TORO RESOURCES CORP

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED

MARCH 31, 2014

(unaudited)

Toro Resources Corp.

Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended March 31, 2014

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Notice

The following unaudited condensed interim consolidated financial statements of the Company for the period ended March 31, 2014 have been prepared in accordance with International Financial Reporting Standards and are the responsibility of the Company's management. The Company's independent auditors have not performed an audit or a review of these condensed consolidated interim financial statements.

Toro Resources Corp.

Condensed Interim Consolidated Statements of Financial Position

Unaudited - Expressed in Canadian Dollars

TSX.V: **TRK**

	Note		**March 31, 2014**		June 30, 2013
Assets					
Current assets					
Cash and cash equivalents		**$**	**36,739**	$	73,550
Amounts receivable			**6,219**		16,739
Prepaid expenses			**4,465**		-
			47,423		90,289
Exploration and evaluation assets	4		**983,720**		966,939
Reclamation deposit	5		**46,804**		46,804
Total Assets			**1,077,947**		1,104,032
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	7		**368,477**		204,556
Loan payable	7		**100,000**		100,000
Total Liabilities			**468,477**		304,556
Shareholder's Equity					
Share capital			**2,239,766**		2,239,766
Other capital reserves			**208,951**		187,935
Deficit			**(1,839,247)**		(1,628,225)
			609,470		799,476
Total Liabilities and Shareholders' Equity		**$**	**1,077,947**	$	1,104,032

Nature of Operations and Going Concern (Note 1)

Approved on May 29, 2014 by the Directors:

" Devinder Randhawa"

Devinder Randhawa, Director

"Greg Downey"

Greg Downey, Director

Toro Resources Corp.

Condensed Interim Consolidated Statements of Comprehensive Loss

Unaudited - Expressed in Canadian Dollars

TSX.V: **TRK**

	Note	Three months ended March 31, 2014	2013	Nine months ended March 31, 2014	2013
Expenses		**$**	$	**$**	$
Consulting and management fees	7	**45,000**	50,000	**135,000**	74,000
Depreciation		**-**	-	**-**	445
Office and administration		**533**	3,432	**802**	12,063
Professional fees		**5,000**	1,824	**28,500**	15,848
Public relations and communications		**201**	544	**2,941**	6,527
Regulatory fees		**1,300**	1,865	**1,300**	4,465
Rent		**750**	1,425	**2,250**	9,324
Share-based compensation	6(c)	**1,088**	15,414	**21,016**	15,414
Transfer agent		**1,081**	1,763	**7,168**	3,981
Travel		**1,761**	5,433	**6,273**	6,390
		56,714	81,699	**205,250**	148,457
Loss before other items		**(56,714)**	(81,699)	**(205,250)**	(148,457)
Other items - income / (expense)					
Interest		**(1,250)**	-	**(5,000)**	51
Foreign exchange gain (loss)		**(128)**	(1,106)	**(772)**	(1,134)
		(1,378)	(1,106)	**(5,772)**	(1,084)
Net loss and comprehensive loss for the period		**(58,092)**	(82,805)	**(211,022)**	(149,541)
Basic and diluted loss per common share		**$ (0.01)**	$ (0.01)	**$ (0.01)**	$ (0.01)
Weighted average number of common shares outstanding		**23,148,636**	23,148,636	**23,148,636**	23,148,636

Toro Resources Corp.

Condensed Interim Consolidated Statements of Changes in Equity

Unaudited - Expressed in Canadian Dollars

TSX.V: **TRK**

	Note	Common Shares Shares	Common Shares Amount	Other Capital Reserves	Deficit	Total Shareholders' Equity
Balance June 30, 2012		23,448,636	$ 2,202,266	$ 154,910	$ (1,375,795)	$ 981,381
Share-based compensation		-	-	15,414	-	15,414
Net loss and comprehensive loss		-	-	-	(149,541)	(149,541)
Balance March 31, 2013		23,448,636	2,202,266	170,324	(1,525,336)	847,254
Shares issued for mineral properties		350,000	17,500	-	-	17,500
Shares issued for short term loan	8	400,000	20,000	-	-	20,000
Share-based compensation	6(c)	-	-	17,611	-	17,611
Net loss and comprehensive loss		-	-	-	(102,889)	(102,889)
Balance June 30, 2013		24,198,636	2,239,766	187,935	(1,628,225)	799,476
Share-based compensation	6(c)	-	-	21,016	-	21,016
Net loss and comprehensive loss		-	-	-	(211,022)	(211,022)
Balance March 31, 2014		**24,198,636**	**$ 2,239,766**	**$ 208,951**	**$ (1,839,247)**	**$ 609,470**

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

Toro Resources Corp.

Condensed Interim Consolidated Statements of Cash Flows

Unaudited - Expressed in Canadian Dollars

TSX.V: **TRK**

	Three months ended March 31, 2014	Three months ended March 31, 2013	Nine months ended March 31, 2014	Nine months ended March 31, 2013
Cash flows used in operating activities				
Net loss and comprehensive loss for the period	**$ (58,092)**	$ (82,805)	**$ (211,022)**	$ (149,541)
Items not affecting cash:				
Depreciation	**-**	-	**-**	445
Share-based compensation	**1,088**	15,414	**21,016**	15,414
	(57,004)	(67,391)	**(190,006)**	(133,682)
Changes in non-cash working capital items:				
(Increase) decrease in amounts receivable	**(1,933)**	(5,263)	**10,520**	8,789
(Increase) decrease in prepaid expenses	**(4,465)**	(3,863)	**(4,465)**	717
Increase in accounts payable and accrued liabilities	**50,803**	47,099	**163,921**	54,455
Cash used in continuing operations	**(12,599)**	(29,418)	**(20,030)**	(69,721)
Investing activities				
Exploration and evaluation additions	**(563)**	(15,866)	**(16,781)**	(49,380)
Cash used in investing activities	**(563)**	(15,866)	**(16,781)**	(49,380)
Net decrease in cash and cash equivalents	**(13,162)**	(45,284)	**(36,811)**	(119,101)
Cash and cash equivalents, beginning of period	**49,901**	66,866	**73,550**	140,683
Cash and cash equivalents, end of period	**$ 36,739**	$ 21,582	**$ 36,739**	$ **21,582**

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

1. Nature of Operations and Going Concern

Toro Resources Corporation, (the "Company", "TRC") is a company incorporated under the Business Corporation Act of British Columbia, Canada. The principle address and records office of the Company is 700-1620 Dickson Ave., Kelowna, British Columbia, V1Y 9Y2. The registered office of the Company is 700-595 Howe Street, Vancouver, British Columbia, V6C 2T5. The Company's shares are publically listed on the TSX-Venture exchange ("TSX") under the symbol "TRK".

The Company is a natural resource company engaged in the acquisition and exploration of resource properties in the United States of America. The Company presently has no proven or probable reserves and on the basis of information to date, it has yet to determine whether these properties contain economically recoverable ore reserves, consequently the Company considers itself to be an exploration stage company.

These condensed interim consolidated financial statements have been prepared by management on a going concern basis with the assumption that the Company will continue for the foreseeable future and will be able to meet its obligations to continue operations. Management has carried out an assessment of the going concern assumption and concludes that the continued operations of the Company are dependent upon equity financing and/or joint venturing project development as primary sources of funding.

The realized values of net assets may be significantly different from carrying values shown and these consolidated financial statements do not give effect to adjustments to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

As at March 31, 2014 the Company has cash and cash equivalents of $36,739 ($21,581 at March 31, 2013) and working capital deficiency of $421,054 (working capital deficiency of $106,504 at March 31, 2013). The accumulated deficit recorded as at March 31, 2014 is $1,839,247 ($1,628,225 at June 30, 2013). The Company has had the following history of annual net and comprehensive losses: 2013 ($252,430), 2012 ($221,445), 2011 ($370,316), 2010 ($240,360), 2009 ($211,273), 2008 ($136,073), 2007 ($162,417), 2006 ($33,911).

2. Basis of Presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* ("IAS-34") as issued by the International Accounting Standards Board ("IASB") and should be read in conjunction with the Company's audited consolidated financial statements for the year ended June 30, 2013. The annual statements include information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting policies and the use of judgements and estimates are presented in Notes 3 and 4 of the annual statements. These policies, judgements and estimates have been consistently applied in the preparation of these condensed interim consolidated financial statements.

These condensed interim consolidated financial statements have been prepared in Canadian dollars on a historical cost basis except for certain financial instruments which are measured at fair value. They include the 100% wholly owned U.S. subsidiary Toro Resources Inc. ("TRI").

These interim consolidated financial statements for the three and nine months ended March 31, 2014 have been authorized for issuance by the Board of Directors on May 29, 2014.

3. New Standards, Amendments and Interpretations

The IASB issued the following pronouncements that are effective for years beginning January 1, 2013 or later. These new accounting policies were adopted by the Company on July 1, 2013 and have had no significant impact on the Company's financial position and results of operation.

IAS 1 – *Presentation of Financial Statements*
IAS 24 – *Related Parties Disclosures*
IFRS 7 - *Financial Instruments: Disclosures*
IFRS 10 – *Consolidated Financial Statements*
IFRS 12 – *Disclosures of Interests in Other Entities*
IAS 12 – *Deferred Tax*
IAS 28 – *Investments in Associates*
IFRS 11 – *Joint Arrangements*
IFRS 13 – *Fair Value Measurement*

4. Exploration and Evaluation Assets

	Morgan Peak Property	
	Nine Months Ended March 31, 2014	Year Ended June 30, 2013
Acquisition costs		
Balance, beginning of period	$ **341,243**	$ 264,208
Additions	**-**	77,035
Balance, end of period	**341,243**	341,243
Deferred exploration and evaluation costs		
Balance, beginning of period	**625,696**	594,794
Assessments and fees	**16,218**	15,747
Consulting and engineering	**-**	9,959
Field and travel	**-**	2,109
Storage	**563**	3,087
Balance, end of period	**642,477**	625,696
Total deferred exploration and evaluation assets	$ **983,720**	$ 966,939

Morgan Peak, Arizona, USA

On December 10, 2009, The Company entered into a letter of intent ("LOI") with MinQuest Inc. ("MinQuest") to acquire a 100% comprising 102 unpatented mineral claims covering a total of 2,020 acres. The Company paid MinQuest a $10,862 (US$10,000) non-refundable deposit upon execution of the LOI.

On February 1, 2010, the Company entered into a definitive mineral property agreement (amended June 6, 2012) with MinQuest in respect to the LOI subject to a 3% Net Smelter Returns Royalty ("NSR"). At that time, the non-refundable deposit paid became part of the amount due upon signing the agreement. Subsequently on March 10, 2010, the Company assigned all its rights and obligations pursuant to the mineral contract to its wholly owned US subsidiary, Toro Resources Inc.

In order to earn the full interest, the Company is required to issue an aggregate of 3,000,000 shares of common stock and TRI is required to make cash payments to MinQuest totalling US$1,000,000, and incur an aggregate of US$4,300,000 in exploration expenditures between 2011 and 2018.

The Company, through its' subsidiary TRI, is obliged to make payment totalling US$665,000 to the underlying property vendors over the course of the years ending in 2017. During the nine months ended March 31, 2014, the Company prepaid the annual claims maintenance fees for 110 staked claims. Payments and share issuances due to the property vendors have been deferred under agreement until July 1, 2014.

5. Reclamation Deposit

During the year ended June 30, 2012, the Company was required to post a reclamation deposit in the amount of $46,804 (US$45,900) with the USDA Forest Service in order to continue its exploration of the Morgan Peak property. The deposit is to be refunded upon completion of reclamation to the satisfaction of the USDA Forrest Service. The reclamation deposit is being held in term deposits with varying rates of interest. The Company has become aware of a contingent liability arising from reclamation costs on a section of access road that is required to be reclaimed after drilling activity. It is expected that this cost will be considerably less than the reclamation deposit.

6. Share Capital and Reserves

a) Authorized:

Unlimited voting common shares without par value.
Unlimited non-voting preferred shares with a par value of $1 each (none issued).

b) Issued and Outstanding - Common Shares:

No common shares were issued during the nine month period ended March 31, 2014.

c) Stock Options:

The Company has a stock option plan that provides for the issuance of stock options to its officers, directors, employees and consultants. Stock options must be non-transferable and the aggregate number of shares reserved for issuance may not exceed 10% of the issued shares of the Company at the time of granting and may not exceed 5% to any one individual.

The exercise price of stock options is determined by the board of directors of the Company at the time of grant and may not be less than the closing market price of the Company's shares on the day immediately prior to the award date, less any discount permitted by the TSX. Options have a maximum term of five years.

(Unaudited - Expressed in Canadian Dollars)

As at March 31, 2014, stock options outstanding were:

Number of Options	Exercise Price Per Share	Number Exercisable March 31, 2014	Expiry Date
600,000	$ 0.10	600,000	March 4, 2015
50,000	$ 0.20	50,000	March 23, 2016
1,400,000	$ 0.10	1,050,000	March 13, 2016
2,050,000		1,700,000	

A summary of stock options for the nine months ended March 31, 2014 is presented below:

	Nine Months Ended March 31, 2014		Year Ended June 30, 2013	
	Number	**Weighted Average Exercise Price**	Number	Weighted Average Exercise Price
Balance, beginning of period	**2,050,000**	**$ 0.13**	1,450,000	$ 0.13
Granted	-	-	1,400,000	-
Forfeited	-	-	(800,000)	0.14
Exercised	-	-		-
Balance, end of period	**2,050,000**	**$ 0.13**	2,050,000	$ 0.13

During the nine months ended, share based compensation expense recorded was $21,016. The following assumptions were used for the valuation of stock options:
Risk free rate: 1.71%, expected life: 3 years, annualized volatility: 99.7%, dividend rate: 0. Upon exercise of stock options, consideration paid by the option holder together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

7. Related Party Transactions

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel for the nine months ended March 31, 2014 and 2013 are as follows:

	March 31, 2014	March 31, 2013
Wages and consulting fees accrued for key management personnel	**$ 135,000**	$ 74,000
Share-based expense for options granted to key management personnel	**13,510**	9,909
	$ 148,510	$ 83,909

Included in accounts payable and accrued liabilities at March 31, 2014 is $320,280 - (March 31, 2013 - $144,780) for consulting fees owing to officers and companies controlled by officers. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(Unaudited - Expressed in Canadian Dollars)

On April 26, 2013, the Company announced it had secured an interim loan of $100,000 with interest of 5% per annum, calculated monthly, from RD Capital Inc., a company controlled by Dev Randhawa, Chairman and CEO. The short term financing ensures that the Company can meet its current commitments on the Company's Morgan Peak Copper Project. On May 21, 2013 the Company issued 400,000 loan bonus shares to RD Capital Inc. valued at $0.05 per share. Interest expense of $5,000 has been accrued as at March 31, 2014.

8. Segmented Information

The Company operates under one business segment being the exploration of mineral property interests operating in two different geographical locations; Canada and the USA. The loss from operations for the periods ended December 31, 2013 and 2012 are considered to be solely related to this segment. Total assets by geographic area are as follows:

	March 31, 2014	March 31, 2013
	USA	USA
Exploration and Evaluation Assets	**$ 983,720**	$ 908,382

9. Capital Disclosures

The Company was formed for the purpose of acquiring exploration and development stage natural resource properties. The determination of the Company's capital structure is subject to the Board of Directors who make adjustments based on funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Directors have not established quantitative return on capital criteria for capital management.

Currently the Company controls 110 mining claims, totaling approximately 850 hectares (2,100 acres) located in Gila County, Arizona. The Company does not generate any revenue, and accordingly will be dependent in the future upon external financing to fund future exploration programs and its administrative costs. The Company will raise additional amounts as needed.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company will continue to assess new properties and to seek to acquire an interest in additional properties if management determines there is sufficient geologic or economic potential, provided it has adequate financial resources to do so. The Directors review the capital management approach on an ongoing basis and believe that, given the relative size of the Company, this approach is reasonable.

(Unaudited - Expressed in Canadian Dollars)

The Company considers the items included in the statements of changes in equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

10. Financial Instruments and Risk Management

IFRS-7 *Financial Instruments: Disclosures* establishes a fair value hierarchy that reflects the significance of the inputs used in making measurements. The fair value hierarchy levels are:

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities;

Level 2: inputs other than quoted direct prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments consist of cash and cash equivalents, short-term investments, amounts receivable and accounts payable and accrued liabilities. For cash and cash equivalents, amounts receivable and payable and accrued liabilities, carrying value is considered to be a reasonable approximation of fair value due to the short-term nature of these instruments.

Cash and cash equivalents and short-term investments are designated as held for trading and therefore carried at fair value, with the unrealized gain or loss recorded on the statement of comprehensive loss.

The Company's financial instruments are exposed to a number of financial and market risks, including credit, liquidity and foreign exchange risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale and pattern of its operations would warrant such activities.

a) Credit Risk

The Company's credit risk is primarily attributable to cash, short-term investments and amounts receivable. Cash and short-term investments are held with reputable financial institutions. Financial instruments included in amounts receivable consist primarily of GST recoverable. Management believes that the credit risk concentration with respect to financial instruments included in cash, short-term investments and amounts receivable is minimal.

	Class Level		**March 31, 2014**		March 31, 2013
Cash and Cash Equivalents	1	**$**	**36,739**	$	21,581
Amounts Receivable and Prepaids	3		**10,684**		19,270
		$	**47,423**	$	40,851

b) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2014, the Company held cash of $36,739 (June 30, 2013 - $73,550) amounts receivable of $6,219 (June 30, 2013 - $16,739) and has current liabilities of $6,350 (June 30, 2013 - $2,335). The Company's liabilities have contractual maturities of less than 30 days and are subject to normal trade terms with the exception of amounts owed to executives and directors which have no fixed terms and are non-interest bearing with the exception of the short-term loan as presented in Note 7.

c) Foreign Currency Risk

The Company's functional and reporting currency is the Canadian dollar ("CAD").

The Company holds a 100% interest in its subsidiary TRI, which operates in the USA and records transactions in US dollars ("USD"). As a result, the Company is subject to foreign currency and exchange risk on the translation of these transactions and year end balances to the reporting currency. Any gains or losses arising on such transactions in the period are recorded in operations for the year. Changes in the value of USD against the CAD affect the costs of operations and resultant capital expenditures. The Company primarily maintains its cash balances in CAD and exchanges currency on an as needed basis thereby reducing the exchange risk on cash balances. For the period ended March 31, 2014, the Company has a minimal cash balance in USD, the risk on which is immaterial. The Company does not participate in any hedging activities to mitigate any gains or losses which may arise as a result of exchange rate changes.