%; risk-free interest rate of 1.14%; and expected life of 2 years. The options vest in the optionee as follows: (1) 1/4 three months from the date of granting; (2) 1/4 six months from the date of granting; (3) 1/4 nine months from the date of granting; (4) 1/4 twelve months from the date of granting.

The Company applies the fair value method of accounting for share-based payment awards to directors, officers, employees and non-employees. Accordingly, the following amounts have been recognized as compensation expense and under capital stock as share-based payment reserve:

	Year Ended March 31, 2014	Year Ended March 31, 2013
	$	$
	1,198,599	1,108,956

The Company's computation of expected volatility for the years ended March 31, 2014 and 2013 is based on the Company's market close price over a prior period equal to the expected useful life of the options.

Stock option and share-based payment activity for the years ended March 31, 2014 and March 31, 2013 are summarized as follows:

	March 31, 2014		March 31, 2013	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
		$		$
Balance, beginning of year	**3,950,000**	**0.86**	2,275,000	0.60
Granted	**275,000**	**2.78**	1,775,000	1.18
Exercised	**(350,000)**	**0.60**	-	-
Expired	**-**	**-**	(66,667)	0.60
Forfeited	**-**	**-**	(33,333)	0.60
Balance, end of year	**3,875,000**	**1.02**	3,950,000	0.86

(Stated in Canadian Dollars)
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

7. SHARE CAPITAL (continued)

(c) Stock Options and Share-Based Payment Reserve (continued)

At March 31, 2014 outstanding options to acquire common shares of the Company were as follows:

Expiry Date	Exercise Price $	Number of Options Issued #	Number of Options Exercisable #	Grant date fair value $	Weighted average remaining contractual life (years)
March 13, 2015	2.12	100,000	100,000	162,000	0.95
November 18, 2015	2.78	75,000	37,500	123,000	1.64
December 23, 2015	0.60	1,825,000	1,825,000	876,000	1.73
October 10, 2017	0.44	250,000	166,666	107,500	3.53
January 30, 2018	0.94	100,000	100,000	88,000	3.84
February 7, 2018	1.27	1,325,000	993,750	1,576,750	3.86
November 18, 2023	2.78	200,000	100,000	520,000	9.64
		3,875,000	**3,322,916**	**3,453,250**	**3.02**

(d) Securities Held in Escrow

9,225,000 common shares and 4,027,000 warrants of the Company held by Principals (as defined by the TSX-V) of the Company prior to the completion of the IPO were held in escrow. 10% of such securities were released upon completion of the IPO, and 15% will be released every six months thereafter, subject to acceleration provisions provided for in National Policy 46-201 – Escrow for Initial Public Offerings. In addition, 14,565,000 shares and 9,240,000 warrants held by non-principals prior to the completion of the IPO were subject to resale restrictions imposed by the TSX-V. 150,000 of such shares were subject to the release schedule noted above; 4,175,000 of such shares were subject to a one-year hold period with 20% released every three months, the first release being the completion of the IPO; and 10,240,000 of such shares along with 9,240,000 of such warrants were subject to a four-month hold period with 20% released every month, the first release being the completion of the IPO. As at March 31, 2014, zero shares and zero warrants were held in escrow (March 31, 2013: 2,812,500 shares and 1,208,100 warrants).

(Stated in Canadian Dollars)

8. INCOME TAXES

a) Provision for Income Taxes

Major items causing the Company's income tax rate to differ from the Canadian combined federal and provincial statutory rate of 26.5% (2013 - 26.5%) are as follows:

	March 31, 2014 $	March 31, 2013 $
Loss before income taxes	**(3,524,807)**	(2,691,260)
Expected income tax recovery	**(934,000)**	(717,400)
Adjustments to benefit resulting from:		
Share-based payments	**318,000**	298,100
Changes in tax rates	**-**	7,200
Other	**13,000**	-
Recognition of deferred premium on flow-through shares	**-**	-
Change in tax benefits not recognized	**603,000**	72,800
Deferred tax (recovery)	**-**	(339,300)

b) Deferred Tax Assets

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

	March 31, 2014 $	March 31, 2013 $
Non-capital loss carryforward	**965,000**	736,000
Equipment	**17,000**	42,000
Interest in exploration and evaluation properties	**2,598,000**	257,000
Share issue costs	**217,000**	480,000
Deductible temporary differences	**3,797,000**	1,515,000

Deferred tax assets have not been recognized in respect of these temporary differences because it is not probable that future taxable profits will be available against which the Company can utilize the benefits.

(Stated in Canadian Dollars)

8. INCOME TAXES (continued)

c) Loss Carry-Forwards

The Company has available non-capital losses for Canadian income tax purposes which may be carried forward to reduce taxable income in future years. If not utilized, the non-capital losses of approximately $965,000 will expire as follows:

Year	Amount $
2030	**46,000**
2031	**230,000**
2032	**201,000**
2033	**228,000**
2034	**260,000**
	965,000

The Company has approximately $21,209,000 of Canadian development and exploration expenditures as at March 31, 2014 (March 31, 2013: $10,275,000), which under certain circumstances may be utilized to reduce the taxable income of future years.

9. SUPPLEMENTAL DISCLOSURES ON STATEMENT OF CASH FLOWS

Changes in non-cash working capital balances consist of:

	March 31, 2014 $	March 31, 2013 $
Accrued interest income	**(642)**	3,595
Amounts and other receivables	**(213,639)**	(64,025)
Prepaids and deposits	**7,599**	(17,130)
Accounts payable and accrued liabilities	**130,811**	2,928
	(75,871)	(74,632)

Supplementary disclosures:

Change in accrued exploration property expenditures	**$**	**(584,498)**	$	(527,885)
Common shares issued for property interest	**$**	**-**	$	315,000
Common shares to be issued for property interest	**$**	**-**	$	472,500

(Stated in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS

The remuneration of directors and other members of key management personnel during the years ended March 31, 2014 and 2013 were as follows:

	2014	2013
	$	$
Short-term benefits	**259,500**	334,425
Share-based payments	**471,417**	825,457
	730,917	1,159,882

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

The remuneration of directors and key executives is determined by the board of directors having regard to the performance of individuals and market trends.

See also notes 4, 6 and 13(c).

11. FINANCIAL INSTRUMENTS AND RELATED RISKS

The Company's operations include the acquisition and exploration of mineral properties in Canada. The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of occurrence. These risks may include credit risk, liquidity risk, currency risk, interest rate risk and other risks. Where material, these risks are reviewed and monitored by the Board of Directors. There have been no significant changes in the risks, objectives, policies and procedures for managing risks during the years ended March 31, 2014 and 2013.

a) Credit Risk

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by those counterparties, less any amounts owed to the counterparty by the Company where a legal right of set-off exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

i) Trade Credit Risk

The Company is in the exploration stage and has not yet commenced commercial production or sales. Therefore, the Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior year.

ii) Cash and Temporary Investments

In order to manage credit and liquidity risk the Company invests only in highly rated investment grade instruments that have maturities of one year or less. Limits are also established based on the type of investment, the counterparty and the credit rate.

11. FINANCIAL INSTRUMENTS AND RELATED RISKS (continued)

b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. Accounts payable and accrued liabilities are due within the current operating period.

c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a significant loss as a result of a decline in the fair market value of investments or items held within cash and cash equivalents is limited given that the majority have a relatively short maturity. The Company manages its interest rate risk with investments by investing the majority of funds in short-term investments and therefore is not exposed to significant fluctuations in interest rates. The Company believes that its interest rate risk is minimal.

d) Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The functional and reporting currency of the Company is the Canadian dollar. The Company is involved with a small number of foreign vendors in the United States of America. Changes in the currency exchange rates between the Canadian dollar relative to the U.S. dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations as the exposure has been deemed to be minimal.

e) Fair Value of Financial Instruments

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - 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 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at March 31, 2014 and 2013, temporary investments which are measured based on fair value are classified as Level 2 within the fair value hierarchy.

The fair values of all of the Company's financial instruments approximate their carrying values, given their short-term nature.

f) Sensitivity Analysis

Based on management's knowledge and experience in the financial markets, the Company believes the following movements are "reasonably possible" over a twelve month period:

Temporary investments are invested in guaranteed investment certificates. Sensitivity to a plus or minus 1% change in rates, based on the current balance of temporary investments, would affect the net loss by approximately plus or minus $12,750 during a twelve-month period.

(Stated in Canadian Dollars)

12. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. In the management of capital, the Company monitors its adjusted capital which comprises all components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company's capital management objectives, policies and processes have remained unchanged during the years ended March 31, 2014 and 2013.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements.

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

13. COMMITMENTS AND CONTINGENCIES

a) Leases

On January 10, 2013, the Company entered into three leases for vehicles. The lease terms are for a period of two years expiring January 9, 2015. The Company must pay an aggregate of $1,953 per month under the terms of the leases.

On January 20, 2014, the Company entered into a lease for commercial purposes. The lease term is for a period of two years expiring March 31, 2016. The Company must pay $4,200 per month under the terms of the lease.

Minimum lease payments in the Company's fiscal years to the expiration of the leases are as follows:

2015	$	69,930
2016	$	50,400

Operating lease payments expensed by the Company for the years ended March 31 were as follows:

2014	2013
$	$
65,436	59,206

b) Environmental Contingencies

The Company's exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

13. COMMITMENTS AND CONTINGENCIES (continued)

c) Employment Agreement

The Company's President and Chief Executive Officer is the only officer who currently has an employment agreement with the Company with a change of control provision. The agreement, dated August 1, 2010, provides that in the event that the employment is terminated by the Company other than for cause, or within six months of a change of control of the Company, then the officer is entitled to (i) a lump sum payment equal to the greater of 24 months' salary or six months' salary for each year or partial year of service, (ii) all outstanding and accrued regular and vacation pay and expenses and (iii) the immediate vesting of his options which shall continue to be available for exercise for a period of 30 days following the date of termination. The current salary level for this individual pursuant to the employment agreement is $225,000 per annum.

d) Exploration Agreement

The Company has entered into an agreement with Constance Lake First Nation ("CLFN") governing the relationship in regard to the Company's exploration on traditional lands of CLFN, pursuant to which, the Company has the following commitments.

Cost of Implementation Committee:

On a yearly basis, commencing on the date that an implementation committee is formed and continuing for the following twelve (12) months, the Company shall make a total contribution of $22,000, and in years following the year in which this agreement is executed, an additional amount equivalent to the increase in the Ontario consumer price index for the preceding year, to pay: the reasonable expenses of the Implementation Committee members and the reasonable costs of an archaeologist for any archaeological assessments.

Cost of Annual Gathering:

The Company will pay on an annual basis, $1,200, and in years following the year in which this agreement is executed, an additional amount equivalent to the increase in the Ontario consumer price index for the preceding year, for CLFN and the Company to have a community "feast" and conduct an information session with CLFN members about the exploration, this agreement and any issues pertaining to this agreement's implementation.

14. LOSS PER SHARE

Basic loss per share figures are calculated using the weighted average number of common shares outstanding. The weighted average number of common shares issued and outstanding for the year ended March 31, 2014 is 54,395,668 (2013: 41,059,955). Diluted loss per share figures are calculated after taking into account all warrants and stock options granted. Exercise of the outstanding warrants and stock options would be anti-dilutive with respect to loss per share calculations, and therefore diluted loss per share is equal to basic loss per share. The number of potentially dilutive common shares resulting from the exercise of outstanding warrants and stock options that were not included in the calculation of diluted loss per share was 4,875,000 (2013: 11,760,000).

15. SUBSEQUENT EVENTS

Subsequent to the year ended March 31, 2014, 100,000 share purchase options were exercised at a price of $2.12 per option for total proceeds of $212,000.

(Stated in Canadian Dollars)

16. GENERAL AND ADMINISTRATIVE EXPENSES

	2014	2013
	$	$
Salaries and benefits	**691,344**	629,550
Meals and entertainment	**105,415**	48,956
Accomodations	**110,776**	36,391
Investor communications	**194,476**	72,280
Interest and bank charges	**5,244**	146,229
Travel	**173,122**	55,737
Other	**197,542**	184,889
	1,477,919	1,174,032