Planet Mining Exploration Inc.

(formerly Planet Exploration Inc.)

Financial Statements

Years Ended March 31, 2013 and 2012

PLANET MINING EXPLORATION INC.
(formerly Planet Exploration Inc.)
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March 31, 2013 and 2012

INDEPENDENT AUDITOR'S REPORT

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HLB Cinnamon Jang Willoughby

Chartered Accountants

A Partnership of Incorporated Professionals

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Planet Mining Exploration Inc.:

We have audited the accompanying financial statements of Planet Mining Exploration Inc., which comprise of the statements of financial position as at March 31, 2013 and March 31, 2012 and the statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 in our audits 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 Planet Mining Exploration Inc. as at March 31, 2013 and 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

"Cinnamon Jang Willoughby"

Chartered Accountants

Burnaby, BC
July 25, 2013

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PLANET MINING EXPLORATION INC.
(formerly Planet Exploration Inc.)
Statements of Financial Position

	March 31, 2013	March 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	**$ 2,913,812**	$ 2,733,717
Investments in equity instruments (Note 4)	**525**	750
Receivables (Note 5)	**652,060**	609,630
Reclamation bond (Note 7)	**50,753**	50,000
Prepaid expenses (Note 11)	**18,508**	52,422
Total current assets	**3,635,658**	3,446,519
Resource properties (Note 6, 9c and 11)	**1**	7,599,395
Total assets	**$ 3,635,659**	$ 11,045,914
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	**$ 176,133**	$ 184,090
Total liabilities	**176,133**	184,090
SHAREHOLDERS' EQUITY		
Capital and reserves		
Share capital (Note 9)	**14,005,651**	13,055,279
Contributed surplus (Note 9)	**1,769,637**	1,697,040
Accumulated other comprehensive loss	**(5,575)**	(5,350)
Deficit	**(12,310,187)**	(3,885,145)
Total equity	**3,459,526**	10,861,824
Total liabilities and equity	**$ 3,635,659**	$ 11,045,914

Nature and Continuance of Operations (Note 1)
Subsequent Events (Note 14)

Approved and authorized by the Board of Directors

"David Birkenshaw" Director *"Tony M. Ricci"* Director

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

PLANET MINING EXPLORATION INC.

(formerly Planet Exploration Inc.)

Statements of Operations and Comprehensive Loss

	Years ended March 31, **2013**	2012
Expenses		
Insurance	**$ 18,536**	$ 13,513
Management fees (Note 11)	**213,933**	100,506
Office, general and consulting (Note 11)	**319,991**	174,979
Professional fees (Note 11)	**145,004**	43,717
Rent (Note 11)	**41,723**	24,336
Share-based compensation (Note 9c)	**45,514**	169,068
Transfer agent and filing fees	**32,869**	20,977
Travel, promotion and shareholder information (Note 11)	**69,980**	79,597
Total expenses	**887,550**	626,693
Other expense (income)		
Interest income	**(36,476)**	(57,735)
Provision for impairment (Note 11)	**50,000**	-
Write down of resource properties (Note 6)	**7,523,968**	-
Total other expenses	**7,537,492**	(57,735)
Net loss for the period	**$ 8,425,042**	$ 568,958
Basic and diluted loss per common share	**$ (0.205)**	$ (0.015)
Weighted average number of common shares outstanding	**41,067,957**	36,926,403
Net loss for the period	**$ 8,425,042**	$ 568,958
Change in fair value on investment in equity instruments		
Unrealized loss on available-for-sale securities, net of tax	**225**	2,100
Net comprehensive loss for the period	**$ 8,425,267**	$ 571,058

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

PLANET MINING EXPLORATION INC.
(formerly Planet Exploration Inc.)
Statements of Changes in Equity

	Share Capital			*Accumulated*		
	Number of Shares	*Amount*	*Contributed Surplus*	*Other Comprehensive Loss*	*Deficit*	*Total*
Balance, March 31, 2011	36,624,190	$ 12,874,829	$ 1,488,156	$ (3,250)	$ (3,316,187)	$ 11,043,548
Share-based compensation	-	-	208,884	-	-	208,884
Shares issued for resource property	915,000	180,450	-	-	-	180,450
Unrealized loss on available-for-sale securities	-	-	-	(2,100)	-	(2,100)
Net loss for the period	-	-	-	-	(568,958)	(568,958)
Change during the period	915,000	180,450	208,884	(2,100)	(568,958)	(181,724)
Balance, March 31, 2012	37,539,190	$ 13,055,279	$ 1,697,040	$ (5,350)	$ (3,885,145)	$ 10,861,824
Balance, March 31, 2012	37,539,190	$ 13,055,279	$ 1,697,040	$ (5,350)	$ (3,885,145)	$ 10,861,824
Share-based compensation	-	-	53,364	-	-	53,364
Shares issued for cash	7,000,000	1,050,000				1,050,000
Share issue costs		(99,628)	19,233			(80,395)
Unrealized loss on available-for-sale securities, net of tax	-	-	-	(225)	-	(225)
Net loss for the period	-	-	-	-	(8,425,042)	(8,425,042)
Change during the period	7,000,000	950,372	72,597	(225)	(8,425,042)	(7,402,298)
Balance, March 31, 2013	44,539,190	$ 14,005,651	$ 1,769,637	$ (5,575)	$ (12,310,187)	$ 3,459,526

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

PLANET MINING EXPLORATION INC.
(formerly Planet Exploration Inc.)
Statements of Cash Flows

	Years Ended March 31, 2013	2012
Cash used in operating activities		
Net loss for the period	**$ (8,425,042)**	$ (568,958)
Items not involving cash:		
Asset usage included in office, general and consulting	**7,329**	-
Interest accrued	**(1,576)**	(350)
Provision for impairment	**50,000**	-
Share-based compensation	**45,514**	169,068
Write down of resource properties	**7,523,968**	-
	(799,807)	(400,240)
Changes in non-cash working capital items:		
Receivables	**67,206**	(189,149)
Reclamation bond	**(753)**	(50,000)
Prepaid expenses	**33,914**	(53,421)
Accounts payable and accrued liabilities	**62,895**	(14,387)
Net cash used in operating activities	**(636,545)**	(707,197)
Net cash used in investing activities		
Additions to resource properties	**(152,965)**	(2,187,240)
Cash received from financing activities		
Units issued for cash	**1,050,000**	-
Issue costs	**(80,395)**	-
Net cash received from financing activities	**969,605**	-
(Decrease) Increase in cash and cash equivalents	**$ 180,095**	$ (2,894,437)
Cash and cash equivalents, beginning of period	**$ 2,733,717**	$ 5,628,154
Cash and cash equivalents, end of period	**$ 2,913,812**	$ 2,733,717

Supplementary cash flow information (Note 12)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Planet Mining Exploration Inc. ("the Company") was incorporated in Canada as Planet Exploration Inc. on January 29, 1996 under the Alberta Business Corporations Act. On April 12, 2012, the Company changed its name to Planet Mining Exploration Inc. under the British Columbia Business Corporations Act.

The Company is in the business of acquiring, exploring and developing gold, copper, silver and other resource properties, both directly and through joint ventures in Canada. The Company's shares are listed on the TSX Venture Exchange (TSX.V) under the trading symbol "PXI".

On February 7, 2013, the Company announced its intention to become a publicly traded investment issuer that will capitalize on the track record of success of its management in the resource industry. The adoption of the Company's new business model constitutes a "change of business" (the "COB") for the Company pursuant to Exchange Policy 5.2 – *Change of Business and Reverse Takeovers* ("Policy 5.2").

The Company's shareholders approved the COB at the annual general and special meeting of shareholders convened on March 15, 2013. Subsequent to the year ended March 31, 2013, in April 2013, the Company received conditional approval from the TSX Venture Exchange to complete its change from a "junior mineral exploration company" to an "investment issuer", subject to satisfaction of certain conditions imposed by the Exchange. Pursuant to the COB, the Company intends to become an investment issuer focused on the resource market. The Company's proposed investment activities will primarily be in the resource sector, including precious metals, uranium and coal, oil and gas, base metals, potash, lithium and rare earths.

To date, the Company has not generated significant revenues from operations. These financial statements have been prepared on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The Company's registered office and its principal place of business is located at Suite 302, 750 West Pender Street, Vancouver, BC Canada V6C 2T7. The Company's shares are listed on the TSX Venture Exchange (TSX.V) under the trading symbol "PXI".

2. BASIS OF PREPARATION

Statement of compliance

The financial statements for the year ended March 31, 2013 were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations ("IFRIC") in effect at March 31, 2013, with significant accounting policies as described in the Note 3. The Company has elected to present the statement of operations and comprehensive loss in a single statement, "Statements of Operations and Comprehensive Loss".

2. BASIS OF PREPARATION *(continued)*

The financial statements of the Company for the year ended March 31, 2013 (including comparatives) have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on July 25, 2013. Shortly thereafter, the financial statements are made available to shareholders and others through filing on the System for Electronic Document Analysis and Retrieval ("SEDAR").

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below are expected to be adopted for the year ending March 31, 2013 and have been applied consistently to all periods presented in these financial statements.

(a) Basis of measurement

These financial statements have been prepared on a historical cost basis, except for financial instruments classified in accordance with measurement standards under IFRS (Note 3(c)). These financial statements have been prepared using IFRS principles applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they come due.

(b) Foreign currencies

The Company's functional and reporting currency for all its operations is the Canadian dollar as this is the currency of the primary economic environment in which it operates.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the date of the statement of financial position. Non-monetary assets and liabilities are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined. Exchange gains and losses arising on translation are included in the statement of operations and comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Foreign currencies *(continued)*

The financial results of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency. The presentation currency of the Company is Canadian Dollars. Income and expenditure transactions of foreign operations are translated at the average rate of exchange for the year except for significant individual transactions which are translated at the rate of exchange in effect at the transaction date. All assets and liabilities, including fair value adjustments and goodwill arising on acquisition, are translated at the rate of exchange ruling at the reporting date. Differences arising on translation from the transition date are recognized as other comprehensive income. When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of the net investment in a foreign operation and are recognized in other comprehensive income. On disposal of part or all of the operations, the proportionate share of the related cumulative gains and losses previously recognized in the comprehensive income are included in determining the profit or loss on disposal of that operation.

(c) Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

i) Financial assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired:

- fair value through profit or loss (“FVTPL”);
- held-to-maturity (“HTM”);
- available-for-sale (“AFS”); and
- loans and receivables.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Financial instruments *(continued)*

i) Financial assets *(continued)*

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset. All transactions related to financial instruments are recorded on a trade date basis.

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

Held-to-maturity ("HTM")

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Available-for-sale ("AFS")

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income, net of tax. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income and recognized in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Financial instruments *(continued)*

i) Financial assets *(continued)*

Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset’s carrying amount and the present value of the estimated future cash flows, discounted at the financial asset’s original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Financial instruments *(continued)*

i) Financial assets *(continued)*

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

Derecognition of financial assets

A financial asset is derecognized:

- when the contractual right to the asset's cash flows expire; or
- if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

The Company has classified cash and cash equivalents as FVTPL, investments in equity instruments as available-for-sale, reclamation bond as held-to-maturity, and receivables as loans and receivables.

ii) Financial liabilities

Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or "other financial liabilities".

Fair value through profit or loss ("FVTPL")

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit and loss.

Other financial liabilities

This category includes promissory notes, amounts due to related parties, and accounts payable and accrued liabilities, all of which are recognized at amortized cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Financial instruments *(continued)*

ii) Financial liabilities *(continued)*

Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

The Company classified its financial liabilities, which consisted of accounts payable and accrued liabilities, as other financial liabilities.

Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

iii) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the Company's shareholders.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in profit or loss as accrued.

(d) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits and short-term investments with a maturity less than 90 days on acquisition that are readily convertible into known amounts of cash.

(e) Short-term deposits

The Company considers short-term deposits to include amounts held in banks and highly liquid investments with maturities of more than 90 days and less than one year on acquisition.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is recognized in profit and loss as it accrues, using the effective interest method.

(g) Resource properties

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of resource properties are capitalized by property. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

Where the Company has entered into option agreements to acquire interests in resource properties that provide for periodic payments or periodic share issuances, amounts unpaid and unissued are not recorded as liabilities since they are payable and issuable entirely at the Company's option. Option payments are recorded as resource property costs when the payments are made and the share issuances are recorded as resource property costs using the fair market value of the Company's common shares at the date the counterparty's performance is complete or the issuance date, whichever is more determinable. When a project has been established as commercially viable and technically feasible, related development costs are capitalized into development costs on the statement of financial position. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs which give rise to a future benefit. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development costs.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written-off to the statement of operations and comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Resource properties *(continued)*

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

(h) Impairment of non-financial assets

At each date of the statement of financial position, the Company's carrying amounts of its assets are reviewed to determine whether there is any indication that those assets may be impaired. If 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 value 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 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 than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit of loss for the period, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where 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 to an amount that 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.

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

(i) General provisions, contingent liabilities and assets

Provisions are recognized when the Company has present legal or constructive obligation that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) General provisions, contingent liabilities and assets *(continued)*

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination. In a business combination, contingent liabilities arising from present obligations are recognized in the course of the allocation of purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognized, less any depreciation.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

Restoration and environmental rehabilitation provision

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. The Company is required to record the estimated present value of future cash flows associated with site reclamation as a liability when the liability is incurred and increase the carrying value of the related assets for that amount. The obligations recognized are statutory, contractual or legal obligations. The liability is accreted over time for changes in the fair value of the liability through charges to accretion, which is included in the statement of operations.

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 depreciation using either the unit-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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Share capital

The proceeds from the exercise of stock options or warrants together with amounts previously recorded over the vesting periods are recorded as share capital.

Share capital issued for non-monetary consideration is recorded at an amount based on fair market value on the date of issue.

The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a pro-rata basis based on relative fair values as follows: the fair value of the common shares is based on the market close on the date the units are issued and the fair value of the common share purchase warrants is determined using the Black-Scholes option pricing model.

(k) Share-based compensation

The Company has a stock option plan as described in Note 9(c). An individual is classified as an employee, versus a consultant, when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Compensation expense attributable to share based awards to employees is measured at the fair value at the date of grant using the Black-Scholes model, and is recognized over the period that the employee becomes unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. The fair value, under the Black-Scholes model, takes into account a number of variables, including the exercise price of the award, the expected dividend rate, the expected life of the options, forfeiture rate and the risk free interest rate.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credit to share capital, adjusted for any consideration paid.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Accounting for flow-through shares

The Company finances a significant portion of its exploration activities through financings in which flow-through common shares are issued. These shares transfer the tax deductibility of qualifying resource expenditures to investors. While IFRS contains no specific guidance on accounting for flow-through shares, the Company has chosen to adopt the following accounting policy.

At the time of closing a financing involving flow-through shares, the Company allocates the gross proceeds received (i.e. the "flow-through commitment") as follows:

- Warrant reserve – if warrants are being issued, based on the valuation derived using the Black-Scholes option-pricing model;
- Flow-through share premium – recorded as a liability and equal to the estimated premium, if any, investors pay for the flow-through feature; and
- Share capital – the residual balance.

Thereafter, as qualifying resource expenditures are incurred, these costs are capitalized to exploration and evaluation assets as explained in Note 3(g).

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time (before or after the end of the reporting period). Additionally, the Company reverses the liability for the flow-through share premium to income, on a proportionate basis, as an offset to deferred tax expense.

(m) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive loss.

i) Current income tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Income taxes *(continued)*

ii) Deferred income tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for the following temporary differences:

- liabilities arising from initial recognition of goodwill for which depreciation is not deductible for tax purposes;
- liabilities arising from the initial recognition of an asset/liability other than in a business combination which, at the time of the transaction, does not affect either the accounting or the taxable profit; and
- liabilities arising from undistributed profits from investments where the entity is able to control the timing of the reversal of the difference and it is probable that the reversal will not occur in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

iii) Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable
- Receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting 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 proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. Currently, the effect of potential issuances of shares under stock options and warrants would be anti-dilutive and accordingly, basic and diluted loss per share is the same.

(o) 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 translation of the financial statements of foreign operations. The Company's comprehensive loss, components of other comprehensive loss and cumulative translation adjustments are presented in the statements of comprehensive loss and the statements of changes in equity.

(p) Significant accounting judgments and estimates

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates.

These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of receivables which are included in the statements of financial position;
- the carrying value and the recoverability of resource properties, which are included in the statements of financial position;
- the estimated useful lives of equipment which are included in the statements of financial position and the related depreciation included in profit or loss; and
- the inputs used in the accounting for share-based compensation expense included in profit or loss.

(q) Application of new and revised standards

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. Early application is permitted. The Company is evaluating the impact of adopting this new standard in its financial instruments.

IAS 1, "*Presentation of Financial Statements*" (IAS 1), was amended by the IASB in June 2011. Items in other comprehensive income will be required to be presented in two categories: items that might 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. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012. The Company has not yet determined the impact of the amendments on its financial statements.

IFRS 13 Fair Value Measurement
This new standard establishes a single source of guidance on fair value measurement and disclosure requirements that are currently included in various IFRS standards. This standard is effective for annual periods beginning on or after January 1, 2013. The Company is evaluating the impact of adopting this new standard, in conjunction with IFRS 10 and IFRS 12, the other applicable financial instruments standards.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Application of new and revised standards *(continued)*

IAS 32 Financial Instruments: Presentation
In December 2011, IASB issued amendments to IAS 32. The amendments clarify that an entity currently has a legally enforceable right to set-off financial assets and liabilities if that right is (1) not contingent on a future event, and (2) enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. These amendments are effective for annual periods beginning on or after January 1, 2014 and are to be applied retrospectively. The Company is evaluating the impact of adopting this new standard.

In October 2012, the IASB issued amendments to IFRS 10, IFRS 12 and IAS 27, "*Investment Entities*", which introduced an exception to the principle that all subsidiaries should be consolidated. The amendments require a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss instead of consolidating all subsidiaries in its consolidated and separate financial statements. The amendments are effective from January 1, 2014 with early adoption permitted. The Company has not yet assessed the impact of the amendments on its financial statements.

4. INVESTMENT IN EQUITY INSTRUMENTS

Investment in equity instruments consists of common shares of a publicly traded company, and therefore has no fixed maturity date or coupon rate. The fair value of the listed investment has been determined directly by reference to published price quotations in an active market. During the period the Company recorded a decrease in fair value of the investment in the amount of $225 (March 31, 2012 - $2,100) in other comprehensive loss.

As at March 31, 2013, the cost of the investment in equity instruments amounts to $6,100 (March 31, 2012 - $6,100).

5. RECEIVABLES

The Company's receivables relates to Harmonized Sales Tax (HST) receivable and Mineral Exploration Tax Credit due from Canadian government taxation authorities, interest receivable and advances to a director and an officer of the Company.

5. RECEIVABLES *(continued)*

The receivables balance is comprised of the following:

	March 31, 2013	*March 31, 2012*
HST recoverable	**$ 24,585**	$ 202,999
Mineral Exploration Tax Credit receivable	**555,982**	390,593
Interest receivable	**1,576**	350
Other receivable (Note 11)	**69,917**	7,440
Advances (Note 11)	**-**	8,248
	$ 652,060	$ 609,630

Subsequent to the year ended March 31, 2013, the Company has collected the Mineral Exploration Tax Credit receivable described above.

6. RESOURCE PROPERTIES

	Red Lake (Sidace Lake) Property	***Golden Loon Property***	***Total***
Balance, March 31, 2011	$ 5,329,531	$ 201,327	$ 5,530,858
Acquisition costs	-	443,136	443,136
Exploration advance	-	100,000	100,000
Exploration costs	-	1,915,994	1,915,994
Mineral Exploration Tax Credit	-	(390,593)	(390,593)
Change during the period	-	2,068,537	2,068,537
Balance, March 31, 2012	$ 5,329,531	$ 2,269,864	$ 7,599,395
Exploration costs	-	89,963	89,963
Mineral Exploration Tax Credit	-	(165,389)	(165,389)
Write down of resource properties	(5,329,530)	(2,194,438)	(7,523,968)
Change during the period	(5,329,530)	(2,269,864)	(7,599,394)
Balance, March 31, 2013	$ 1	$ -	$ 1

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many resource properties. The Company has investigated title to all of its resource properties and, to the best of its knowledge, title to all of its properties are in good standing.

6. RESOURCE PROPERTIES *(continued)*

Red Lake, Ontario, Canada

The Company currently owns a 40% (March 31, 2012 – 40%) interest in the Red Lake, Ontario mineral property claims. The remainder 60% is held by affiliates of Goldcorp Inc.

Due to the Company changing its business from junior mining exploration to investment issuer, it is unlikely that the Company will undertake any exploration activities with regards to the Red Lake property. As such, the Company wrote off the costs capitalized to the Red Lake property as at March 31, 2013 to $1.

Golden Loon, British Columbia

On February 15, 2011, the Company signed an option agreement with Tilava Mining Corporation, a private company, to acquire an initial 70% interest, which can be increased to 100%, in Tilava's Golden Loon gold and copper project located 80 kilometres north of Kamloops, British Columbia. Pursuant to the terms of the option agreement, the Company must:

(a) pay in the aggregate $500,000 to Tilava Mining Corporation as follows:

(i) $10,000 upon signing of the agreement (paid);
(ii) $90,000 upon approval by TSX Venture Exchange (paid);
(iii) $200,000 on or before February 1, 2012 (paid);
(iv) $200,000 on or before February 1, 2013;

(b) issue in aggregate 2,000,000 common shares as follows:

(i) 600,000 common shares upon approval by TSX Venture Exchange (issued);
(ii) 600,000 common shares upon earlier of incurring $750,000 in exploration expenditures and receiving an engineering report which recommends further work (“Stage I”) or February 1, 2012 (issued);
(iii) 800,000 common shares upon earlier of incurring an aggregate of $2,250,000 in exploration expenditures and receiving an engineering report which recommends further work (“Stage II”) or February 1, 2013;

(c) incur exploration expenditures of not less than $4,500,000 as follows:

(i) $750,000 before February 1, 2012 (completion of Stage I) (incurred);
(ii) an additional $1,500,000 before February 1, 2013 (completion of Stage II) for an aggregate of $2,250,000;
(iii) an additional $2,250,000 before February 1, 2014 (completion of Stage III).

6. RESOURCE PROPERTIES *(continued)*

Golden Loon, British Columbia *(continued)*

The Company can purchase a 100% interest ("Additional Option") in the Golden Loon property at any time, by paying $375,000 and issuing that number of common shares with a deemed value of $1,000,000. The deemed value of the Company's common shares for the purpose of exercising the Additional Option shall be the mean closing price for the Company's common shares on the Exchange for the preceding 20 trading days. The Company, at its option, may elect to pay, after satisfying the minimum cash payment of $375,000, the remaining $1,000,000 in cash or any combination of cash and common shares.

A finders' fee was paid on the project in accordance with TSX rules.

During the period ended March 31, 2013, the Company withdrew from its option agreement on the Golden Loon property. The Company wrote off the costs capitalized to Golden Loon property as at March 31, 2013.

7. RECLAMATION BOND

The Company designated the reclamation bond as held-to-maturity financial asset which is measured at amortized cost using the effective interest method. Any changes to the carrying amount of the reclamation bond, including impairment losses, are recognized in the profit or loss.

The reclamation bond is a guaranteed investment certificate held in a financial institution as security for reclamation obligations pursuant to the *Mines Act* and Health, Safety and Reclamation Code for Mines in British Columbia. The investment bears the variable interest rate of prime less 2.25% per annum, matures April 27, 2013 and is restricted for general use. The reclamation bonds relate to the Golden Loon resource property.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are broken down as follows:

	March 31, 2013	*March 31, 2012*
Accounts payable to third parties	**$ 83,750**	$ 133,654
Accounts payable to related parties (Note 11)	**5,387**	29,280
Accrued liabilities	**86,996**	21,156
	$ 176,133	$ 184,090

9. SHARE CAPITAL

a) Common shares

The Company is authorized to issue an unlimited number of common voting shares without par value, first preferred shares, and second preferred shares. The holder of common shares is entitled to receive any dividend declared by the Company on such shares.

Issued During the Year Ended March 31, 2013:

On September 28, 2012, the Company closed a non-brokered private placement consisting of 7,000,000 units of the Company, at $0.15 per unit, for gross proceeds of $1,050,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company, for a period of 12 months, at an exercise price of $0.25 per share. Of the $1,050,000 consideration received, $910,931 has been attributed to common shares and $139,069 has been attributed to share purchase warrants.

In connection with the private placement, the Company paid finders' fees of $80,395, and has issued 420,000 finders' warrants with a fair value of $19,233 to finders who introduced subscribers for this offering to the Company. Each finders' warrant is exercisable into one common share of the Company, at a price of $0.25 per share for a period of 12 months.

Issued During the Year Ended March 31, 2012:

On August 30, 2011, upon the TSX Venture approval, pursuant to the Tilava mineral property agreement, the Company issued 300,000 common shares at a deemed price of $0.23.

On August 30, 2011, pursuant to the Tilava mineral property finders' agreement the Company issued 15,000 common shares at a deemed price of $0.23.

On January 19, 2012, pursuant to the Tilava mineral property agreement the Company issued 600,000 common shares at a deemed price of $0.18.

b) Preferred shares

The Company is authorized to issue an unlimited number of first preferred shares and second preferred shares issuable in series with the issue price to be fixed by the directors. The holders of first preferred shares are entitled to preference over the common shares and the second preferred shares with respect to payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of the Company.

The Company did not issue any preferred shares.

9. SHARE CAPITAL *(continued)*

c) Stock options

The Company has a stock option plan whereby the Company may grant options to its directors, officers, employees and consultants for up to 10% of the outstanding common shares from time to time with vesting rights determined at each grant date. The exercise price of each option equals the market price of the Company's stock on the date of the grant (less any permitted discount, if any) and an option's maximum term is five years.

During the year ended March 31, 2013, the Company recognized share-based compensation of $53,364 (2012 - $208,884) in contributed surplus, which will be applied to share capital upon exercise. The weighted average fair value of the options granted during the year ended March 31, 2013, was $0.07 per option (2012 - $0.13).

Total expense arising from share-based payment transaction recognized during the period was $45,514 (2012 - $169,068). Total amounts arising from share-based payment transactions that were capitalized during the period as part of resource properties and deferred exploration were $7,850 (year ended March 31, 2012 - $39,816).

The fair value of stock options granted during the year ended March 31, 2013 is determined using the Black-Scholes Option Pricing Model with assumptions as follows:

	2013	2012
Weighted average risk-free interest rate	**1.22%**	1.54%
Weighted average estimated volatility	**90%**	90%
Weighted average expected life	**4.9 years**	3.6 years
Weighted average expected dividend yield	**0%**	0%

Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility which was estimated based on historical volatility of the Company's publicly-traded shares. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

No options were exercised during the year ended March 31, 2013.

9. SHARE CAPITAL *(continued)*

c) Stock options *(continued)*

	March 31, 2013		*March 31, 2012*	
	Number of Options	***Weighted Average Exercise Price***	*Number of Options*	*Weighted Average Exercise Price*
Balance, beginning of period	**3,015,000**	**$ 0.27**	2,177,500	$ 0.31
Cancelled	**(530,000)**	**0.22**	(900,000)	0.33
Granted	**765,000**	**0.16**	1,745,000	0.23
Expired	**-**	**-**	(7,500)	0.40
Balance, end of period	**3,250,000**	**$ 0.24**	3,015,000	$ 0.26
Exercisable, end of period	**3,231,250**	**$ 0.24**	2,715,000	$ 0.27

As of March 31, 2013, the following stock options were outstanding and exercisable:

Number of Options Outstanding	***Exercise Price***	***Expiry Date***	***Number of Options Exercisable***
370,000	$ 0.17	December 18, 2013	370,000
1,050,000	$ 0.34	November 11, 2015	1,050,000
150,000	$ 0.35	March 31, 2016	150,000
730,000	$ 0.20	October 13, 2016	730,000
125,000	$ 0.22	November 3, 2016	125,000
200,000	$ 0.20	January 3, 2014	200,000
50,000	$ 0.25	April 3, 2017	50,000
575,000	$ 0.15	July 25, 2017	556,250
3,250,000			3,231,250

9. SHARE CAPITAL *(continued)*

d) Share purchase warrants

Warrant transactions are summarized as follows:

	March 31 2013		*March 31, 2012*	
	Number of Warrants	***Weighted Average Exercise Price***	*Number of Warrants*	*Weighted Average Exercise Price*
Balance, beginning of period	**9,850,000**	**$ 0.25**	9,850,000	$ 0.25
Issued in private placement	**3,500,000**	**$ 0.25**	-	-
Issued to finders	**420,000**	**$ 0.25**	-	-
Expired	**(9,850,000)**	**$ 0.25**	-	-
Exercised	**-**	**-**	-	-
Balance, end of period	**3,920,000**	**$ 0.25**	9,850,000	$ 0.25

The proceeds from the units issued in private placement during the year ended March 31, 2013 (Note 9(a)) were allocated between common shares and common share purchase warrants recorded in share capital on a pro-rata basis based on relative fair values of the shares of $0.15 and purchase warrants of $0.0458. The fair value of purchase warrants was determined using the Black-Scholes option pricing model using the following weighted average assumptions: expected dividend yield - 0.00%; expected stock price volatility - 117%; risk-free interest rate - 1.08%; expected life - 1 year. The weighted average value of purchase warrants issued during the year ended March 31, 2013 was $0.0458 per warrant.

Each share purchase warrant is exercisable for one common share. The following table summarizes information about warrants outstanding and exercisable at March 31, 2013:

Exercise Price	***Expiry Date***	***Warrants Outstanding***	***Weighted Average Remaining Contracted Life (Years)***
$ 0.25	September 28, 2013	3,920,000	0.50

10. INCOME TAXES

Income tax expense (recovery) is recognized based on the weighted average annual income tax rate for the year applied to pre-tax income (loss). The Company’s effective tax rate for the year ended March 31, 2013 was 25.00% (March 31, 2012 - 26.13%).

10. INCOME TAXES *(continued)*

The reconciliation of income tax benefit computed at statutory rates to the reported income tax benefit is as follows:

		2013		2012
Loss before income taxes	**$**	**8,425,042**	$	568,958
Corporate tax rate		**25.00%**		26.13%
Income tax benefit computed at Canadian statutory rates	**$**	**2,106,261**	$	148,640
Amounts not deductible for tax purposes		**(4,509)**		(44,169)
Taxable temporary differences not previously recognized		**(46,298)**		-
Other		**-**		(569)
Change in tax rate		**-**		(1,852)
Change in unrecognized deferred income tax assets		**(2,055,454)**		(102,050)
	$	**-**	$	-

Significant components of the Company's unrecognized deferred tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

		2013		2012
Non-capital losses	**$**	**624,221**	$	416,282
Resource properties		**1,602,155**		(229,319)
Undeducted share issue costs		**17,549**		2,205
Investments in equity instruments		**697**		-
		2,244,622		189,168
Unrecognized deferred income tax assets		**(2,244,622)**		(189,168)
	$	**-**	$	-

At March 31, 2013 the Company had the following accumulated non-capital losses available for utilization in future years. These losses expire on the following dates:

March 31, 2026	$	34,280
March 31, 2028		204,628
March 31, 2029		399,530
March 31, 2030		409,518
March 31, 2031		215,219
March 31, 2032		409,674
March 31, 2033		824,034
	$	2,496,883

11. RELATED PARTY TRANSACTIONS

Amounts paid and accrued to directors, officers and companies in which directors and officers are shareholders are as follows:

	March 31, 2013	March 31, 2012
Management fees	**$ 181,100**	$ 45,500
Share-based compensation	**$ 26,476**	$ 57,378
Capitalized to resource properties	**$ -**	$ 10,112

As at March 31, 2013, advances of $nil (March 31, 2012 - $8,248) is receivable from an officer and director and $5,387 (March 31, 2012 - $5,202) is payable to various officers and directors of the Company.

During the years ended March 31, 2013 and 2012, the Company incurred the following from a company in which directors and officers are employees:

	March 31, 2013	March 31, 2012
Management fees	**$ 35,283**	$ 50,006
Office, general and consulting	**$ 109,144**	$ 65,127
Capitalized to resource properties	**$ 53,378**	$ -

Included in office, general and consulting are salaries paid to officers amounting to $59,088 during the year ended March 31, 2013 (March 31, 2012 - $14,025). During the year ended March 31, 2012, the Company advanced funds to this company for the use of office equipment. As at March 31, 2013, $111 (March 31, 2012 - $7,440) of this advance is outstanding. As at March 31, 2013, $19,807 (March 31, 2012 - $24,078 payable) is loaned to this company to cover subsequent month expenditures. These expenses were charged to the Company at cost without markup.

During the year ended March 31, 2013, the Company incurred $41,723 (March 31, 2012 - $24,336) in rent from companies with common directors, of which $14,000 (March 31, 2012 - $24,336) arose from prepaid expense. A total of $nil was payable with respect to these fees at March 31, 2013.

During the year ended March 31, 2013, the Company recorded receivable from a company with common directors in the amount of $100,000 (March 31, 2012 - $Nil). The Company set up a provision for impairment related to this receivable in the amount of $50,000 (March 31, 2012 - $Nil).

Subsequent to the year ended March 31, 2013, the Company participated in a private placement and purchased 1,333,333 units (“Units”) at $200,000 of a company of which a director of the Company is an officer and director. Each Unit consists of one common share and one common share purchase warrant exercisable at $0.25 per common share for a period of five years.

12. SUPPLEMENTAL CASH FLOW INFORMATION

The components of cash and cash equivalents are as follows:

	March 31, 2013	March 31, 2012
Cash	**$ 413,812**	$ 2,733,717
Term deposits	**2,500,000**	-
Total cash and cash equivalents	**$ 2,913,812**	$ 2,733,717

The significant non-cash financing and investing transactions during the period are as follows:

	March 31, 2013	March 31, 2012
Common shares issued to acquire resource properties	**$ -**	$ 180,450
Capitalized exploration expenditures included in accounts payable	**$ 69,353**	$ 140,205
Capitalized exploration expenditures included in accounts receivable	**$ 555,982**	$ 390,593
Capitalized share-based compensation included in resource properties	**$ 7,850**	$ 39,816
Decrease in fair value of investments in equity instruments	**$ 225**	$ 2,100

Other cash flow information:

	March 31, 2013	March 31, 2012
Interest received	**$ 34,497**	$ 57,385
Interest paid	**$ -**	$ -
Income taxes paid	**$ -**	$ -

Restricted cash of $50,753 (March 31, 2012 - $50,000) relates to guaranteed investment certificates held at a Canadian financial institution as reclamation bond for Golden Loon resource property (see Note 7).

13. FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, fair value risk and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

13. FINANCIAL AND CAPITAL RISK MANAGEMENT *(continued)*

a) Capital Management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in share capital as capital. 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 new shares through private placements, the sale of assets, debt, or return of capital to shareholders. As at March 31, 2013, the Company does not have any debt, other than accounts payable and accrued liabilities, and is not subject to externally imposed capital requirements.

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 maintains sufficient cash balances to meet current working capital requirements. During the year ended March 31, 2013, the Company was considered to be in the exploration and evaluation stage. In April 2013, the Company received conditional approval from the TSX Venture Exchange to complete its change from a “junior mineral exploration company” to an “investment issuer”, subject to satisfaction of certain conditions imposed by the Exchange (see Note 1).

c) Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and equivalents and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and equivalents, and other assets with high-credit quality financial institutions.

The majority of the Company's cash and cash equivalents are held with major Canadian based financial institutions. The Company views the credit risk associated with receivables as minimal as the balance primarily consists of HST recoverable and Mineral Exploration Tax Credit receivable from Government of Canada.

d) Currency Risk

The Company’s functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company does not have any exposure to any highly inflationary foreign currencies.

13. FINANCIAL AND CAPITAL RISK MANAGEMENT (*continued)*

e) Interest Rate Risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash and cash equivalents and reclamation bond. The Company's practice has been to invest cash at floating rates of interest, in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in reclamation bond as they are generally held with large financial institutions.

f) Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. The ability of the Company to explore its resource properties and future profitability of the Company are directly related to the market price of gold and other precious metals. The Company monitors commodity prices to determine appropriate actions to be undertaken.

The estimated fair value of financial assets is equal to their carrying values due to the short-term nature of these instruments.

g) Fair-value risk

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 - Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 - Inputs that are not based on observable market data

The fair value of cash and cash equivalents and investments in equity instruments are measured based on level 1 of the fair value hierarchy.

The estimated fair value of financial instruments approximates their carrying values due to the short-term nature of these instruments.

14. SUBSEQUENT EVENTS

On April 17, 2013, pursuant to the change of business, the Company has completed an investment in Global Royalty Corporation for 80,000 common shares at a value of $200,000.

On May 2, 2013, the Company granted 1,200,000 incentive stock options to a director and an officer of the Company. The stock options are exercisable at $0.15 per share for a period of five years from the date of grant and vest immediately.

On May 5, 2013, pursuant to the change of business, the Company has completed an investment in Challenger Deep Resources Corp for 1,333,333 units ("Unit") at $200,000. Each Unit consists of one common share and one common share purchase warrant exercisable at $0.25 per common share for a period of five years.

In addition to the investments in Global Royalty Corporation and Challenger Deep Resources Corp as described above, the Company acquired various investments totaling $139,192 subsequent to year-end pursuant to the change of business.