PROMINEX RESOURCE CORP.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30TH, 2014 AND 2013

(Expressed in Canadian Dollars)

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Prominex Resource Corp. trades on the TSX Venture Exchange under the symbol PXR

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Prominex Resource Corp.

We have audited the accompanying financial statements of Prominex Resource Corp. which comprise the statements of financial position as at 30 April 2014 and 2013 and the statements of loss and comprehensive loss, cash flows and 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 Prominex Resource Corp. as at 30 April 2014 and 2013 and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Prominex Resource Corp. to continue as a going concern.

James Stafford

Chartered Accountants

Vancouver, Canada
27 August 2014

STATEMENTS OF FINANCIAL POSITION

	As at April 30, 2014 $	As at April 30, 2013 $
Assets		
Current Assets		
Cash and Cash Equivalents	3,670	196,979
Amounts Receivable (Notes 4 and 8)	6,467	27,171
Prepaid Expenses	-	4,000
	10,137	228,150
Non-current Assets		
Exploration and Evaluation Assets (Note 5)	2,001,274	1,921,019
Total Assets	**2,011,411**	**2,149,169**
Liabilities		
Current Liabilities		
Payables and Accruals (Note 6)	742,758	604,318
Shareholders' Equity		
Share Capital (Note 7)	8,583,554	8,583,554
Warrants (Note 7)	143,938	77,146
Contributed Surplus (Note 7)	2,670,527	2,737,319
Reserve (Note 7)	33,720	32,156
Deficit	(10,163,086)	(9,885,324)
Total Shareholders' Equity	1,268,653	1,544,851
Total Liabilities and Shareholders' Equity	**2,011,411**	**2,149,169**

Nature of Operations and Going Concern (Note 1)
Commitment and Contingencies (Note 13) *and* ***Subsequent Events (Note 14)***

On behalf of the Board

"Liliana Hartwig"	"Gordon Barron"
Director	Director

PROMINEX RESOURCE CORP.

FINANCIAL STATEMENTS
FOR YEARS ENDED APRIL 30TH, 2014 AND 2013
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

	For The Years Ended April 30	
	2014	2013
	$	$
REVENUE:		
Interest revenue	-	7
EXPENSES:		
Accounting fees (Note 8)	28,451	32,707
Bank charges and interest (Note 10)	321	4,429
Consulting wages and benefits (Note 8)	178,200	120,050
Legal fees	4,018	3,178
Marketing	3,908	9,456
Meals and entertainment	671	837
Office	18,361	2,981
Regulatory fees	7,345	7,255
Rent (Note 8)	14,168	15,462
Secretarial services (Note 8)	500	1,860
Shareholder information	14,565	11,990
Share-based payments (Note 7)	1,564	32,156
Transfer agent and shareholder	5,276	3,605
Travel	414	804
	277,762	246,770
Net loss and total comprehensive loss	**(277,762)**	**(246,763)**
Weighted average number of shares outstanding, basic and diluted	**83,690,890**	**63,433,301**
Loss per share, basic and diluted	**(0.003)**	**(0.004)**

STATEMENTS OF CHANGES IN EQUITY

	Common Share Without Par Value						
	Shares No.	Amount $	Warrants $	Contributed Surplus $	Stock Option Reserve $	Deficit $	Total Shareholders' Equity $
Balance, April 30, 2012	**62,320,890**	**8,342,503**	**13,900**	**2,723,419**	**-**	**(9,638,561)**	**1,441,261**
Private Placement at $0.015 per Unit	21,370,000	243,404	77,146	-	-	-	320,550
Share Issuance Costs	-	(2,353)	-	-	-	-	(2,353)
Expiry of Warrants	-	-	(13,900)	13,900	-	-	-
Share-based Payments	-	-	-	-	32,156	-	32,156
Comprehensive Loss for the Year	-	-	-	-	-	(246,763)	(246,763)
Balance, April 30, 2013	**83,690,890**	**8,583,554**	**77,146**	**2,737,319**	**32,156**	**(9,885,324)**	**1,544,851**
Cancellation of Warrants	-	-	(77,146)	77,146	-	-	-
Modification of Warrants	-	-	143,938	(143,938)	-	-	-
Share-based Payments	-	-	-	-	1,564	-	1,564
Comprehensive Loss for the Year	-	-	-	-	-	(277,762)	(277,762)
Balance, April 30, 2014	**83,690,890**	**8,583,554**	**143,938**	**2,670,527**	**33,720**	**(10,163,086)**	**1,268,653**

PROMINEX RESOURCE CORP.

FINANCIAL STATEMENTS
FOR YEARS ENDED APRIL 30TH, 2014 AND 2013
STATEMENTS OF CASH FLOWS

	For the Years Ended April 30	
	2014 $	2013 $
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Operating		
Net Loss	(277,762)	(246,763)
Non-cash items:		
Share-based Payments	1,564	32,156
Change In Non-Cash Working Capital		
Amounts Receivable	20,704	164,972
Prepaid Expenses	3,987	(2,711)
Payables and Accruals	138,453	2,971
	(113,054)	(49,375)
Investing		
Exploration and Evaluation Expenditures	(80,255)	(63,193)
Financing		
Issuance of Common Shares and Warrants	-	311,500
Share Issuance Costs	-	(2,353)
	-	309,147
Increase (Decrease) in Cash and Cash Equivalents	(193,309)	196,579
Cash and Cash Equivalents, Beginning of year	196,979	400
Cash and Cash Equivalents, End of year	**3,670**	**196,979**

The accompanying notes form an integral part of these financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Prominex Resource Corp. (the "Company") is continued under the Canada Business Corporations Act and its principal business activity is the exploration and evaluation of mineral assets. The address of the Company's head office is 1001-1010 Howe Street, Vancouver, British Columbia, Canada V6Z 1P5.

The Company's shares are publicly traded on the TSX Venture Exchange ("TSXV") under the ticker symbol PXR. These financial statements were authorized for issue in accordance with a resolution of the Directors on August 27, 2014.

The Company's financial statements as at April 30, 2014 and for the year then ended have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company has a net loss of $277,762 for the year ended April 30, 2014 (2013 - $246,763) and has a negative working capital of $732,621 at April 30, 2014 (2013 - $376,168).

The Company had cash and cash equivalents of $3,670 as at April 30, 2014 (2013 - $196,979), and management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or to be able to raise additional debt and/or equity capital. If the Company is unable to raise additional capital in the immediate future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favourable terms, pursue other remedial measures and/or cease operations. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION

2.1 Basis of presentation

These financial statements have been prepared on a historical cost basis using the accrual basis of accounting except for financial instruments and share-based payments that have been measured at fair value, as explained in Note 10, and are presented in Canadian dollars except where otherwise indicated.

2.2 Statement of Compliance

The financial statements of the Company have been prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

2.3 Changes in Accounting Policies

A number of standards and amendments were issued effective for accounting periods beginning on or after May 1, 2013. Many of these updates are not applicable to the Company. Effective May 1, 2013, the Company adopted the following IFRS standards and amendments:

- IFRS 10 '*Consolidated Financial Statements*' replaces consolidation requirements in IAS 27 (as amended in 2008) and SIC-12.
- IFRS 11 '*Joint Arrangements*' replaces IAS 31 and SIC-13.
- IFRS 12 '*Disclosure of Interests in Other Entities*' replaces disclosure requirements in IAS 27 (as amended in 2008), IAS 28 (as revised in 2003) and IAS 31.
- IFRS 13 '*Fair Value Measurement'* replaces fair value measurement guidance in other IFRSs.
- IAS 1 (Amendment) '*Presentation of Financial Statements*' includes amendments regarding presentation of items of other comprehensive income and clarification of the requirements for comparative information, respectively.
- IAS 27 (Amendment) '*Separate Financial Statements*' prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.
- IAS 28 (Amendment) '*Investments in Associates and Joint Ventures*' 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.

The adoption of the above standards did not have a significant impact on the Company's financial statements.

2.4 Accounting Standards Issued but not yet Effective

At the date of authorization of these financial statements, the IASB and IFRIC have issued the following new and revised standard which is not yet effective during the year ended April 30, 2014:

- IFRS 9 '*Financial Instruments'* is a new financial instruments standard effective for annual periods beginning on or after January 1, 2015 that replaces IAS 39 and IFRIC 9 for classification and measurement of financial assets and financial liabilities.
- IAS 32 (Amendment) *'Financial Instruments: Presentation'* is effective for annual periods beginning on or after January 1, 2014 that establishes principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities.

The Company has not early adopted this standard and anticipates that the application of this standard will not have a material impact on the financial position and financial performance of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies for the Company:

(a) Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for decommissioning liabilities, the recoverability and measurement of exploration and evaluation properties and deferred tax assets and liabilities, and the ability to continue as a going concern. Actual results may differ from those estimates and judgments.

(b) Joint Venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. The Company's joint venture consists of a jointly-controlled asset. A jointly-controlled asset involves joint control and offers joint ownership by the Company and other venturers of assets contributed to or acquired for the purpose of the joint venture, without the formation of a corporation, partnership or other entity. Where the Company's activities are conducted through jointly-controlled assets, the Company recognized its share of the jointly-controlled assets and liabilities it has incurred, its share of liabilities incurred jointly with other venturers, and exploration and evaluation costs in the financial statements.

(c) Cash and Cash Equivalents

Cash and cash equivalents consists of cash, deposits in banks and highly liquid investments with an original maturity of ninety days or less.

(d) Foreign Currency Translation

In preparing the financial statements, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period-end exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are included in the statement of loss and comprehensive loss.

(e) Revenue Recognition

The Company currently has no revenue from active mining operations. Interest revenue is recognized in the period in which it is earned.

(f) Exploration and Evaluation Assets

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Option payments received are treated as a reduction of the carrying value of the related exploration and evaluation properties and deferred costs until the receipts are in excess of costs incurred, at which time, they are credited to income. Option payments are at the discretion of the optionee, and accordingly, are recorded on a cash basis.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

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 any exploration and evaluation asset is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

It is management's judgement that none of the Company's exploration and evaluation assets has reached the development stage and as a result are all considered exploration and evaluation assets.

Although the Company has taken steps to verify title to exploration and evaluation properties in which it has an interest, according to the usual industry standards for the stage of exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

(g) Decommissioning, Restoration and Similar Liabilities

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties and retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future cost estimates arising from the decommissioning of plant, site restoration work and other similar retirement activities is added to the carrying amount of the related asset, and depreciated on the same basis as the related asset, along with a corresponding increase in the provision in the period incurred. Discount rates using a pre-tax rate that reflect the current market assessments of the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the provision.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period. The net present value of reclamation costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of reclamation projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation properties.

(h) Impairment of Non-Financial Assets

The carrying amount of the Company's assets is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

(i) Share-based Compensation

The Company grants stock options to buy common shares of the Company to directors, officers, employees, and service providers. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted.

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

The fair value for share purchase options granted to employees or those providing services similar to those provided by a direct employee is measured at the grant date and each tranche is recognized using the accelerated method basis over the period during which the share purchase options vest. The fair value of the share purchase options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the share purchase options were granted.

The fair value for share purchase options granted to non-employees for services provided is measured at the date the services are received. The fair value of the share purchase options granted is measured at the fair value of the services received, unless the fair value of services received cannot be estimated reliably, in which case the fair value of the share purchase options is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the share purchase options were granted.

At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest.

(j) Income Taxes

Income tax on the profit or loss consists of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(k) Loss per Share

Loss per share is computed by dividing the net loss attributable to common shareholders by the weighted average number of shares outstanding during the period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

(l) Comprehensive Loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to self-sustaining operations. The Company's comprehensive loss, components of other comprehensive income and cumulative translation adjustments are presented in the statements of comprehensive loss and the statements of changes in equity.

(m) Flow-through Shares

The Company issues, from time to time, flow-through common shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders and the premium liability is reversed. The reversal of the premium liability and the deferred tax liability are recognized as tax recoveries to the extent that qualifying deferred tax assets are available.

(n) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance expense (notional interest).

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed. The Company presently does not have any amounts considered to be provisions.

(o) Financial Instruments

Financial Assets

Initial recognition and measurement

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of financial assets not classified as fair value through profit or loss, directly attributable transaction costs.

The Company's financial assets include cash and cash equivalents, and receivables, which are classified as loans and receivables.

Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Cash and cash equivalents and receivables are recorded through this category. Loans and receivables are subsequently measured at amortized cost using the effective interest method.

De-recognition

Financial assets are de-recognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that has been recognized directly in equity is recognized in profit or loss.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, or as other financial liabilities, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, plus directly attributable transaction costs.

The Company's financial liabilities include payables.

Subsequent measurement

After initial recognition, other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are de-recognized.

Payables are classified as other financial liabilities.

De-recognition

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Capital management

The Company manages its capital to maintain adequate levels of funding to support the acquisition of exploration and evaluation assets and to maintain the necessary corporate and administrative functions to support these activities. The capital structure consists of shareholders' equity comprised of share capital, contributed surplus, warrants, stock option reserve and deficit. The Company raises capital, as necessary, to meet its needs and to take advantage of perceived opportunities and therefore, does not have a numeric target for its capital structure. There were no changes to the Company's approach to capital management during the year ended April 30th, 2014. The Company does not have any covenants respecting its capital ratios.

4. AMOUNTS RECEIVABLE

The Company’s amounts receivable are as follows:

	As at April 30, 2014 $	As at April 30, 2013 $
Goods and Services Tax/Harmonized Sales Tax receivable	**4,517**	3,480
Advances (Note 8)	**-**	5,517
Share subscription receivable (Note 7)	**-**	9,050
Tulks Hill Joint Venture receivable (Note 5)	**-**	3,290
Other receivables	**1,950**	5,834
Total amounts receivable	**6,467**	27,171

Included in amounts receivable is $Nil (2013 - $5,517) due from a director for cash advance related to expense reimbursement (Note 8). The amount is unsecured, interest-free and repayable upon written notice given from the Company.

5. EXPLORATION AND EVALUATION ASSETS

The Company's exploration and evaluation assets are all located in Newfoundland and Labrador, Canada. The Company has investigated title to all of its exploration and evaluation assets and all of its properties are in good standing.

A summary of exploration and evaluation assets as at April 30, 2014 and 2013 is as follows:

	Tulks Hill	Lake Bond	Total
	$	$	$
April 30, 2012	1,781,240	76,586	1,857,826
Assays	-	5,011	5,011
Casual labour (recovery)	(2,622)	18,116	15,494
Consulting fees	765	16,500	17,265
Drilling	1,180	-	1,180
Field expenses	1,763	4,938	6,701
Field supplies	-	252	252
Property fees	-	10,888	10,888
Travel	-	6,402	6,402
April 30, 2013	**1,782,326**	**138,693**	**1,921,019**

	Gullbridge Claims	Tulks Hill	Lake Bond	Total
	$	$	$	$
April 30, 2013	-	1,782,326	138,693	1,921,019
Assays	-	-	3,640	3,640
Casual labour	-	1,100	7,934	9,034
Consulting fees	-	10,400	20,169	30,569
Field expenses	-	370	14,060	14,430
Other	-	-	5,069	5,069
Property fees	2,520	21,715	7,000	31,235
Travel	-	901	2,411	3,312
Recovery of expenses	-	(17,034)	-	(17,034)
April 30, 2014	**2,520**	**1,799,778**	**198,976**	**2,001,274**

5.1 Tulks Hill

On December 15, 2005, the Company entered into an option agreement to acquire a 51% interest in a property known as Tulks Hill located in central Newfoundland. On November 7, 2007, the Company earned a 51% interest by completing the requirements under the option agreement and since then has been the operator of an unincorporated joint venture with Buchans Minerals Corporation (TSX: V-BMC). The property is subject to Net Smelter Return royalties ranging from 2% to 2.25% on certain of the claims.

As at April 30, 2014, the amounts receivable from Buchans Minerals Corporation consist of $Nil (2013 - $3,290) related to exploration expenditures of Tulks Hill spent by the Company on behalf of Buchans Minerals Corporation (Note 4).

5.2 Lake Bond

On December 28, 2006, the Company entered into an option agreement (the “Reid Option Agreement”) to acquire a 100% interest (the “Option”) in a property known as Reid Lot 50, Lake Bond (the “Reid Property”) located in central Newfoundland. Under the terms of the original Reid Option Agreement, in order to acquire the Option, the Company must expend $50,000 on exploration and development of the Reid Property by October 17, 2010. The Reid Option Agreement had been extended to September 30, 2012 allowing the Company additional time to complete the expenditures.

The Company completed the terms of the option agreement and now holds an undivided 100% interest in the Reid property. The property is subject to a Net Smelter Return royalty of 2%, of which the Company can purchase 1% for $1,000,000.

5.3 Gullbridge Claims

On December 2, 2013, the Company acquired mining licenses for exploration of the Gullbridge area located in central Newfoundland. As at April 30, 2014, the Company has not yet completed any work related to this property.

6. PAYABLES AND ACCRUALS

Included in trade payables and accrued liabilities as at April 30, 2014 are $507,563 (2013 - $450,550) due to related parties (Note 8). Trade payables and accrued liabilities are non-interest bearing, are unsecured and have settlement dates within one year.

The Company also has a liability for subscriber indemnification including $87,062 (2013 - $87,062) related to the shortfall in required expenditures related to a flow-through shares financing agreement in 2007 (Note 13).

7. SHARE CAPITAL

7.1 Authorized

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

7.2 Issued and Outstanding

Common shares issued	83,690,890
Options outstanding	4,900,000
Warrants outstanding	21,370,000

7.3 Private Placements

The Company did not complete any private placement for the year ending April 30, 2014.

During the 2013 fiscal year, the Company closed a non-brokered private placement by the issuance of 21,370,000 units at a price of $0.015 per unit for gross proceeds to the Company of $320,550, of which $9,050 was received in the year ended April 30, 2014 (Note 4). Each unit comprises one common share and one non-transferable common share purchase warrant of the Company. No finders' fees were paid.

The following summarizes the share transactions during the years ended April 30, 2014 and 2013.

	2014		2013	
	Number	**$**	**Number**	**$**
Balance, beginning of year	83,690,890	8,583,554	62,320,890	8,342,503
Issued for cash from:				
Private placements	-	-	21,370,000	320,550
Share issuance costs	-	-	-	(2,353)
Share warrants	-	-	-	(77,146)
Balance, end of year	**83,690,890**	**8,583,554**	**83,690,890**	**8,583,554**

7.4 Share Purchase Warrants

During the year ended April 30, 2014, the Company modified the terms of the common share purchase warrants by extending the exercise period by one year. Currently, each warrant expiring on April 9, 2015 entitles the holder to purchase one common share of the Company at a price of $0.05. The modification has been treated as a cancellation of the original warrants and an issuance of the new warrants.

The change in warrants during the years ended April 30, 2014 and 2013 is as follows:

	2014		2013	
	Number	Weighted Average Exercise Price ($)	Number	Weighted Average Exercise Price ($)
Outstanding, beginning of year	21,370,000	0.05	4,000,000	0.10
Issued	21,370,000	0.05	21,370,000	0.05
Cancelled	(21,370,000)	0.05	-	-
Expired	-	-	(4,000,000)	0.10
Outstanding, end of year	**21,370,000**	**0.05**	**21,370,000**	**0.05**

The following table provides detailed information about warrants outstanding as at April 30, 2014:

Warrants Outstanding	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life in Years
21,370,000	$0.05	April 9, 2015	0.94

The weighted average fair value of the private placement warrants modified during the year ended April 30, 2014 was $143,938. The fair value of these share warrants was estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

Expected dividend yield	-
Expected stock price volatility	264%
Risk-free interest rate	0.96%
Expected warrant life in years	1.10

The weighted average fair value of the private placement warrants issued during the year ended April 30, 2013 was $77,146. The fair value of these share warrants was estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

Expected dividend yield	-
Expected stock price volatility	110%
Risk-free interest rate	1.02%
Expected warrant life in years	1.00

7.5 Share Based Payments

Share Purchase Options

The Company has adopted a formal stock option plan, which follows the TSXV policy under which it is authorized to grant options to directors and employees to acquire up to 10% of issued and outstanding common stock. Under the plan, the exercise price of each option equals the discounted market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of five years and options issued to consultants are subject to a vesting provision whereby 25% become exercisable every three months over a period of 12 months.

The summary of changes in stock options during the years ended April 30, 2014 and 2013 is as follows:

	Number of Options	Weighted-Average Exercise Price $
At April 30, 2012	3,700,000	0.10
Expired	-	-
Issued	1,200,000	0.10
At April 30, 2013	**4,900,000**	**0.10**
Expired	-	-
Issued	-	-
At April 30, 2014	**4,900,000**	**0.10**

The fair value of the stock options issued during the year ended April 30, 2013 has been estimated using a Black-Scholes Option Pricing Model with the following assumptions: dividend yield of 0%, expected volatility of 187%, risk-free interest rate of 1.17% and expected life of five years.

Share-based payments for the following options granted by the Company will be amortized over the vesting period, of which $1,564 was recognized in the year ended April 30, 2014 (2013 - $32,156):

Grant date of stock options	Fair Value of options granted	Amount vested in 2014	Amount vested in 2013
July 7, 2012	$33,720	$1,564	$32,156

The following table summarizes information about stock options outstanding at April 30, 2014:

Exercise Price $	Options Outstanding and Exercisable	Options Not Vested	Remaining Contractual Life (in years)
0.10	3,700,000	Nil	1.72
0.10	1,200,000	Nil	3.19
	4,900,000	**Nil**	

8. RELATED PARTY TRANSACTIONS

The Company's related parties consist of executive officers and directors, the spouse of an executive officer, companies controlled by executive officers and directors.

During the years ended April 30, 2014 and 2013, the Company paid or accrued the following amounts to related parties:

Related party	Item	2014 $	2013 $
Director	Rent charged to statement of loss	15,457	15,462
Key management personnel	Fees charged to statement of loss	120,930	140,243
	Fees charged to exploration and evaluation assets	12,000	-
	Share-based payments	1,564	32,156

Included in payables and accruals amounts owing to related parties of $507,563 (2013 - $450,550) as follows (Note 6):

	2014 $	2013 $
Former directors and director controlled company	123,314	123,314
CEO and president	328,972	272,007
Interim CFO and director	1,548	1,500
Former directors	53,729	53,729
Total	507,563	450,550

Included in amounts receivable is $Nil (2013 - $5,517) due from a director for cash advance related to expense reimbursement (Note 4). The amount is unsecured, interest-free and repayable upon written notice given from the Company.

These transactions, which were incurred in the normal course of operations, have been recorded at their exchange amounts, being the amounts agreed to by the related parties.

9. INCOME TAXES

Deferred taxes reflect the net tax effects of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

A reconciliation of the combined federal and provincial income taxes at statutory rates and the Company's effective income tax expense is as follows:

	2014 $	2013 $
Loss before income tax recovery	(277,762)	(246,763)
Statutory tax rate	26.00%	25.08%
Expected income tax recovery	(72,218)	(61,888)
Value of tax losses not recognized	35,139	(137,282)
Flow-through renunciation	-	502
Change in prior year to actual	(6,313)	204
Effect of change in current and future tax rates	-	189,142
Permanent differences	43,392	9,322
Actual income tax provision (recovery)	-	-

The Company has non-capital losses totalling $3,061,989 which may be carried forward and applied against taxable income in future years. These losses, if unutilized, will expire as follows:

2015	$ 111,521
2026	175,993
2027	323,923
2028	629,371
2029	404,191
2030	413,404
2031	260,199
2032	243,243
2033	215,760
2034	284,384
	$ 3,061,989

The Company also has certain resource exploration and development expenditures totalling $4,079,522 (2013 - $3,974,984), which may be deducted against future taxable income on a discretionary basis and share issue costs totalling $10,565 (2013 - $19,087) which have not been claimed for income tax purposes.

The potential benefits of these losses and the resource deductions in excess of the carrying value of the exploration and evaluation asset amount has not been recognized as a deferred tax asset, as currently these amounts are uncertain to be realized.

10. FAIR VALUES

Set out below is a comparison by class of the carrying amount and fair value of the Company's financial instruments that are carried in the financial statements.

As at April 30, 2014	Fair value hierarchy	FVTPL, at fair value $	Loans and receivables, at amortized cost $	Other liabilities, at amortized cost $
Cash and cash equivalents	Level 1	3,670	-	-
Amounts receivable	N/A	-	1,950	-
Payables and Accruals	N/A	-	-	120,246

As at April 30, 2013	Fair value hierarchy	FVTPL, at fair value $	Loans and receivables, at amortized cost $	Other liabilities, at amortized cost $
Cash and cash equivalents	Level 1	196,979	-	-
Amounts receivable	N/A	-	23,691	-
Payables and Accruals	N/A	-	-	136,268

The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents, receivables, and payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Company's financial instruments are measured at fair value using level 1 valuation.

11. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk.

11.1 Credit Risk

The Company's financial assets are cash and cash equivalents and receivables. The Company holds its cash and cash equivalents with a Canadian chartered bank and the risk of default is considered to be remote. Amounts receivable include a receivable from a joint exploration partner from which management believes the risk of loss to be limited based on historical experience.

11.2 Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

12. COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform to the current year's presentation.

13. COMMITMENTS AND CONTINGENCIES

Included in payables and accruals as at April 30, 2014 is a liability for subscriber indemnification including $87,062 (2013 - $87,062) related to the shortfall in required expenditures related to a flow-through shares financing agreement in 2007 (Note 6). However, there is no certainty that additional amounts related to the Company's prior flow-through transactions will not be assessed or deemed payable.

14. SUBSEQUENT EVENTS

There were no events which occurred during the period from the year ended April 30, 2014 to the date the financial statements were available to be issued on August 27, 2014.