MEADOW BAY GOLD CORPORATION

Interim Consolidated Financial Statements

September 30, 2013 and 2012

(Unaudited)

In accordance with National Instrument 51-102 Part 4, *Continuous Disclosure Obligations,* subsection 4.3(3)(a), **WE HERBY GIVE NOTICE** that our consolidated financial statements for the interim period ended September 30, 2013, which follows this notice, have not been reviewed by an auditor.

MEADOW BAY GOLD CORPORATION
Interim Consolidated Statements of Financial Position
Expressed in Canadian dollars
(Unaudited – Prepared by Management)

	Sept 30 2013	March 31 2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 241,669	$ 342,721
Note receivable	1,906	3,681
Sales tax receivable	45,496	21,837
Prepaid expense	2,285	10,965
	291,356	379,204
Property, plant and equipment		
Exploration and evaluations assets (Note 3)	22,913,299	22,556,442
Property plant and equipment (Note 4)	566,500	556,302
	23,479,799	23,112,744
	$ 23,771,155	$ 23,491,948
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 135,318	$ 310,468
Amounts payable to related parties (Note 7)	58,466	140,306
	193,784	450,774
Non-current liabilities		
Foreign currency warrant liability (Note 6)	12,278	51,645
	206,062	502,419
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	29,664,506	28,709,300
Share subscriptions receivable	(15,000)	(75,000)
Equity reserves	5,698,025	5,493,303
Accumulated other comprehensive income	532,722	343,126
Deficit	(12,315,160)	(11,481,200)
	23,565,093	22,989,529
	$ 23,771,155	$ 23,491,948

Going concern (Note 1)

Approved by:

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

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

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

MEADOW BAY GOLD CORPORATION
Interim Consolidated Statements of Loss and Comprehensive Loss
Expressed in Canadian dollars
(Unaudited – Prepared by Management)

	Three Months Ended		Six Months Ended	
For the period ended, September 30	**2013**	**2012**	**2013**	**2012**
Operating expenses				
Consulting - general	$ 79,500	$ 45,000	$ 186,000	$ 129,126
Consulting - geological	-	2,250	-	2,250
Depreciation	14,299	14,136	29,757	28,949
Foreign exchange	20,463	4,677	20,643	6,637
Maintenance of claims	80,819	110,620	80,819	110,620
Office and adminstrative services	85,659	67,038	149,529	115,089
Professional fees	19,038	36,574	23,312	110,703
Repairs and maintenance	-	30,805	-	30,805
Stock base compensation	-	155,882	155,058	155,882
Trade shows and investor relations	16,719	105,974	91,858	242,292
Transfer agent and filing	8,098	23,764	44,299	92,322
Travel	305	29,233	28,264	45,488
Wages and benefits	31,896	66,469	63,788	131,304
	356,796	692,422	873,327	1,201,467
Operating loss	(356,796)	(692,422)	(873,327)	(1,201,467)
Change in foreign currency liability	19,261		39,367	-
Interest income	-	995	-	3,739
Exploration assets written off	-	(74,387)	-	(74,387)
Net loss for the period	(337,535)	(765,814)	(833,960)	(1,272,115)
Other comprehensive income (loss)				
Translation adjustment	(254,062)	(411,156)	189,596	(194,475)
Comprehensive loss for the period	$ (591,597)	$ (1,176,970)	$ (644,364)	$ (1,466,590)
Basic and diluted loss per share	$ (0.01)	$ (0.03)	$ (0.01)	$ (0.03)
Weighted average number of shares outstanding	49,257,479	45,329,500	47,961,220	44,532,087

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

MEADOW BAY GOLD CORPORATION
Interim Consolidated Statements of Changes in Equity
Expressed in Canadian dollars
(Unaudited – Prepared by Management)
For the period from April 1, 2012 to September 30, 2012 and,
From April 1, 2013 to September 30, 2013

	Share capital		Share Subscriptions Received (Receivable)	Equity Reserves	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Equity
	Number of shares	Amount					
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	1,240,000	749,988	(94,000)	-	-	-	655,988
Finders' fees paid in cash	-	(15,245)	-	-	-	-	(15,245)
Finders' fees paid in warrants	-	(8,387)	-	8,387	-	-	-
Options exercised	200,000	49,454		(19,454)	-	-	30,000
Repricing of stock options	-	-	-	155,882	-	-	155,882.00
Net comprehensive loss for the period	-	-	-	-	(194,475)	(1,272,115)	(1,466,590)
Balance, September 30, 2012	$ 45,526,094	$ 28,582,867	$ (94,000)	$ 5,110,861	$ (43,101)	$ (11,000,282)	$ 22,556,345
Balance, April 1, 2013	44,086,094	$ 28,709,300	$ (75,000)	$ 5,493,303	$ 343,126	$ (11,481,200)	$ 22,989,529
Services rendered for subscriptions receivable	-	-	100,000	-	-	-	100,000
Issued for private placement							
At $.20 CDN per unit	4,830,475	966,095	(40,000)	-	-	-	926,095
At $.22 CDN per unit	340,910	75,000	-	-	-	-	75,000
Finders' fees paid in cash	-	(36,225)	-	-	-	-	(36,225)
Finders' fees paid in warrants	-	(49,664)	-	49,664	-	-	-
Stock based compensation	-	-	-	155,058	-	-	155,058
Net comprehensive loss for the period	-	-	-	-	189,596	(833,960)	(644,364)
Balance, September 30, 2013	49,257,479	$ 29,664,506	$ (15,000)	$ 5,698,025	$ 532,722	$ (12,315,160)	$ 23,565,093

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

MEADOW BAY GOLD CORPORATION
Interim Consolidated Statements of Cash Flows
Expressed in Canadian dollars
(Unaudited – Prepared by Management)

	Three Months Ended		Six Months Ended	
For the period ended, September 30	**2013**	**2012**	**2013**	**2012**
Cash Flows from (used in) Operating Activities				
Net loss for the period	$ (337,535)	$ (765,814)	$ (833,960)	$ (1,272,115)
Items not affecting cash				
Depreciation	14,299	14,136	29,757	28,949
Stock based compensation	-	155,882	155,058	155,882
Change in foreign currency liability	(19,261)	-	(39,367)	-
Consulting fees paid for in shares	37,500	-	100,000	-
Write down of exploration asset	-	74,387	-	74,387
Net change in non-cash working capital items				
Note receivable	-	-	1,850	-
Sales tax receivable	(6,539)	14,936	(23,659)	138,883
Prepaid expenses and advances	4,340	-	8,680	-
Accounts payable and accrued liabilities	(26,382)	(7,370)	(176,120)	15,332
Amounts payable to related parties	9,606	8,807	(81,840)	32,758
	(323,972)	(505,036)	(859,601)	(825,924)
Cash Flows from (used in) Financing Activities				
Common shares issued for cash	-	436,683	1,001,095	685,988
Share issuance cost	-	-	(36,225)	(15,245)
	-	436,683	964,870	670,743
Cash Flows from (used in) Investing Activities				
Reclamation deposits	-	14,848	-	14,848
Exploration costs of resource properties	(83,335)	(226,475)	(181,588)	(525,273)
Costs of building and equipment	(32,944)	-	(32,944)	(28,671)
	(116,279)	(211,627)	(214,532)	(539,096)
Effect of translation on cash	8,211	-	8,211	-
Increase in cash and cash equivalents	(432,040)	(279,980)	(101,052)	(694,277)
Cash and cash equivalents, beginning of period	673,709	809,845	342,721	1,224,142
Cash and cash equivalents, end of period	$ 241,669	$ 529,865	$ 241,669	$ 529,865
Supplemental Disclosure of Cash Flow Information				
Warrants issued to brokers	$ -	$ -	$ 49,664	$ 8,387
Interest expense	$ -	$ -	$ -	$ -
Income taxes	$ -	$ -	$ -	$ -

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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 changed 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.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The Company's ability to continue as a going concern and the recoverability of the amounts capitalized for mineral properties and related deferred exploration expenditures are dependent upon the ability of the Company to raise additional financing in order to complete the exploration and development of its resource properties, the discovery of economically recoverable reserves, the attainment of future profitable production or proceeds from disposition of the Company's resource properties. The outcome of these matters cannot be predicted at this time. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to achieve any of the foregoing and continue as a going concern. Any adjustment required to the amounts and reclassification of assets and liabilities may be significant. At September 30, 2013, the Company had not yet achieved profitable operations and has accumulated losses of $12,315,160 (September 30, 2012 - $11,000,282).

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 will require additional financing as it determines to acquire additional properties or accelerate its work programs. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting of the International Financial Reporting Standards" ("IFRS").

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

The interim financial statements were authorized for issue by the Board of Directors on November 13, 2013.

These consolidated financial statements include the accounts of the parent company and its wholly owned subsidiary, Desert Hawk Resources Inc. ("Desert Hawk"), a company incorporated in Nevada, USA. All significant intercompany balances and transactions have been eliminated.

These condensed interim financial statements do not include all of the notes required for full annual financial statements. The significant accounting policies for the periods are consistent with those disclosed in the audited annual financial statements of the Company for the year March 31, 2013 except for those policies which have changed as a result of the adoption of new and amended IFRS. (See (c) below.) The accompanying unaudited interim financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended March 31, 2013.

(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.

(c) Accounting Standards, amendments and interpretations adopted April 1, 2013

A number of new standards, and amendments to standards and interpretations were adopted in accordance with the transitional provisions outlined in the respective standards..

(a) 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 adoption of this standard did not have a material impact on these consolidated financial statements.

(b) 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 adoption of this standard did not have a material impact on these consolidated financial statements.

(c) 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 adoption of this standard did not have a material impact on these consolidated financial statements.

(d) 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 adoption of this standard did not have a material impact on these consolidated financial statements.

(e) 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 adoption of this standard did not have a material impact on these consolidated financial statements.

(f) IAS 27, Separate Financial Statements

Expressed in Canadian dollars

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 adoption of this standard did not have a material impact on these consolidated financial statements.

(g) 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.

(h) 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 adoption of this standard did not have a material impact on its consolidated financial statements.

(i) 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 adoption of this standard did not have a material impact on its consolidated financial statements.

3. EXPLORATION AND EVALUATION ASSETS

The following is a recap of exploration and evaluation assets from March 31, 2011 to September 30, 2013:

	Atlanta Gold and Silver Mine $	Spruce Mountain $	Total $
Balance, March 31, 2011	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 costs	142,374	-	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, 2012	22,556,442	-	22,556,442
Foreign exchange	169,770	-	169,770
Exploration			
Assay costs	2,304	-	2,304
Geological consulting	184,783	-	184,783
	187,087	-	187,087
Balance, September 30, 2013	22,913,299	-	22,913,299

Expressed in Canadian dollars

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.

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.

4. PROPERTY PLANT AND EQUIPMENT

	Mine Equipment	Buildings	Vehicles	Furniture and fixtures	Water System	Total
Costs:						
Balance, April 1, 2013	$ 293,167	$248,004	$ 22,029	$ 8,340	$ 71,362	$ 642,902
Additions	-	32,944	-	-	-	32,944
Translation	-	4,489	310	117	1,004	5,920
Balance, Sept 30, 2013	$ 293,167	$285,437	$ 22,339	$ 8,457	$ 72,366	$ 681,766
Depreciation						
Balance, April 1, 2013	$ 43,974	$ 24,183	$ 7,537	$ 2,916	$ 7,990	$ 86,600
Additions	14,658	7,558	2,515	951	4,075	29,757
Translation	-	(506)	(176)	(65)	(344)	(1,091)
Balance, Sept 30, 2013	$ 58,632	$ 31,235	$ 9,876	$ 3,802	$ 11,721	$ 115,266

Expressed in Canadian dollars

	Mine Equipment	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	-	-	-	-	29,160	29,160
Translation	-	(4,101)	(618)	(137)	(1,042)	(5,898)
Balance, Sept 30, 2012	$ 293,167	$239,997	$ 36,090	$ 8,071	$ 61,017	$ 638,342
Depreciation						
Balance, April 1, 2012	$ 21,987	$ 11,598	$ 5,505	$ 1,230	$ 822	$ 41,142
Additions	14,808	6,102	3,670	820	3,532	28,932
Translation	-	215	102	22	26	365
Balance, Sept 30, 2012	$ 36,795	$ 17,915	$ 9,277	$ 2,072	$ 4,380	$ 70,439
Carrying amounts:						
Sept 30, 2013	$ 234,535	$254,202	$ 12,463	$ 4,655	$ 60,645	$ 566,500
Sept 30, 2012	$ 256,372	$222,082	$ 26,813	$ 5,999	$ 56,637	$ 567,903

5. 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 September 30, 2013, there were 49,257,479 issued common shares (September 30, 2012 – 45,526,094).

During the six months ending September 30, 2013, the Company completed the following share transactions:

i) On April 29, 2013, the Company completed the first tranche of a private placement by issuing 2,530,910 units of which 2,190,000 were issued at $0.20 CDN and 340,910 were issued at $0.22 CDN per unit for gross proceeds of $513,000. 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 $0.30 per share, for the third year at $0.35 per share and for the fourth year at $0.40 per share. The Company paid finders' fees of $18,900 cash and 94,500 finders' warrants, with each finder's warrant entitling the holder to purchase one common share of the Company under the same conditions as the unit holders. The warrants were valued at $22,221 using a Black Scholes option pricing model, as the value of the services performed was not readily verifiable.

ii) On June 3, 2013, the Company completed the second and final tranche of the same private placement by issuing 2,640,475 units at $0.20 CDN for gross proceeds of $528,095. The Company paid finders' fees of $17,325 cash and 86,625 finders' warrants. The warrants were valued at $27,443 using a Black Scholes option pricing model, as the value of the services performed was not readily verifiable.

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

iii) 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.

Expressed in Canadian dollars

iv) 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.

v) 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.

vi) 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.

(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.

A summary of the status of the Company's outstanding stock options as a September 30, 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	January 27, 2016
1,100,000	1,100,000	$ 0.45	March 13,2016
690,000	690,000	$ 0.45	September 30, 2016
25,000	25,000	$ 0.45	November 14, 2014
315,000	315,000	$ 0.45	January 24, 2014
800,000	800,000	$ 0.55	October 8, 2017
150,000	150,000	$ 0.45	January 14, 2015
775,000	150,000	$ 0.25	May 29, 2018
	5,080,000		

The following is a summary of stock option transactions during the six months ended September 30, 2013 and the year ended March 31, 2013:

Expressed in Canadian dollars

	Options Outstanding #	Weighted Average Exercise Price $
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
Granted	775,000	0.25
Balance, September 30, 2013	5,080,000	0.43

The fair values for the stock based compensation noted above were determined by the Black-Scholes option pricing model using the following inputs as determined at the time of the option grant. The following assumptions were used for options granted during the period from April 1, 2013 to September 30, 2013 and for the year ended March 31, 2013:

	For the six months ended September 30, 2013	Year ended March 31, 2013
Risk-free interest rate	1.09%	.95% - 1.12%
Expected life of options	4 years	2 - 5 years
Annualized volatility	101.69%	92.53% - 142.4%
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 September 30, 2013 is as follows:

# of warrants	# of shares	Exericise Price	Expiry Date
1,524,900	1,524,900	$ 0.75 US	June 19, 2014
2,077,164	2,077,164	$ 0.40	November 27, 2015
2,625,410	2,625,410	See Below	April 29, 2017
2,727,100	2,727,100	See Below	June 3, 2017
8,954,574	8,954,574		

The warrants noted above have the following exercise prices over their four year term: $0.30 during the first and second years, $0.35 during the third year and $0.40 during the fourth year.

The following is a summary of warrant transactions for the period from April 1, 2012 to September 30, 2013:

	Warrants Outstanding #	Weighted Average Exercise Price $
Balance, exercisable and outstanding, April 30, 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
Sold with share units	5,171,385	0.34
Granted	181,125	0.34
Balance, exercisable and outstanding, September 30, 2013	8,954,574	0.42

6. FOREIGN CURRENCY WARRANT LIABILITY

As the exercise price of 1,524,900 warrants is in US dollars, the Company recorded a foreign currency warrant liability in the amount of $543,765 at the time of share issuance on June 19, 2012. The liability is required to be re-valued at each recording period. Accordingly as at March 31, 2013 and at September 30, 2013, the warranty was re-valued and reduced to $51,645 as at March 31, 2013 and $12,278 as at September 30, 2013. The valuation was determined using Black Scholes option pricing model using inputs as noted below. The reduction in the liability has been recorded as non-operating income in the statement of loss.

	Setember 30, 2013	March 31, 2013	June 19, 2012
Risk-free interest rate	1.19%	0.95%	0.99%
Expected life of options	0.773	1.216 Years	2 years
Annualized volatility	101.85%	85.93%	128.62%
Dividend Rate	0.00%	0.00%	0.00%

7. RELATED PARTY BALANCES AND TRANSACTIONS

The following table summarizes services provided by directors and officers of the Company not otherwise noted in the financial statements for the three month periods ended September 30, 2013 and 2012.

	3 months ended Sept 30		6 months ended Sept 30	
	2013	2012	2013	2012
	$	$	$	$
Consulting fees paid or accrued to director, CEO	30,000	30,000	60,000	75,000
Consulting fees paid or accrued to CFO	9,000	9,000	18,000	20,000
Geological fees paid or accrued to director	-	3,000	-	8,400
Geological fees paid or accrued to an officer	15,500	-	32,250	-

Balances due to related parties represent amounts owing 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.

Expressed in Canadian dollars

The Company paid or accrued the following compensation to key management during the six months ended September 30, 2013 and 2012:

Key management	2013	2012
	$	$
Fees / Salaries / Bonuses	110,250	103,400
Share-based payments	85,032	-
Total compensation	195,282	64,400

8. FINANCIAL INSTRUMENTS

(a) **Fair values**

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

			September 30, 2013	
Account	Category	Carrying value	Amount	Fair value hiearchy
Cash and cash equivalents	Loans and receivables	Amortized cost	$ 241,669	N/A
Note receivable	Loans and receivables	Amortized cost	$ 1,906	N/A
Accounts payable and accrued liabilities	Other financial libailties	Amortized cost	$ 135,318	N/A
Amounts payable to related parties	Other financial libailties	Amortized cost	$ 58,466	N/A
Foreign currency warrant liability	Other financial libailties	Fair value	$ 12,278	level 2

			September 30, 2012	
Account	Category	Carrying value	Amount	Fair value hiearchy
Cash and cash equivalents	Loans and receivables	Amortized cost	$ 529,865	N/A
Accounts payable and accrued liabilities	Other financial liabilties	Amortized cost	$ 237,862	N/A
Accounts payable to related parties	Other financial liabilties	Amortized cost	$ 32,758	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 September 30, 2013, $125,021 cash equivalents were over the federally insured limit (September 30, 2012 – $410,889).

(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 September 30, 2013, the Company had cash and cash equivalents of $241,669 to settle accounts payable of $193,784 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 September 30, 2013, approximately $19,000 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 $1,900 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.

9. CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital, contributed surplus and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

Expressed in Canadian dollars

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended March 31, 2013.

10. 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:

As at September 30,	2013	2012
	$	$
Canada	-	-
USA	566,500	567,903

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

As at September 30,	2013	2012
	$	$
Canada	-	-
USA	23,913,299	21,711,034

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