Golden Cariboo Resources Ltd.

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended March 31, 2014 and 2013

(Expressed in Canadian Dollars)

CONTENTS

Notice

The accompanying unaudited condensed interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors. The Company's independent auditors have not performed an audit or a review of these financial statements.

Expressed in Canadian Dollars

		March 31, 2014		September 30, 2013
Assets				
Current assets:				
Cash	$	315,340	$	491,578
Amounts receivable		1,192		-
Prepaid expenses (note 11 (d))		2,000		2,000
Total current assets		318,532		493,578
Non-current assets				
Mineral property (note7)		187,322		177,321
Investments (note 6)		919,409		1,378,186
Total non-current assets	$	1,106,731	$	1,555,507
Total assets	$	1,425,263	$	2,049,085
Liabilities and Shareholders' Equity				
Current liabilities				
Accounts payable and accrued liabilities	$	446,994	$	542,407
Due to related parties (note 11 (c))		-		3,970
Total liabilities		446,994		546,377
Shareholders' equity				
Share capital (note 8)		11,612,480		11,612,480
Share-based payment reserve (note 9)		1,701,998		1,701,997
Accumulated deficit		(12,336,209)		(11,811,769)
Total shareholders' equity		978,269		1,502,708
Total liabilities and shareholders' equity	$	1,425,263	$	2,049,085

Approved on behalf of the board:

"J. Frank Callaghan" — J. Frank Callaghan, Director

"Andrew Rees" — Andrew Rees, Director

 The accompanying notes form an integral part of these condensed interim financial statements

Expressed in Canadian Dollars

		Three months ended March 31,		Six months ended March 31,	
		2014	2013	**2014**	2013
Expenses					
Consulting Fees		-	4,950	-	7,500
Finders Fee		-	-	-	85,400
Management fees (note 12(a))		**15,000**	15,000	**30,000**	30,000
Office and miscellaneous		**1,305**	521	**1,956**	1,790
Professional fees		**10,275**	6,905	**10,275**	15,475
Rent (note 12 (a))		**(641)**	855	**1,512**	2,021
Public relations and advertising		**3,299**	4,974	**4,261**	11,252
Salaries and benefits (note 12(a))		**(2,477)**	8,632	**10,594**	14,973
Transfer agent and filing fees		**1,250**	4,318	**3,737**	13,162
Travel, meals and entertainment		**1,066**	-	**3,329**	-
Total expenses		**(29,077)**	(46,155)	**(65,663)**	(181,573)
Other items					
Other than temporary impairment on marketable Securities (note 6)		**157,878**	-	**(458,777)**	-
Net Income (loss) after income tax	**$**	**128,801**	**(46,155)**	**(524,440)**	**(181,573)**
Total comprehensive income (loss)	**$**	**128,801**	**(46,155)**	**(524,440)**	**(181,573)**
Loss per common share basic and diluted	**$**	**0.01**	**(0.00)**	**(0.04)**	**(0.02)**
Weighted average number of shares outstanding		**13,856,930**	**10,745,310**	**13,856,930**	**10,745,310**

 The accompanying notes form an integral part of these condensed interim financial statements

Expressed in Canadian Dollars

	Common shares	Share Capital	Share subscription receivable	Share based payments reserves	Accumulated other comprehensive loss	Deficit	Total
Balance at September 30, 2012	7,085,969	$10,227,559	$ -	$1,494,997	$692,626	$(11,399,810)	$982,695
Loss for the period	-	-	-	-	-	(181,573)	(181,573)
Share Capital Issued	6,000,000	1,500,000	-	-	-	-	1,500,000
Share subscriptions receivable	-	-	- 35,000	-	-	-	(35,000)
Balance at March 31, 2013	13,085,969	$11,727,559	$ (35,000)	$1,494,997	692,626	$(11,581,383)	$2,266,122
Balance at September 30, 2013	**13,856,930**	**$11,612,480**	**-**	**$1,701,997**	**-**	**$(11,811,769)**	**$1,502,708**
Loss for the period	-	-		-	-	(524,440)	(524,440)
Balance at March 31, 2014	**13,856,930**	**$11,612,480**	**-**	**$1,701,997**	**-**	**$(12,336,209)**	**$978,268**

Expressed in Canadian Dollars

	Six months ended March 31, 2014	2013
Cash flows from operating activities		
Income/(Loss) for the period	**$ (524,440)**	$ (181,573)
Items not involving cash		
Impairment of marketable securities	**458,775**	-
Changes in non-cash working capital:		
Amounts receivable	**(1,191)**	(2,823)
Accounts payable and accrued liabilities	**(95,412)**	(9,118)
Total cash inflows (outflows) from operating activities	**$ (162,269)**	$ (193,514)
Cash flows from investing activities		
Acquisition of mineral property	**(10,000)**	-
Due to related parties	**(3,970)**	(780,318)
Total cash inflows (outflows) from investing activities	**$ (13,970)**	$ (780,318)
Cash flows from financing activities		
Shares issued for cash, net of issue cost	**-**	1,465,000
Total cash inflows from financing activities	**$ -**	1,465,000
Total increase in cash during the period	**(176,238)**	$ 491,169
Cash at the beginning of the period	**491,578**	$ 12
Cash at the end of the period	**$ 315,340**	491,181

 The accompanying notes form an integral part of these condensed interim financial statements

1. Corporate Information

The Company was incorporated on October 6, 1988 under the Company Act (British Columbia). Its principal business activities are the exploration and development of resource properties. The Company is listed on the NEX Board of the TSX Venture Exchange, under the symbol GCC-H.

The address of the Company's corporate office and principal place of business is 1500-675 West Hastings Street, Vancouver British Columbia, Canada.

2. Basis of Preparation

a) Statement of Compliance

These condensed interim financial statements have been prepared in accordance with IAS 34, Interim financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"), and its interpretations. Accordingly, these condensed interim financial statements do not include all of the information and footnotes required by International Financial Reporting Standards ("IFRS") for complete financial statements for year-end reporting purposes.

The financial statements were authorized for issue by the Board of Directors on June 2, 2014.

b) Basis of Measurement

The financial statements have been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets.

The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

c) Going Concern of Operations

These financial statements have been prepared in accordance with accounting principles applicable to a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the ordinary course of business. At March 31, 2014, the Company has a working capital deficiency of $128,462 (September 30, 2013: $52,799), has an accumulated deficit of $12,236,209 (September 30, 2013: $11,811,769) and expects to incur further losses in the development of its business. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's continuing operations and its ability to discharge its liabilities and fulfill its commitments as they come due, is dependent upon the ability of the Company to continue to obtain debt or equity financing in the short term, the continued support of related parties, and ultimately, on locating economically recoverable ore reserves in its mineral properties. Continuing operations are also dependant on the Company being able to dispose of its marketable securities in the manner most beneficial to the Company. Management believes the Company will be successful at securing additional funding for its exploration and development program and it will be able to continue to operate as a going concern for the foreseeable future. There can, however, be no assurance that such plans will be successful.

If the Company is unable to obtain adequate additional financing, the continued support of related parties, or dispose of its marketable securities, the Company will be required to curtail operations and exploration activities. Furthermore, failure to continue as a going concern would require restatement of assets and liabilities on a liquidation basis, which would differ significantly from the going concern basis.

The underlying value and the recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable ore reserves in its mineral properties, the ability of the Company to obtain the necessary financing to complete development, and upon future profitable production from or the proceeds from the disposition of its mineral properties.

3. RECENT ACCOUNTING PRONOUNCEMENTS

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2012 or later periods.

The following new standards, amendments and interpretations, that have not been early adopted in these financial statements, will or may have an effect on the Company's future results and financial position:

- IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015. The Company is in the process of evaluating the impact of the new standard on the accounting for the available-for-sale investment.

- IFRS 11 Joint Arrangements

IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31 Interests in Joint Ventures. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets. This standard is applicable for annual periods beginning on or after January 1, 2013 but is available for early adoption so long as IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 Separate Financial Statements (2011) and IAS 28 Investments in Associates and Joint Ventures (2011) are also early applied. The Company is in the process of assessing the impact that the adoption of this standard may have on its financial statements.

- IFRS 13 Fair Value Measurement

IFRS 13 Fair Value Measurement defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRSs or address how to present changes in fair value. The new requirements are effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. Management has yet to assess the impact that IFRS 13 is likely to have on the Company's financial statements.

- Amendment to IAS 32 Financial Instruments: Presentations

The amendments to IAS 32 pertained to the application guidance on the offsetting of financial assets and financial liabilities, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off', the application of simultaneous realization and settlement, the offsetting of collateral amounts and the unit of account for applying the offsetting requirements. The standard is effective for annual periods beginning on or after January 1, 2014. The Company is in the process of evaluating the impact that the adoption of this standard may have on its financial statements.

- Amendment to IFRS 7, Financial Instruments Disclosure

Amended standard IFRS 7 Financial Instruments: Disclosures outlines the disclosures required when initially applying IFRS 9 Financial Instruments. The standard is effective for annual periods beginning on or after January 1, 2015. The Company is in the process of evaluating the impact that the adoption of this standard may have on its financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Golden Cariboo Resources Ltd. makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

i) Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Estimates

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

i) Valuation of Investment

The Company's available-for-sale investment consists of an investment in common shares of Barkerville Gold Mines Ltd. ("Barkerville"). On August 14, 2012, Barkerville was subject to a cease trade order, which prevented the Company from selling shares. Subsequent to September 30, 2013 the cease trade order was lifted, and Barkerville's shares resumed trading. Management has reviewed certain information and transactions and the trading activity that occurred during the period subsequent to the cease trade order ("CTO") to determine its investment's fair value. (See note 6.)

5. CASH AND CASH EQUIVALENTS

Cash at banks and on hand earns interest at floating rates based on daily bank deposit rates.

Expressed in Canadian Dollars

6. AVAILABLE-FOR-SALE INVESTMENT

Available-for-sale investment consists of an investment in common shares of Barkerville Gold Mines Ltd. ("Barkerville"), and therefore has no fixed maturity date or coupon rate.

	Barkerville Gold Mines Ltd.		
	Number of Shares		Fair Value
September 30, 2012	1,857,393	$	2,266,020
Revaluation	-		(887,834)
September 30, 2013	1,857,393	$	1,378,186
Revaluation	-		(458,777)
March 31, 2014	1,857,393	$	919,409

At September 30, 2012, the fair value of a Barkerville share was $1.22 per share, which represents an unrealized mark-to-market gain of $139,653 net of future income tax expense of $4,669, recorded in other comprehensive loss.

As at August 14, 2012, Barkerville was subject to a cease trade order which prevented the Company from selling shares. Subsequent to September 30, 2013 the cease trade order was lifted, and Barkerville's shares resumed trading. The fair value of the Company's investment in Barkerville was estimated using the weighted average price of $0.74 per share (2012: $1.22), based on the five day trading period commencing on the sixth trading day after the reinstatement of the Company's common shares for trading, which represented an unrealized mark-to-market loss of $887,834 (2012:$18,573). The 2013 revaluation is considered other than temporary and is recorded as a $659,949 reversal of previously recorded accumulated other comprehensive gain and a $227,885 less $86,000 one time tax expense ($141,885) impairment included in the current year's net loss in the net loss for the year.

As at March 31, 2014, the fair value of a Barkerville shares was $0.495 per share. The revaluation during the six months ended March 31, 2014 is considered other than temporary and is recorded as impairment included in the current period's net loss.

7. MINERAL PROPERTIES

On January 18, 2012 the Company entered into an option agreement with Golden Valley Mines Ltd. ("Golden Valley") and Integra Gold Corp. ("Integra") in respect of a portfolio consisting of twelve properties located in the Abitibi Greenstone Belt. Regulatory approval was received in April 2013.

Under the Agreement the Company can acquire a 70% interest in certain properties (the "GZZ Option") located in the Abitibi Greenstone Belt of northwestern Québec and northeastern Ontario (the "GZZ Properties") held by Golden Valley.

Subject to net smelter return royalty interests and advance royalty interests in favour of the original vendors (one of which is a director and officer of Golden Valley), the Company can acquire a 70% interest in certain properties located in the Abitibi Greenstone Belt of northwestern Québec (the "GZZ-I Option"); these properties are subject to a 30% interest held by Integra pursuant to a joint venture agreement between Integra and Golden Valley (the "GZZ-I Properties"). Golden Valley will be the operator during the option phase.

To maintain its Option the Company has to:

i. Issue to Golden Valley 9.9% of Company's issued share capital (the "Share Interest"); (Issued 770,961 common shares on May 1, 2013)

ii. Incur expenditures in an aggregate amount of $4,500,000 over a 6 year period from the initial date of signing at the option agreement as follows:

   a) $250,000 on the second anniversary at January 11, 2012 (expenditures have not been made)
   b) an additional $500,000 on or before the third anniversary of January 11, 2012
   c) an additional $1,000,000 on or before the fourth anniversary of January 11, 2012
   d) an additional $1,250,000 on or before the fifth anniversary of January 11, 2012
   e) an additional $1,500,000 on or before the sixth anniversary of January 11, 2012

   to be allocated between the GZZ Properties and the GZZ-1 Properties as the Company may determine provided that no more than $4,000,000 of the Expenditures shall be incurred with respect to the GZZ Properties and at least $500,000 of the Expenditures shall be incurred with respect to the GZZ-1 Properties and:

iii. Reimburse Golden Valley for all costs related to the preparation of any technical reports. Golden Valley has the right, but not the obligation to participate in future financings of the Company in order to maintain its Share Interest.

Upon the GZZ Option being exercised, Golden Valley shall retain a 30% free carried interest to production in respect of the GZZ Properties. Upon the GZZ-I Option being exercised, Golden Valley and Integra shall retain a combined 30% free carried interest to production (22.5% Golden Valley/7.5% Integra).

The Company anticipates negotiating option payment terms relating to the effective date of the option agreement.

8. SHARE CAPITAL AND RESERVES

a) Common Shares

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

On December 14, 2012 ,the Company closed a private placement of 6,000,000 units at a price of $0.25 per unit for total proceeds of $1,500,000, less finder's fees of $85,400. Each unit consists of one common share and one half share purchase warrant. Total proceeds of $1,293,000 was allocated to common shares and $207,000 to warrants.

On May 1, 2013, the Company issued 770,961 common shares pursuant to an option agreement which was equivalent to 9.9% of the outstanding issued common shares calculated after and taking into account the issuance of the payment shares, of the Company as at January 31, 2012 to Golden Valley. These shares were valued at $177,321 based on market price on the first date of issue.

Expressed in Canadian Dollars

8. SHARE CAPITAL AND RESERVES (continued)

b) Share Purchase warrants

The following is a summary of changes in warrants from September 30, 2013 to March 31, 2014:

	Number of warrants		Weighted average exercise price
Balance, September 30, 2013	3,000,000	$	0.35
Expired	(3,000,000)		0.35
Balance, March 31, 2014	-	$	-

During the year ended September 30, 2013, the Company issued 3,000,000 share purchase warrants as part of a private placement with an estimated fair value, using a Black-Scholes pricing model, of $207,000. The warrants are exercisable on or before December 10, 2013 at a price of $0.35 per share. The fair value assumptions used for the warrants are as follows:

	September 30, 2013	September 30, 2012
Volatility	97.49%	–
Dividend yield	–	–
Risk free rate	1.07%	–
Expected life (year)	1	–

During the six months ended March 31, 2014 , all the warrants expired unexercised.

c) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's balance sheet include 'Share-based payment reserve', 'Accumulated Other Comprehensive Loss/Income' and 'Accumulated Deficit'.

'Share-based payment reserve' is used to recognize the value of stock option grants and share warrants prior to exercise.

'Accumulated Other Comprehensive Loss/Income' includes an available-for-sale reserve. This reserve is used to recognize temporary fair value changes on available-for-sale investments.

'Accumulated Deficit' is used to record the Company's change in deficit from earnings from period to period.

9. SHARE-BASED PAYMENTS

a) Option Plan Details

Pursuant to the policies of the TSX-V, the Company may grant incentive stock options to its officers, directors, employees and consultants. TSX-V policies permit the Company's directors to grant incentive stock options for the purchase of shares of the Company to persons in consideration for services. Stock options must be non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 10% of the issued shares of the Company at the time of granting and may not exceed 5% to any individual (maximum of 2% to any consultant). The exercise price of stock options is determined by the board of directors of the Company at the time of grant and may not be less than the closing price of the Company's shares on the trading day immediately preceding the date on which the option is granted and publicly announced, less an applicable discount, and may not otherwise be less than $0.10 per share. Options have a maximum term of ten years. Any option granted to an optionee other than a director or officer

Expressed in Canadian Dollars

8. SHARE-BASED PAYMENTS (continued)

will terminate 90 days following the termination of the optionee's employment, except in the case of death, in which case they terminate one year after the event. Any option granted to a director or officer, will expire within the earlier of, one year after the date they cease to be an officer or director, the date of expiration of terms, or such shorter period the Company determines reasonable. In the case of an optionee being dismissed for cause, the optionee's options will immediately terminate without right to exercise. Vesting periods of options is determined at the time of granting of the options at the discretion of the board of directors. Once approved and vested, options are exercisable at any time.

The following is a summary of changes in options from September 30,2013 to March 31, 2014:

	March 31, 2014	
	Number of Options	Weighted Average Exercise Price
Balance, September 30, 2013	663,597	$0.285
Balance, December 31, 2013	663,597	$0.285
Vested and Exercisable	663,597	$0.285

These options will expire on February 15, 2016 and have a weighted average remaining contractual life of 1.88 years as at March 31, 2014.

b) Escrow Shares

At March 31, 2014, a total of 6,250 (September 30, 2013 – 6,250) of the issued and outstanding shares are held in escrow and may not be released without the consent of the regulatory authorities.

c) Flow-through Shares

The Canada Revenue Agency ("CRA") has reviewed Canadian exploration expenditures ("CEE") incurred by the Company that were renounced on certain flow-through shares issued for taxation years 2000 through 2003. During the year ending September 30, 2008, upon completion of the review, the Company was assessed and has recorded in the financial statements approximately $49,000 in additional Part XII.6 tax and accrued interest relating to flow-through share issuances for these fiscal years. The CRA has not indicated to Management it will be conducting an examination for taxation years after 2003. Between taxation years 2004 and 2008, the Company has estimated $1.32 million flow-through share proceeds were raised in excess of qualifying flow-through share expenditures incurred over this period. The Company has failed to incur these expenditures within the time period required during the 2004 – 2008 fiscal years.

The Company did not issue any flow through shares during the period ending September 30, 2013 and the fiscal years ending September 30, 2012, 2011, 2010 and 2009. Per the flow-through subscription agreements with investors, the Company was to incur CEE by December 31, 2007 equal to the amount that was renounced. During the year ended September 30, 2013 the Company paid $Nil (2012: $Nil) to the CRA for part payment of penalties and interest outstanding, and accrued $Nil in penalties and interest in 2013 (2012: $Nil). Management, however, has estimated and recorded interest and penalties related to Part XII.6 taxes payable and unremitted amounts owing to the CRA of $375,888 (2012:$375,888). The Company is continuing to review its compliance with respect to flow through shares issuances and has filed voluntary disclosure with the CRA. The final outcome of the voluntary disclosure is unknown at the date of the financial statements.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General Objectives, Policies and Process:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest risk, and equity price risk.

Foreign Currency Risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The company does not have significant exposure to foreign exchange rate fluctuation.

Interest Rate Risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

Equity Price Risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company is exposed to this risk through its equity holdings. The available-for-sale investment in the common shares of Barkerville Gold Mine Ltd. is monitored by Management with decisions on sale taken at Board level. A 10% decrease in the fair value of Barkerville Gold Mines Ltd. would result in a $137,819 decrease in equity.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand. The Company considers this risk to be immaterial.

Liquidity Risk

Liquidity Risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company’s policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation.

Expressed in Canadian Dollars

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Typically, the Company ensures that it has sufficient cash on demand to meet short term expected operational expenses. To achieve this objective expenditures are monitored as necessary. Further, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure. The Company is reliant on the continued support of related parties to meet short-term financing requirements and to meet obligations as they become due.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

	Book Value at March 31, 2014	Within 1 Year	2 to 5 years	Over 5 Years	Total
Accounts Payable	446,994	446,994	-	-	446,994

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Statement of Financial Position carrying amounts for cash and cash equivalents, amounts receivable, trade and other payables, and due to related parties approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2 fair value measurements are those derived from inputs other than quoted prices included within 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable marker data (unobservable inputs).

The available-for-sale investment was previously inputs other than obtainable market data and was therefore considered to be Level 3. At September 30, 2013, this investment was transferred to Level 2 as discussed below.

Fair value measurements at

		March 31, 2014	
	Level 1	**Level 2**	**Level 3**
Financial Assets			
Investments	$ 919,409	$	$ -
	$ 919,409	$ -	$ -

Expressed in Canadian Dollars

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Level 3 fair value measurements at September 30,

	Level 1	Level 2
September 30, 2013	$ -	$ 1,378,186
Transfer into Level 1 from Level 2 due to CTO being removed on Barkerville shares	$ 919,409	-
March 31, 2014	$ 919,409	$ 1,378,186

As at September 31, 2013, the fair value of the securities is adjusted subsequent to September 30, 2013 when the cease trade order was lifted. The fair value of the Company's investment was estimated using a weighted average price. (See notes 4 and 6.)

During the six months ended March 31, 2014, the cease trade order was lifted and the fair value of the Company's investment was valued at market price as at March 31, 2014.

11. RELATED PARTY TRANSACTIONS

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount. Related party transactions have been listed below, unless they have been disclosed elsewhere in the financial statements.

a) **Key Management Compensation**

		March 31,	
	Note	**2014**	2013
Management fees charged by CEO	(i)	**$ 30,000**	$ 30,000
Salaries charged by CFO		**$ 904**	$ 4,236

Expressed in Canadian Dollars

11. RELATED PARTY TRANSACTIONS (CONTINUED)

(i) The Company has entered into a management agreement with the Company's president whereby the Company agreed to pay a management fee of $5,000 per month until the agreement is terminated. The agreement can be terminated by providing two months notice.

b) Other Related Party Transactions

	March 31,			
		2014		2013
Salaries and Wages	**$**	**8,138**	$	11,188
Rent	**$**	**1,512**	$	2,021
Office and others	**$**	**1,599**	$	221

The above related party transactions were paid to Companies that have common directors.

c) Receivable and Payable

	March 31,			
		2014		2013
Due to companies with common directors	**$**	**-**	$	1,867
	$	**-**	$	1,867

These amounts are unsecured and non-interest bearing.

d) Prepaid expenses

As at March 31, 2014, included in prepaid expenses is $2,000 (September 31 - $2,000) for rent to a company with a common director.

Expressed in Canadian Dollars

12. CAPITAL MANAGEMENT

The Company monitors its cash, common shares and stock options as capital. The Company's objectives when maintaining capital are to maintain a sufficient capital base in order to meet its short-term obligations and at the same time preserve investor's confidence required to sustain future exploration and business development.

		March 31 2014		September 30 2013
Cash	$	315,340	$	491,578
Common Shares	$	11,612,480	$	11,612,480
Stock options and warrants	$	1,701,997	$	1,701,997

The Company is not exposed to any externally imposed capital requirements and there have been no changes in the Company's capital management approach during the year.

13. SEGMENTAL REPORTING

An operating segment is defined as a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are reviewed regularly by the Company's chief operating decision maker, and for which discrete financial information is available. The Company has determined that it has one reportable operating segment, the acquisition, exploration and development of mineral properties, all of which occurs within Canada. The Company's corporate head office earns nominal revenue that are considered incidental to the activities of the Company and therefore does not meet the definition of an operating segment.

14. LOSS PER SHARE

	March 31,			
		2014		2013
Income attibuted to ordinary shareholders	$	(524,440)	$	(181,573)
Weighted average number of common shares		13,856,930		10,745,310
Basic and diluted gain (loss) per share		(0.04)		(0.02)

The number of shares potentially issuable at March 31, 2014 that were not included in the computation of loss per share totaled 663,597 (2012: 663,597). These were excluded from the calculation of diluted income loss per share as the effect would be anti-dilutive.