Consolidated Financial Statements of

MEADOW BAY GOLD CORPORATION

As at March 31, 2013 and 2012

(Expressed in Canadian Dollars)

To the Shareholders of Meadow Bay Gold Corporation:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors and the Audit Committee is composed primarily of Directors who are neither management nor employees of Meadow Bay Gold Corporation. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of Meadow Bay Gold Corporation's external auditors.

MNP LLP is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

June 28, 2013

"Robert Dinning"	*"Keith Margetson"*
Chief Executive Officer	Chief Financial Officer

Independent Auditors' Report

To the Shareholders of Meadow Bay Gold Corporation:

We have audited the accompanying consolidated financial statements of Meadow Bay Gold Corporation and its subsidiaries, which comprise the consolidated statements of financial position as at March 31, 2013 and 2012, and the consolidated statements of loss 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 consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Meadow Bay Gold Corporation and its subsidiaries 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.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company incurred a net loss of $2,178,067 during the year ended March 31, 2013 and, as of that date, the Company's current liabilities exceeded its total assets by $71,570. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

June 28, 2013
Vancouver, British Columbia

Chartered Accountants

MEADOW BAY GOLD CORPORATION
Consolidated Statements of Financial Position
Expressed in Canadian dollars
(Audited)

As at March 31	**2013**	**2012**
ASSETS		
Current assets		
Cash and cash equivalents	$ 342,721	$ 1,224,142
Note receivable	3,681	-
HST receivable	21,837	157,046
Prepaid expense	10,965	-
	379,204	1,381,188
Property, plant and equipment		
Exploration and evaluations assets (Note 4)	22,556,442	21,443,412
Property plant and equipment (Note 5)	556,302	573,938
Reclamation deposits (Note 6)	-	178,021
	23,112,744	22,195,371
	$ 23,491,948	$ 23,576,559
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 310,468	$ 374,649
Amounts payable to related parties (Note 8)	140,306	5,600
	450,774	380,249
Non-current liabilities		
Foreign currency warrant liability (Note 7(b)(ii))	51,645	-
	502,419	380,249
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	28,709,300	27,807,057
Share subscriptions receivable	(75,000)	-
Contributed surplus	5,493,303	4,966,046
Accumulated other comprehensive income	343,126	151,374
Deficit	(11,481,200)	(9,728,167)
	22,989,529	23,196,310
	$ 23,491,948	$ 23,576,559

Going concern (Note 1)
Subsequent events (Note 13)

The consolidated financial statements were approved by the Board of Directors on June 28, 2013 and were signed on its behalf by:

"Robert Dinning" , **Director**
Robert Dinning

"Jordan Estra" , **Director**
Jordan Estra

MEADOW BAY GOLD CORPORATION
Consolidated Statements of Loss and Comprehensive Loss
Expressed in Canadian dollars
(Audited)

For the Year Ended March 31	2013	2012
Operating expenses		
Consulting - general and administration	$ 264,834	$ 390,715
Consulting - geological	13,050	-
Depreciation	49,382	41,142
Maintenance of claims	119,675	247,946
Office and administration services	278,301	468,628
Professional fees	176,773	224,738
Trade shows and investor relations	404,072	557,518
Stock base compensation	473,403	1,241,393
Transfer agent and filing	132,351	116,055
Travel	77,374	273,644
Wages and benefits	185,493	508,209
Foreign exchange	3,359	(78,778)
	2,178,067	3,991,210
Operating loss before other items	(2,178,067)	(3,991,210)
Other income (expenses)		
Interest income	7,302	18,457
Change in foreign currency warrant liability	492,119	-
Exploration assets written off	(74,387)	(100,000)
Other sundry income	-	8,000
Net loss for the year	(1,753,033)	(4,064,753)
Other comprehensive income		
Translation adjustment	191,752	180,174
Comprehensive loss for the year	$ (1,561,281)	$ (3,884,579)
Basic and diluted loss per share	$ (0.04)	$ (0.10)
Weighted average number of shares outstanding	45,841,386	41,192,213

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

MEADOW BAY GOLD CORPORATION
Consolidated Statements of Changes in Equity
Expressed in Canadian dollars
(Audited)

	Share capital Number of shares	Amount	Share Subscriptions Received (Receivable)	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Equity
Balance, April 1, 2011	38,776,928	$ 23,071,329	$ -	$ 3,687,421	$ (28,800)	$ (5,663,414)	$ 21,066,536
Shares issued for claims	400,000	420,000	-	-	-	-	420,000
Shares issued for private placement	4,652,066	4,423,460	-	-	-	-	4,423,460
Finders' fees paid in cash	-	(198,200)	-	-	-	-	(198,200)
Finders' fees paid in warrants	-	(116,057)	-	116,057	-	-	-
Options exercised	185,000	80,951	-	(25,351)	-	-	55,600
Warrants exercised	72,100	125,574	-	(53,474)	-	-	72,100
Stock based compensation	-	-	-	1,241,393	-	-	1,241,393
Net comprehensive loss for the period	-	-	-	-	180,174	(4,064,753)	(3,884,579)
Balance, March 31, 2012	44,086,094	$ 27,807,057	$ -	$ 4,966,046	151,374	$ (9,728,167)	$ 23,196,310
Balance, April 1, 2012	44,086,094	$ 27,807,057	$ -	$ 4,966,046	$ 151,374	$ (9,728,167)	$ 23,196,310
Issued for private placement							
at $.60 US per unit	1,500,000	905,988	(100,000)	-	-	-	805,988
at $.30 CDN per unit	1,945,200	583,560	-	-	-	-	583,560
at $.20 CDN per unit	-	-	25,000	-	-	-	25,000
Finders' fees paid in cash	-	(54,020)	-	-	-	-	(54,020)
Finders' fees paid in warrants	-	(38,975)	-	38,975	-	-	-
Options exercised	200,000	49,454	-	(19,454)	-	-	30,000
Re-pricing of stock options	-	-	-	155,882	-	-	155,882
Stock based payments	-	-	-	351,854	-	-	351,854
Foreign currency warrant liability	-	(543,764)	-	-	-	-	(543,764)
Net comprehensive loss for the period	-	-	-	-	191,752	(1,753,033)	(1,561,281)
Balance, March 31, 2013	47,731,294	$ 28,709,300	$ (75,000)	$ 5,493,303	$ 343,126	$ (11,481,200)	$ 22,989,529

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

MEADOW BAY GOLD CORPORATION
Consolidated Statements of Cash Flows
Expressed in Canadian dollars
(Audited)

For the Year Ended March 31	**2013**	**2012**
Cash Flows from (used in) Operating Activities		
Net loss for the year	$ (1,753,033)	$ (4,064,753)
Items not affecting cash		
Depreciation	49,382	41,142
Stock based compensation	473,403	1,241,393
Exploration assets written off	74,387	100,000
Change in foreign currency warrant liability	(492,119)	-
Net change in non-cash working capital items		
Note receivable	(3,681)	-
HST receivable	135,209	(91,846)
Prepaid expenses	(10,965)	22,906
Accounts payable and accrued liabilities	104,640	(27,738)
Amounts payable to related parties	134,706	-
	(1,288,071)	(2,778,896)
Cash Flows from (used in) Financing Activities		
Common shares issued for cash	1,444,548	4,551,160
Share issuance costs	(54,020)	(198,200)
	1,390,528	4,352,960
Cash Flows from (used in) Investing Activities		
Reclamation deposits	10,117	(178,021)
Exploration costs of resource properties	(970,480)	(4,574,184)
Costs of building and equipment	(23,515)	(321,913)
	(983,878)	(5,074,118)
Increase in cash and cash equivalents	(881,421)	(3,500,054)
Cash and cash equivalents, beginning of year	1,224,142	4,724,196
Cash and cash equivalents, end of year	$ 342,721	$ 1,224,142
Supplemental Disclosure of Cash Flow Information		
Shares issued for mineral claims	$ -	$ 420,000
Warrants issued to brokers	$ 38,975	$ 116,057
Interest expense	$ -	$ -
Income taxes	$ -	$ -

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Meadow Bay Gold Corporation (the "Company" or "Meadow Bay") was incorporated under the provisions of the British Columbia Business Corporations Act on March 8, 2005. The Company changes its name from Meadow Bay Capital Corporation on April 4, 2011. The Company's common shares are traded on the TSX Exchange ("Exchange") under the symbol "MAY".

The head office,

principal address and records office of the Company are located at Suite 210 – 905 West Pender Street, Vancouver, BC, Canada V6C 1L6.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenues and expenses and the statement of financial position classifications used.

Management has estimated that the Company will have adequate funds from existing working capital to meet corporate, administrative and other obligations during the year ending March 31, 2014. The Company has the ability to reduce its expenditures and therefore continue to operate with current working capital to meet administrative overhead commitments. However to continue with exploration activities the Company will need to raise additional funds. During the year ended March 31, 2013 the Company raised $1,390,528 from private placements (2012 - $4,551,160) and raised an additional $1,041,094 subsequent to March 31, 2013. While the Company has been successful in the past at raising funds, there can be no assurance that it will be able to do so in the future.

During the years ended March 31, 2013 and 2012, the Company experienced operating losses before income taxes and negative operating cash flows with the operations of the Company having been primarily funded by the issuance of shares. The Company expects to incur further losses in the development of its business. Management has estimated that the Company will require additional financing in order to complete all planned exploration and other programs during the year ending March 31, 2014. If funds are unavailable on terms satisfactory to the Company some or all planned activities may be cancelled or postponed. Continued operations are dependent on the Company's ability to complete public equity financing, secure project debt financing or generate profitable operations in the future.

In the event that cash flow from operations, if any, together with the proceeds for any future financings are insufficient to meet the Company's operating expenses, the Company will be required to re-evaluate its planned expenditures and allocate its total resources in such a manner as the Board of Directors and management deem to be in the Company's best interest. This may result in a substantial reduction of the scope of existing and planned operations.

As of March 31, 2013 and 2012 the Company reported the following:

	March 31, 2013 $	March 31, 2012 $
Net loss for the year	(1,753,033)	(4,064,753)
Deficit	(11,481,200)	(9,728,167)
Working capital (deficit)	(71,570)	1,000,939

These factors raise substantial doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments, which could be material, to the carrying values and classification of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were authorized for issue on June 28, 2013 by the Directors of the Company. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of Preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements are presented in Canadian dollars unless otherwise noted. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Desert Hawk Resources Inc., incorporated in Nevada. All significant intercompany balances and transactions were eliminated on consolidation.

The consolidated financial statements of the Company were prepared on the historical cost basis except for certain financial instruments which are measured at fair value as explained in note 2(i).

(b) Use of estimates and judgments

The preparation of these consolidated financial statements requires management to make estimates 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 reporting period. Actual outcomes could differ from these estimates. These consolidated 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 the revision affects both current and future periods.

Significant estimates used in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

i) The recoverability of the carrying value of exploration and evaluation assets;

The Company is required to review the carrying value of its evaluation and exploration assets for potential impairment. Impairment is indicated if the carrying value of the Company's exploration and evaluation assets is not recoverable. If impairment is indicated, the amount by which the carrying value of exploration and evaluation assets exceeds the estimated fair value is charged to the statement of loss and comprehensive loss.

Evaluating the recoverability during the exploration and evaluation phase requires judgements in determining whether future economic benefits from future exploitation, sale or otherwise are likely. Evaluation may be more complex where activities have not reached a stage which permits a reasonable assessment of the existence of reserves or resources. Management must make certain estimates and assumptions about future events or circumstances including, but not limited to, the interpretation of geological, geophysical and seismic data, the Company's financial ability to continue exploration and evaluation activities and the impact of the current and expected future metal process to potential reserves.

ii) The inputs used in the Black Scholes valuation model (volatility; interest rate; expected life and dividend yield) and forfeiture rates in accounting for share based payment transactions

Estimating the fair value of granted stock options, warrants issued for finders' fees and the warrant liability required determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. The estimate of share based compensation also requires determining the most appropriate inputs to the valuation model including the dividend yield, and estimating the forfeiture rate for options with vesting conditions.

iii) Determination that there no material restoration, rehabilitation and environmental exposure exists based on the facts and circumstances

The Company make the determination of its obligations for future restoration, rehabilitation and environmental exposure based on factual information, circumstances and documentation provided from mining authorities in the exploration and evaluation asset's mining jurisdiction. Beyond this, if able to, management will attempt to present a reliable estimate of an obligation that is considered necessary.

Management must also make significant judgments or assessments as to how financial assets and liabilities are categorized.

Significant judgments used in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

i) Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances (Note 1).

ii) The estimated useful lives and residual value of property, plant and equipment

Equipment is depreciated over its useful life. Estimated useful lives are determined based on current facts and past management experience, and take into consideration the anticipated physical life of the asset, the potential for technology obsolescence and regulations.

iii) Tax interpretations, regulations, and legislation in the various jurisdictions operates are subject to change
The determination of income tax expense and deferred tax involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities, and interpretations of laws in the countries in which the Company operates. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these estimates may materially affect the final amount of deferred taxes or the timing of tax payments.

(c) Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalent. As at March 31, 2013, the Company had cash equivalents of $28,781. ($832,386 was held in cash equivalents in 2012).

(d) Exploration and evaluation assets

All costs related to the acquisition of mineral properties are capitalized as exploration and evaluation assets. The recorded cost of mineral property interests is based on cash paid and the value of share consideration issued for mineral property interest acquisitions.

All pre-exploration costs, i.e. costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on an area of interest, are expensed as incurred. Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized in respect of each identifiable area of interest until the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Costs incurred include appropriate technical and administrative overheads. . Claims maintenance costs are expensed as incurred. Exploration and evaluation assets are carried at historical cost, less any impairment losses recognized.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable for an area of interest, the company stops capitalizing exploration and evaluation costs for that area, tests recognized exploration and evaluation assets for impairment and reclassifies any unimpaired exploration and evaluation assets either as tangible or intangible mine development assets according to the nature of those assets. Mineral properties are reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If, after management review, it is determined that the carrying amount of a mineral property is

impaired, that property is written down to its estimated net realizable value. When a property is abandoned, all related costs are written off to operations.

(e) Property, plant and equipment

Property, plant and equipment are initially recorded at cost. As assets are put in use, they are amortized over their estimated useful lives, using a straight line basis. All assets were put into use into the second quarter of fiscal 2012 and are being depreciated over a straight line basis as follows: building - 20 years; mine equipment - 10 years; and, furniture and vehicles - 5 years. The depreciation method, useful life and residual values are assessed annually.

Subsequent costs

The cost of replacing part of an item within property, plant and equipment is recognised when the cost is incurred if it is probable that the future economic benefits will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised as an expense as incurred.

(f) Impairment of non-current assets

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there are any indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. The recoverable amount is determined as the higher of fair value less direct costs to sell and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. Estimated future cash flows are calculated using estimated recoverable reserves, estimated future commodity prices and the expected future operating and capital costs. The pre-tax discount rate applied to the estimated future cash flows reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount through an impairment charge to the statement of income.

Assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed. When an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation, depletion and amortization) had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of impairment is recognized as a gain in the statement of income.

(g) Reclamation and Remediation Provisions

The Company recognizes a provision for statutory, contractual, constructive or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability including risks specific to the countries in which the related operation is located.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mineral properties, plant and equipment. These costs are depreciated using either the unit of production or straight line method depending on the asset to which the obligation relates.

The obligation is increased for the accretion and the corresponding amount is recognized as a finance expense. The obligation is also adjusted for changes in the estimated timing, amount of expected future cash flows, and changes

in the discount rate. Such changes in estimates are added to or deducted from the related asset except where deductions are greater than the carrying value of the related asset in which case, the amount of the excess is recognized in the statements of loss and comprehensive income/loss.

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases and changes in interest rates, and as new information concerning the Company's closure and reclamation obligations becomes available. As at March 31, 2013 and 2012, the Company determined that it did not have material reclamation and remediation obligations.

(h) Financial Instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company does not have any assets classified as fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are initially recorded at fair value and subsequently measured at amortized cost. The Company currently holds no held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. The Company currently holds no available-for-sale assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables are comprised of cash and cash equivalents and notes receivable.

Impairment of financial assets

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to profit or loss in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

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

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered 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.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity

(ii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

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

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities, and amounts payable to related parties.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(iii) Derivative financial liabilities

The Company initially recognizes a derivative financial liability on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a derivative financial liability when its contractual obligations are discharged or cancelled or expire.

The Company has the following derivative financial liabilities: foreign currency warrant liability.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured fair value through profit or loss (Note 2(m)).

(iv) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects. 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 value on the date of issue.

(i) Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of comprehensive loss except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current tax

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred taxes are the taxes expected to be payable or recoverable on the difference between the carrying amounts of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit, and are accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities:

- are generally recognized for all taxable temporary differences;
- are recognized for taxable temporary differences arising on investments in subsidiaries except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future; and
- are not recognized on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets:

- are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized; and
- are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of an asset

(j) Foreign Currency Translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in profit or loss.

The functional currency of the Company's wholly owned subsidiary is the US dollar. The assets and liabilities arising from these operations are translated at current exchange rates and related revenues and expenses at the exchange rates in effect at the time the revenue or expense is incurred. Resulting translation adjustments, if material, are accumulated as a separate component of accumulated other income in the statement of shareholders equity.

(k) Loss per share

The Company calculates basic loss per share using the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding by an amount that assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are applied to repurchase common shares at the average market price for the period in calculating the net dilution impact. Stock options and warrants are dilutive when the Company has income from continuing operations and the average market price of the common shares during the period exceeds the exercise price of the options and warrants.

Due to the losses for the years ended March 31, 2013 and 2012, basic loss per share was equal to dilutive loss per share for the periods presented.

(l) Comprehensive Loss

Comprehensive income (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 profit or loss. The Company's only component of comprehensive loss is the loss on currency translation.

(m) Share purchase warrants

The Company has adopted the residual method with respect to the measurement of shares and warrants issued as private placement units. The residual method allocates the proceeds received based on the fair value of the shares, with any remaining value greater than the shares' fair value being allocated to the warrants. The fair value of the common shares is based on the opening quoted bid price on the announcement date. The fair value attributed to the warrants is recorded as contributed surplus. When warrants are exercised, the value is transferred from contributed surplus to capital stock. If the warrants expire unexercised, the related amount remains in contributed surplus.

Share purchase warrants with an exercise price denominated in a foreign currency are accounted for as financial liabilities classified as fair value through profit or loss, and are recorded at fair value as estimated using the Black Scholes valuation model. Fair value changes on these liabilities are recognized in net loss. As these warrants are exercised, the fair value of the recorded warrant liability on the date of exercise is included in share capital along with the proceeds from the exercise. If these warrants expire, the related decrease in warrant liability is recognized in net loss.

(n) Stock-based Compensation

The Company grants share-based awards to employees, directors and consultants as an element of compensation. The fair value of the awards is recognized over the vesting period as share-based compensation expense and contributed surplus. The fair value of share-based payments is determined using the Black-Scholes option pricing model using estimates at the date of the grant. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognized in the statement of income with a corresponding entry within equity, against contributed surplus. No expense is recognized for awards that do not ultimately vest. When stock options are exercised, the proceeds received, together with any related amount in contributed surplus, are credited to share capital.

Share-based payments arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, unless the fair value cannot be estimated reliably. If the Company cannot reliably estimate the fair value of the goods or services received, the Company will measure their value by reference to the fair value of the equity instruments granted.

3. RECENT ACCOUNTING PRONOUNCEMENTS AND ADOPTED POLICIES

The following IFRS standard was adopted by the Company during the year ended March 31, 2013:

(a) IAS 12, Income taxes

IAS 12 removes subjectivity in determining which basis an entity measures the deferred tax relating to an asset. The amendment introduces a presumption that an entity will assess whether the carrying value of an asset will be recovered through the sale of the asset. The amendment to IAS 12 is effective for reporting periods beginning on or after January 1, 2012. Early adoption is permitted. The Company has adopted IAS 12 and there was no impact on its consolidated financial statements.

The following IFRS standards have been recently issued by the International Accounting Standards Board ("IASB"): The Company is assessing the impact of these new standards, but does not expect them to have a significant effect on the financial statements.

(a) IFRS 9, Financial Instruments

The Standard is effective for annual periods beginning on or after January 1, 2015, with earlier adoption permitted. The standard is the first part of a multi-phase project to replace IAS 39, *Financial Instruments: Recognition and Measurement*. The Company has not early-adopted the standard and is currently assessing the impact it will have on the consolidated financial statements.

(b) IFRS 10, Consolidated Financial Statements

In 2011, the IASB issued IFRS 10 which provides additional guidance to determine whether an investee should be consolidated. The guidance applies to all investees, including special purpose entities. The standard is required to be adopted for periods beginning January 1, 2013. Earlier application is permitted. The Company does not expect the standard to have a material impact on its consolidated financial statements.

(c) IFRS 11, Joint Arrangements

In 2011, the IASB issued IFRS 11 which presents a new model for determining whether an entity should account for joint arrangements using proportionate consolidation or the equity method. An entity will have to follow the substance rather than legal form of a joint arrangement and will no longer have a choice of accounting method. The standard is required to be adopted for periods beginning January 1, 2013. Earlier application is permitted. The Company does not expect the standard to have a material impact on its consolidated financial statements.

(d) IFRS 12, Disclosure of Interests in Other Entities

In 2011, the IASB issued IFRS 12 which aggregates and amends disclosure requirements included within other standards. The standard requires a company to provide disclosures about subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard is required to be adopted for periods beginning January 1, 2013. Earlier application is permitted. The Company does not expect the standard to have a material impact on its consolidated financial statements.

(e) IFRS 13, Fair value measurement

In 2011, the IASB issued IFRS 13 to provide comprehensive guidance for instances where IFRS requires fair value to be used. The standard provides guidance on determining fair value and requires disclosures about those measurements. The standard is required to be adopted for periods beginning January 1, 2013. Earlier application is permitted. The Company does not expect the standard to have a material impact on its consolidated financial statements.

(f) IAS 1, Presentation of Items of Other Comprehensive Income

In 2011, the IASB issued amendments to IAS 1 Presentation of Financial Statements to split items of other comprehensive income (OCI) between those that are reclassed to income and those that are not. The standard is required to be adopted for periods beginning on or after July 1, 2012. The amendments are to be applied to annual periods beginning on or after July 1, 2012 and may be early adopted. The amendments are to be applied retroactively in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. The Company is currently evaluating the impact of the amendments on its consolidated financial statements.

(g) IAS 27, Separate Financial Statements

The IASB issued amendments to IAS 27 Separate Financial Statements to coincide with the changes made in IFRS 10, but retains the current guidance for separate financial statements. The amendments to IAS 27 are effective for annual periods beginning on or after January 1, 2013. The standard does not impact the consolidated financial statements.

(h) IAS 28, Investments in Associates and Joint Ventures

The lASB issued amendments to lAS 28 Investments in Associates and Joint Ventures to coincide with the changes made in IFRS 10 and IFRS 11.

(i) IFRS 7, Financial Instruments: Disclosures

In 2011, IASB issued amendments to IFRS 7 Financial Instruments: Disclosures relating to disclosure requirements for the offsetting of financial assets and liabilities when offsetting is permitted under IFRS. The disclosure amendments are required to be adopted retrospectively for periods beginning January 1, 2013.

(j) IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine

IFRIC 20 is a new interpretation on the accounting for waste removal activities. The interpretation considers when and how to account separately for the benefits arising from a stripping activity, as well as how to measure such benefit. The interpretation generally requires that costs from a stripping activity which improve access to ore to be recognized as a non-current asset when certain criteria are met and should be accounted as an addition to the related asset. The Company does not expect the standard to impact its consolidated financial statements.

4. EXPLORATION AND EVALUATION ASSETS

	Atlanta Gold and Silver Mine	Colorback Gold	Spruce Mountain	Total
	$	$	$	$
Balance, March 31, 2011	16,279,792	49,930	39,332	16,369,054
Foreign exchange	169,425	70	56	169,551
Acquisition costs	669,775	50,000	35,000	754,775
Exploration				
Assay costs	335,907	-	-	335,907
Geological consulting	506,635	-	-	506,635
Drilling costs	3,180,335	-	-	3,180,335
Sampling costs	227,155	-	-	227,155
	4,250,032			4,250,032
Exploration costs written off	-	(100,000)	-	(100,000)
Balance, March 31, 2012	21,369,024	-	74,388	21,443,412

	Atlanta Gold and Silver Mine	Colorback Gold	Spruce Mountain	Total
	$	$	$	$
Balance, March 31, 2012	21,369,024	-	74,388	21,443,412
Foreign exchange	174,536	-		174,536
Exploration				
Assay costs	65,947	-	-	65,947
Geological consulting	526,875	-	-	526,875
Drilling	142,374			
Sampling costs	46,038	-	-	46,038
Other	231,648	-	-	231,648
	1,012,882	-		1,012,882
Exploration costs written off	-	-	(74,388)	(74,388)
Balance, March 31, 2013	22,556,442	-	-	22,556,442

Atlanta Gold and Silver Mine Property

On March 1, 2011 the Company completed the purchase of all of the outstanding shares of Desert Hawk Resources Inc which in turn owned the Atlanta Gold Project. The property consists of 49 unpatented lode claims located in Lincoln County Nevada, approximately 250 km northeast of Las Vegas. Desert Hawk Resources Inc completed the purchase of the Atlanta Mine by completing the purchase for the total sum of $6,000,000US. The acquisition cost includes a 3% NSR royalty capped at 4,000 ounces. The acquisition included equipment on site, including a crusher, ball mills, solution tanks, power, and various other items.

On June 30, 2011 the Company entered into an agreement to acquire 135 unpatented mining claims contiguous with the Company’s Atlanta property. A total of $250,000 US was paid plus issuance of 400,000 shares of common stock for this acquisition. The fair value of the shares at time of the purchase was $420,000. The agreement also includes a 3% NSR, for which the Company has the option to repurchase 15 for $1,000,000 US for a period of five years.

During the year ended March 31, 2012, the Company staked additional claims in the Atlanta district and currently possesses a total of 655 mineral claims in and around the Atlanta mine site for a total of approximately 12,000 acres. In addition to the original 13 patented and 49 unpatented claims acquired at acquisition, and in addition to the 135 unpatented mining claims acquired in June 2011, the Company has staked 217 Lily Claim Group Claims, 4 Bluebird Claim Group, 5 NFL Claim Group, 30 PEG Claim Group, 40 SNO Claim Group and 44 C&B Claim Group, 73,LSH Claim Group, and 45 Lauren Claim Group Claims. The Company did not renew a group of claims known as Limestone Hills (LHS 1–73). These claims were staked in the previous year but subsequent testing was not satisfactory.

Colorback Gold Lease/purchase Property

This property is a disseminated gold exploration project located on the east slope of the Shoshone Range, 16 kms southwest of Crescent Valley. It contains 120 unpatented lode claims in the Cortez - Battle Mountain Trend, 12 miles north of the Pipeline deposit. The Colorback property is host to both surface gold targets and a lower-plate Carlin-style gold system. Effective March 31, 2012, the Company determined it had no immediate plans to explore further on this property and, it was deemed to be impaired and written it off to operations.

Spruce Mountain Gold and Silver Project

This property is located in Elko County, Nevada and is comprised of 63 unpatented lode claims adjacent and overlapping with a 100-million ton copper-molybdenum resource. The property is a porphyry mily deposit with a silver skarn on the west side and a porphyry copper deposit in the centre of the project. The silver skarn and the copper deposit are untested to date. Subsequent to the period end of September 30, 2012, the Company declined to make the required royalty payments for both properties, thereby extinguishing any future mineral claims and writing them off to operations.

5. PROPERTY PLANT AND EQUIPMENT

	Mine Equipment	Mine Buildings	Vehicles	Furniture and fixtures	Water System	Total
Costs:						
Balance, April 1, 2012	$ 293,167	$244,098	$ 36,708	$ 8,208	$ 32,899	$ 615,080
Additions	-	-	-	-	37,936	37,936
Disposals	-	-	(15,265)	-	-	(15,265)
Translation	-	3,906	586	132	526	5,151
Balance, March 31, 2013	$ 293,167	$248,004	$ 22,029	$ 8,340	$ 71,362	$ 642,902
Depreciation						
Balance, April 1, 2012	$ 21,987	$ 11,598	$ 5,505	$ 1,230	$ 822	$ 41,142
Additions	21,987	12,399	6,175	1,666	7,155	49,382
Disposals	-	-	(4,231)	-	-	(4,231)
Translation	-	186	88	20	13	306
Balance, March 31, 2013	$ 43,974	$ 24,183	$ 7,537	$ 2,916	$ 7,990	$ 86,599

	Mine Equipment	Mine Buildings	Vehicles	Furniture and fixtures	Water System	Total
Costs:						
Balance, April 1, 2011	$ 293,167	$ -	$ -	$ -	$ -	$ 293,167
Additions	-	244,098	36,707	8,209	32,899	321,913
Balance, March 31, 2012	$ 293,167	$244,098	$ 36,707	$ 8,209	$ 32,899	$ 615,080
Depreciation						
Balance, April 1, 2011	$ -	$ -	$ -	$ -	$ -	$ -
Additions	21,987	11,598	5,505	1,230	822	41,142
Balance, March 31, 2012	$ 21,987	$ 11,598	$ 5,505	$ 1,230	$ 822	$ 41,142
Carrying amounts:						
March 31, 2013	$ 249,193	$223,821	$ 14,492	$ 5,425	$ 63,372	$ 556,302
March 31, 2012	$ 271,180	$232,500	$ 31,202	$ 6,979	$ 32,077	$ 573,938

6. RECLAMATION DEPOSITS

As at March 31, 2012, the Company had recorded a reclamation deposit with the Nevada Bureau of Land Management totaling $178,021 with regard to the Atlanta Gold and Silver Mine property and accrued an account payable of $162,821 to the Bureau of Land Management for this reclamation deposit. In July 2012, the Company arranged with an insurance company to provide for a reclamation bond with the Bureau of Land Management with regards to the Atlanta Gold and Silver Mine property for up to $272,315 (the deposit requirement was increased by $94,294 over the previous bond requirement of $178,021.) An insurance premium of $7,121 was paid in respect of this agreement and the previously recognized reclamation bond and accrued liability were derecognized.

7. SHARE CAPITAL

(a) The authorized capital of the Company consists of:

Unlimited number of common shares without par value.

(b) The Company's issued and outstanding capital stock is as follows:

As at March 31, 2013, there were 47,731,294 issued common shares (March 31, 2012 – 44,086,094). Subscriptions receivable relates to 166,667 common shares issued for a private placement during the year ended March 31, 2013 for which the subscription funds have not yet been received.

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

i) On November 30 2012, the Company completed private placement by issuing 1,945,200 units at $0.30 per unit for gross proceeds of $583,560. Each unit comprised one share and one share warrant, entitling the holder to purchase one additional share for a period of 3 years from the date of closing at a price of $0.40 per share. The Company paid finders' fees of $38,940 cash and 131,964 finders' warrants, with each finders' warrant entitling the holder to purchase one common share of the Company for a period of 3 years at an exercise price of $0.40 per share. The finders' warrants were valued at $38,940 using a Black Scholes option pricing model, as the value of the services performed was not readily verifiable.

ii) On June 19, 2012, the Company completed the first tranche of a private placement by issuing 415,000 units at US$0.60 per unit for gross proceeds of US$249,000. Each unit comprised one share and one share warrant, entitling the holder to purchase one additional share for a period of 2 years from the date of closing at a price of US$0.75 per share. The Company paid finders' fees of US$14,940 cash and 24,900 finders' warrants, with each finder's warrant entitling the holder to purchase one common share of the Company for a period of 2 years at an exercise price of US$0.75 per share. Although shares were issued, one investor's payment remains outstanding. The finders' warrants were valued at $8,387 using a Black Scholes option pricing model, as the value of the services performed was not readily verifiable.

Further tranches of 918,333 units for gross proceeds of $551,910 were also received during the year. There were no finders' fees incurred or finders' warrants issued with respect to these issuances.

As the exercise price of the warrants is in a currency other than the Company's functional currency, the Company allotted $147,985 of the proceeds to foreign currency warrant liability, which represents the estimated fair value of the foreign currency based warrants issued in the brokered/non-brokered private placement. The fair value of the warrants has been estimated using the Black-Scholes option pricing model with the following assumptions as at the date of issuance:

Risk free interest rate	.99%
Expected life of warrants	2 years
Annualized volatility	128.62%
Dividend rate	0.00%

iii) On July 18, 2012, 200,000 options were exercised for gross proceeds of $30,000. Previously calculated and recorded benefits on those options of $19,454 were eliminated from contributed surplus and credited to share capital.

During the year ended March 31, 2012, the Company completed the following share transactions:

i) On June 30, 2011, the Company issued 400,000 common shares at a fair value of $420,000 pursuant to an agreement in which it obtained 135 unpatented mining claims contiguous with claims of the Atlanta Gold Mine.

ii) On October 6, 2011, The Company completed a private placement by issuing 2,286,066 shares at $0.90 per share for gross proceeds of $2,057,460. The Company paid finders' fees of $54,000 cash and 60,000 finders' warrants, with each finder's warrant entitling the holder to purchase one common share of the Company for a period of 2 years at an exercise price of $0.90 per shares. The finders' warrants were valued at $43,968 using a Black Scholes option pricing model, as the value of the services performed was not readily verifiable.

iii) On November 14, 2011, The Company completed a private placement by issuing 2,366,000 shares at $1.00 per share for gross proceeds of $2,366,000. The Company paid finders' fees of $144,200 cash and 97,200 finders' warrants, with each finder's warrant entitling the holder to purchase one common share of the Company for a period of 1 year at an exercise price of $1.00 per shares. The warrants were valued at $72,089 using a Black Scholes option pricing model, as the value of the services performed was not readily verifiable

iv) During the year, 185,000 options were exercised for gross proceeds of $55,600. Previously calculated and recorded benefits on those options of $25,351 were eliminated from contributed surplus and credited to share capital.

v) During the year, 72,100 broker warrants were exercised for gross proceeds of $72,100. Previously calculated and recorded benefits on those warrants of $53,474 were eliminated from contributed surplus and credited to share capital

(c) Stock Options

Upon approval of the Company's shareholders, the Company has adopted an incentive rolling stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the Plan up to a maximum of 10% of the un-issued and outstanding shares of the Company at any time, less shares required to be reserved with respect to options granted by the Company prior to the implantation of the Plan. Options granted under the Plan may have a maximum term of five (5) years. The exercise price of options granted under the Plan will not be less than the closing price of the Company's shares on the TSX Venture Exchange (the "Exchange") on the trading day immediately before the date of grant, less the discount permitted under the Exchange's policies.

i) Effective July 11, 2012, the Board of Directors approved a re-pricing to $0.45 of 3,275,000 previously granted options. The re-pricing resulted in a charge to operation of $155,882. The amount was determined by using the Black Scholes option model using inputs as noted below.

ii) Effective October 8, 2012, 800,000 options were granted to officers and consultants. The options granted the recipients the right to purchase shares at a price of $0.55 for a period of 5 years. The cost of this grant, as recorded in the statement of operations was $317,521

iii) Effective January 14, 2013, 150,000 options were granted to an officer. The option granted the recipient the right to purchase shares at a price of $0.45 for a period of 2 years. The cost of this grant, as recorded and capitalized to the Exploration and Evaluation Assets was $34,333.

A summary of the status of the Company's outstanding stock options as a March 31, 2013 is as follows:

Options	Number of Shares	Exercise Price	Expiry Date
50,000	50,000	$ 0.15	September 16, 2015
30,000	30,000	$ 0.15	January 11, 2016
1,145,000	1,145,000	$ 0.45(a)	January 27, 2016
1,100,000	1,110,000	$ 0.45(a)	March 13,2016
690,000	690,000	$ 0.45(a)	September 30, 2016
25,000	25,000	$ 0.45(a)	November 14, 2014
315,000	325,000	$ 0.45(a)	January 24, 2014
800,000	800,000	$ 0.55	October 8, 2017
150,000	150,000	$ 0.45	January 14, 2015
	4,305,000		

(a) These options were re-priced during the year.

The following is a summary of stock option issues and outstanding is as follows:

	Options Outstanding #	Weighted Average Exercise Price $
Balance, excercisable and outstanding, April 1, 2011	3,660,000	1.07
Granted	1,460,000	1.00
Exercised	185,000	0.30
Expired	570,000	1.17
Balance, excercisable and outstanding, March 31, 2012	4,365,000	1.08
Granted	-	-
Expired	810,000	1.16
Exercised	200,000	0.15
Balance, excercisable and outstanding, before re-pricing	3,355,000	1.11
After re-pricing	3,355,000	0.44
Granted	800,000	0.55
Granted	150,000	0.45
Balance, March 31, 2013	4,305,000	0.46

The fair values of the stock options granted were estimated on the respective grant dates using the Black-Scholes option pricing model, with the following weighted average assumptions:

	2013	2012
Risk-free interest rate	0.95% - 1.12%	0.91% - 0.93%
Expected life of options	2 -3 years	1 -2 years
Annualized volatility	92.53% - 142.4%	155.53% - 163.8%
Dividend Rate	0%	0%

The Black-Scholes valuation model was developed for use in estimating the fair value of traded options which are fully transferable and freely traded. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock options.

(e) Warrants

A summary of the status of the Company's outstanding warrants as at March 31, 2013 is as follows:

Warrants	Number of Shares	Exercise Price	Expiry Date
1,524,900	1,524,900	$ 0.75	June 19, 2014
2,077,164	2,077,164	$ 0.40	November 27, 2015
3,602,064	3,602,064		

The following is a summary of warrants transactions for the period from April 1, 2011 to March 31, 2013:

	Warrants Outstanding #	Weighted Average Exercise Price $
Balance, exercisable and outstanding, April 1, 2011	772,013	1.00
Granted	157,200	0.96
Exercised	72,100	1.00
Forfeited/expired	-	-
Balance, exercisable and outstanding, March 31, 2012	857,113	1.00
Sold with share units	3,445,200	0.55
Granted	156,864	0.46
Exercised	-	-
Expired	857,113	1.00
Balance, exercisable and outstanding, March 31, 2013	3,602,064	0.55

The warrants issued are described above under (b) capital stock.

The warrants granted on the October 5, 2011 private placement expired without any being exercised.

The warrants granted on the November 13, 2011 private placement expired without any being exercised.

The following assumptions were used for the Black-Scholes valuation of compensatory warrants granted during the fiscal years ended:

	2013	2012
Risk-free interest rate	1.14% - 1.16%	0.91% - 0.93%
Expected life of options	2 -3 years	1 -2 years
Annualized volatility	128.89% - 139.64%	155.53% - 163.8%
Dividend Rate	0%	0%

(f) Loss per share

Basic loss per share is computed by dividing net loss for the year, applicable to common shareholders, by the weighted average number of common shares outstanding for the year, including contingently issuable shares when the conditions necessary for the issuance have been met. Diluted loss per share is calculated in a similar number except that the weighted average number of common shares outstanding is increased to include potential common shares from the assumed exercise of options, warrants and convertible securities, if dilutive.

Loss per share - basic and diluted	$	0.04	$	0.10
Loss for the year	$	(1,753,033)	$	(4,064,753)

Weighted average number of shares outstanding:	# of sh	# of sh
issued common shares, beginning of year	44,086,094	38,776,928
Options exercised	140,822	98,087
Warrants exercised	-	6,193
Private placements	1,614,470	2,010,365
Shares issued for evaluation and exploration assets	-	301,640
	45,841,386	41,193,213

8. RELATED PARTY BALANCES AND TRANSACTIONS

The following table summarizes services provided by directors and officers of the Company and balances due to them, not otherwise noted in the consolidated financial statements for the years ended March 31, 2013 and 2012.

Services provided by directors and officers:

	2013	2012
	$	$
Consulting fees paid to president / CEO	135,000	135,000
Consulting fees paid to a director	60,000	-
Consulting fees paid to CFO	38,000	36,500
Geological fees paid to a director	10,800	66,000
Consulting fees paid to a director	3,710	6,780
Geological fees paid to an officer	29,150	-
Rent paid to secretary	-	6,750
Consulting fees paid to secretary	-	5,000

Balances due to related parties represent amounts owing to companies owned to officers and directors and companies owned by officers and directors.

Balances due to related parties represent amounts owing to companies owned to officers and directors and companies owned by officers and directors. Balances due to related parties are non-interest bearing, are due on demand and bear no specific terms of repayment.

The Company paid or accrued the following compensation to key management during the years ended March 31, 2013and 2012:

Key management	2013	2012
	$	$
Fees / Salaries / Bonuses	276,660	249,280
Share-based payments	473,403	1,241,393
Total compensation	750,063	1,490,673

Share-based awards represent the cost to key management's participation in the incentive stock option plan, as measured by the fair value of instruments granted accounted for in accordance with IFRS 2 *Share-based payments*. Refer to note 7 (c) for details of this plan.

9. INCOME TAXES

The income tax provision differs from income taxes, which would result from applying the expected tax rate to net loss before income taxes. The difference between the "expected" income tax expense and the actual income tax provision are summarized as follow:

	2013	2012
Statutory rate	25%	26.13%
Expected income taxes recovery at the statutory rate	$ (438,258)	$ (1,061,917)
Non-deductible items	58,304	326,840
Change in estimates	(117,167)	-
Other	-	(51,779)
Change in enacted tax rate	(64,067)	19,245
Foreign tax rate difference	(81,077)	(103,232)
Income tax (recovery) expense recognized in the year	$ -	$ -

The tax effects of deductible and taxable temporary differences that give rise to the Company's deferred tax assets are as follows:

	2013	2012
Canada		
Non-capital loss carry forwards	$ 1,488,108	$ 825,615
Exploration expenditure tax pools	75,190	71,886
Tax value of property plant equipment in excess of book value	27,602	-
Financial Instrument	(63,975)	-
Tax value of share issuance costs in excess of book value	138,821	171,489
	1,729,720	1,068,990
Deferred tax asset not recognized	(1,729,720)	(1,068,990)
Deferred tax assets (liabilities) - Canada	$ -	$ -
US		
Net operating loss carry forwards	$ 867,097	$ 431,141
Exploration expenditure tax pools	(349,342)	34,000
Tax value of property plant equipment in excess of book value	6,885	13,989
	524,640	479,130
Less: Deferred tax asset not recognized	(524,640)	(479,130)
Deferred tax assets (liabilities) - US	$ -	$ -

As at March 31, 2013, the Company has Canadian accumulated non-capital losses for tax purposes of approximately $5,723,484 (2012 - $4,384,283) that may be applied against future taxable income for Canadian income tax purposes. The potential future tax benefits of these losses have not been recorded in these financial statements. The losses expire as follows:

2015	$ 2,056
2026	23,046
2027	76,450
2028	21,828
2029	188,541
2030	138,541
2031	1,113,095
2032	2,820,726
2032	1,339,201
	$ 5,723,484

The Company has approximately $298,942 (2012 - $298,942) of Canadian Exploration Expenses, Canadian Development Expenses, Canadian Oil & Gas Property Expenses and Foreign Exploration & Development Expenses that may be carried forward and deducted from income indefinitely.

The Company has not recognized any future benefit for these tax losses as it is not considered likely that they will be utilized.

The Company's US subsidiary carried net operating losses for US income tax purposes of $2,416,357 (2012- $1,268,063), which may be carried forward to apply against future income tax in US. These losses expire as follows:

2030	$ 105,757
2031	1,162,306
2032	1,148,294
	$ 2,416,357

10. FINANCIAL INSTRUMENTS

(a) Fair values

The Company’s financial instruments consist of cash and cash equivalents, notes receivable, accounts payable and accrued liabilities, due to related parties and foreign currency warrant liability. Cash and cash equivalents and notes receivable are classified as loans and receivables and are carried at their amortized costs. Accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities and are carried at their amortized cost. Foreign currency warrant liability is classified as fair value through profit or loss and is carried at fair value.

The carrying value of the Company’s financial assets and liabilities approximates their fair value due to the relatively short periods to maturity of these investments. Fair value estimates are made at a specific point in time based on relevant market information and information about financial instruments. These estimates are subjective and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

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

				March 31, 2013
Account	Category	Carrying value	Amount	Fair value hiearchy
Cash and cash equivalents	Loans and receivables	Amortized cost	$ 342,721	N/A
Note receivable	Loans and receivables	Amortized cost	$ 3,681	N/A
Accounts payable and accrued liabilities	Other financial liabilties	Amortized cost	$ 310,468	N/A
Amounts payable to related parties	Other financial liabilties	Amortized cost	$ 140,306	N/A
Foreign currency warrant liability	Other financial liabilties	Fair value	$ 51,645	level 2

				March 31, 2012
Account	Category	Carrying value	Amount	Fair value hiearchy
Cash and cash equivalents	Loans and receivables	Amortized cost	$ 1,224,142	N/A
Accounts payable and accrued liabilities	Other financial liabilties	Amortized cost	$ 380,249	N/A
Amounts payable to related parties	Other financial liabilties	Amortized cost	$ 5,600	N/A

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. The Company's cash and cash equivalents are exposed to credit risk. The Company has assessed the credit risk on its cash and cash equivalents as low as its funds are held in highly rated Canadian financial institutions. As at March 31, 2013, $237,304 of cash and cash equivalents were over the federally insured limit ($1,124,142 at March 31, 2012).

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity by maintaining adequate cash balances and by raising equity financing. The Company has no assurance that such financing will be available on favourable terms. The Company believes it is subject to liquidity risk through its working capital. In general, the Company attempts to avoid exposure to liquidity risk by obtaining corporate financing through the issuance of common shares. As at March 31, 2013, the Company had cash and cash equivalents of $342,721 to settle accounts payable of $450,774 which fall due for payment within twelve months of the balance sheet date. All of the Company's contractual obligations are current and due within one year.

(d) Foreign exchange risk

Foreign exchange risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has material transactions designated in a foreign currency. However, the foreign currency has been very stable when compared to the Canadian dollar and therefore management considers the foreign exchange risk to be minimal.

At March 31, 2013, approximately $50,000 of the Company's cash and cash equivalents were denominated in U.S. dollars. A 10% variation in the U.S. dollar would result in an impact of approximately $5,000 on net income.

(e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash and cash equivalents are currently held in cash and therefore management considers the interest rate risk to be minimal.

(f) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

11. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The management of the capital structure is based on the funds available to the Company in order to support the acquisition, exploration and development of mineral properties and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares or debt or sell assets to settle liabilities.

The properties in which the Company currently has an interest in are in the exploration stage, as such, the Company does not recognize revenue from its exploration properties. The Company's historical sources of capital have consisted of the sale of equity securities and interest income. In order for the Company to carry out planned exploration and development and pay for administrative costs, the Company will spend its working capital and expects to raise additional amounts externally as needed.

The Company has no debt and is not subject to externally imposed capital requirements.

There were no changes in the Company's management of capital during the year ended March 31, 2013.

12. SEGMENTED INFORMATION

The Company has one reportable operating segment, being the properties purchased from Desert Hawk, which are in Nevada USA.

The Company's property, plant and equipment by geographic location are as follows:

	2013 $	2012 $
Canada	-	-
USA	556,302	573,938

The Company's exploration and evaluation assets by geographic location are as follows:

	2013 $	2012 $
Canada	-	-
USA	22,566,442	21,443,412

13. SUBSEQUENT EVENTS

On April 29, 2013, the Company completed the first tranche of a non-brokered private placement of 2,530,910 units for gross proceeds of $513,000. Of the 2,530,910 units, 2,190,000 units were issued at a price of $0.20 per unit and 340,910 units were issued at a price of $0.22 per unit to insiders. Each unit consists of one common share and one common share purchase warrant exercisable for a period of four years from the closing at a price of $0.30 per share in the first and second years, $0.35 in third year and $0.40 in the fourth year.

On May 31, 2013, the Company completed a second tranche of a total of 2,640,475 units for gross proceeds of $528,095. Finders' fees of $27,325 cash and 86,625 warrants were paid in connection with the financing. The finders' warrants have identical terms as the other warrants. Accordingly, the total gross proceeds for the private placements are $1,041,095, representing a total issuance of 5,171,385 units.

On May 29, 2013, the board of directors granted 775,000 stock options, pursuant to the provisions of the Company's 2012 stock option plan. Each option allow the recipient to purchase one common share at $0.25 until May 29, 2018.