



## **GTA RESOURCES AND MINING INC.**

**Financial Statements**

**March 31, 2013 and 2012**

**(Expressed in Canadian Dollars)**

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***March 31, 2013 and 2012***

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of GTA Resources and Mining Inc. and the Management Discussion and Analysis are the responsibility of management and have been approved by the Board of Directors. The financial statements necessarily include some amounts that are based on management's best estimates, which have been made using careful judgement.

The financial statements have been prepared by management in accordance with International Financial Reporting Standards. Financial and operating data elsewhere in the Management Discussion and Analysis are consistent with the information contained in the financial statements.

In fulfilling their responsibilities, management of GTA Resources and Mining Inc. has developed and continue to maintain systems of internal accounting controls, and segregation of duties and responsibilities whenever possible.

Although no cost effective system of internal control will prevent or detect all errors and irregularities, these systems are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, transactions are properly recorded and the financial records are reliable for preparing the financial statements.

The Board of Directors carries out its responsibility for the financial statements principally through its Audit Committee, consisting of a majority of non-executive directors. The Audit Committee meets periodically with management and with the external auditors to discuss the results of audit examinations with respect to the adequacy of internal accounting controls, and to review and discuss the financial statements and financial reporting matters.

The financial statements have been audited by Grant Thornton LLP, who have full access to the Audit Committee, with and without the presence of management.

(signed)  
Wayne Reid  
President and Chief Executive Officer

(signed)  
Brian Crawford  
Chief Financial Officer

Burlington, Ontario  
July 18, 2013

# Independent auditor's report

To the Shareholders of GTA Resources and Mining Inc.,

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

## **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of GTA Resources and Mining Inc. as at March 31, 2013 and 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Burlington, Canada

Chartered Accountants  
Licensed Public Accountants

**GTA RESOURCES AND MINING INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**Years ended March 31, 2013 and 2012**  
(Expressed in Canadian Dollars)

	<b>March 31, 2013</b>	<b>March 31, 2012</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (Note 3)	\$ 4,084,031	\$ 6,258,609
Miscellaneous receivables	52,970	133,287
Prepaid expenses	6,649	41,451
	<u>4,143,650</u>	<u>6,433,347</u>
Property and equipment (Note 4)	19,276	17,506
Exploration and evaluation assets (Note 5)	3,844,986	1,966,026
	<u>\$ 8,007,912</u>	<u>\$ 8,416,879</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 226,392	\$ 302,041
Liability for flow-through shares	239,573	644,215
	<u>465,965</u>	<u>946,256</u>
<b>Shareholders' equity</b>		
Share capital (Note 6)	8,635,550	8,213,072
Contributed surplus (Note 6)	1,630,655	1,452,754
Deficit	(2,724,258)	(2,195,203)
	<u>7,541,947</u>	<u>7,470,623</u>
	<u>\$ 8,007,912</u>	<u>\$ 8,416,879</u>

Approved by the Board of Directors

“Wayne Reid”

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Director

“Brian Crawford”

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Director

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

**GTA RESOURCES AND MINING INC.**  
**STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
**Years ended March 31, 2013 and 2012**  
(Expressed in Canadian Dollars)

	<b>2013</b>	<b>2012</b>
<b>Operating expenses</b>		
Filing and transfer agent fees	\$ 48,121	\$ 47,000
General and administration costs	670,703	364,080
Professional fees	66,493	62,937
Share-based compensation	213,869	1,159,305
Depreciation	7,459	507
	<b>1,006,645</b>	<b>1,633,829</b>
<b>Loss before other income</b>	<b>1,006,645</b>	<b>1,633,829</b>
Investment income	72,948	2,128
<b>Loss before income taxes</b>	<b>933,697</b>	<b>1,631,701</b>
Deferred income tax benefit (Note 9)	(404,642)	(89,428)
<b>Net loss and comprehensive loss</b>	<b>\$529,055</b>	<b>\$1,542,273</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.02)</b>	<b>\$ (0.11)</b>
<b>Weighted average number of shares outstanding</b>	<b>25,148,689</b>	<b>14,160,658</b>

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

**GTA RESOURCES AND MINING INC.**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**Years Ended March 31, 2013 and 2012**  
(Expressed in Canadian Dollars)

	Number of Shares	Common Shares Issued and Fully Paid	Contributed Surplus	Accumulated Deficit	Total
<b>Balance, March 31, 2011</b>	12,896,357	\$ 2,198,865	\$ 175,180	\$ (652,930)	\$ 1,721,115
Shares issued for cash:					
Private placements	6,408,166	6,080,698	-	-	6,080,698
Share issue costs	-	(547,095)	-	-	(547,095)
Broker warrants issued	-	(196,678)	196,678	-	-
Shares issued for exploration and evaluation assets	1,000,000	205,000	-	-	205,000
Options exercised	647,000	129,400	-	-	129,400
Stock options exercised	100,000	-	-	-	-
Warrants exercised	3,181,732	964,356	-	-	964,356
Transfer of contributed surplus on exercise of options	-	78,409	(78,409)	-	-
Flow-through share premium	-	(699,883)	-	-	(699,883)
Share-based compensation	-	-	1,159,305	-	1,159,305
Loss and comprehensive loss	-	-	-	(1,542,273)	(1,542,273)
<b>Balance, March 31, 2012</b>	24,233,255	8,213,072	1,452,754	(2,195,203)	7,470,623
Stock options exercised	100,000	-	-	-	-
Shares issued for exploration and evaluation assets	700,000	210,000	-	-	210,000
Options exercised	240,000	48,000	-	-	48,000
Transfer of contributed surplus on exercise of options	-	35,968	(35,968)	-	-
Warrants exercised	408,600	128,510	-	-	128,510
Share-based compensation	-	-	213,869	-	213,869
Loss and comprehensive loss	-	-	-	(529,055)	(529,055)
<b>Balance, March 31, 2013</b>	25,681,855	\$ 8,635,550	\$ 1,630,655	\$ (2,724,258)	\$ 7,541,947

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

**GTA RESOURCES AND MINING INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended March 31, 2013 and 2012**  
(Expressed in Canadian Dollars)

	<b>2013</b>	<b>2012</b>
<b>Operating activities</b>		
Net loss and comprehensive loss for the period	\$ (529,055)	\$ (1,542,273)
Items not affecting cash and cash equivalents		
Deferred income tax benefit	(404,642)	(89,248)
Depreciation	7,459	507
Share-based payments	213,869	1,159,305
Change in non-cash working capital:		
Miscellaneous receivables	80,317	(89,498)
Prepaid expenses	34,802	(32,336)
Accounts payable and accrued liabilities (Note 14)	(75,649)	257,906
<b>Net cash used in operating activities</b>	<b>(672,899)</b>	<b>(335,817)</b>
<b>Financing activities</b>		
Issuance of common shares, net of issue costs	176,510	6,627,359
<b>Net cash provided by financing activities</b>	<b>176,510</b>	<b>6,627,359</b>
<b>Investing activities</b>		
Investment in and expenditures on exploration and evaluation assets	(1,668,960)	(551,369)
Purchase of property and equipment	(9,229)	(17,000)
<b>Net cash used in investing activities</b>	<b>(1,678,189)</b>	<b>(568,369)</b>
<b>Net change in cash and cash equivalents</b>	<b>(2,174,578)</b>	<b>5,723,173</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>6,258,609</b>	<b>535,436</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 4,084,031</b>	<b>\$ 6,258,609</b>

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



**GTA RESOURCES AND MINING INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended March 31, 2013 and 2012**  
(Expressed in Canadian Dollars)

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

GTA Resources and Mining Inc. ("GTA" or the "Company") was incorporated pursuant to the provisions of the Business Corporations Act (Ontario) on August 9, 2006. The address of the Company's registered office is 855 Brant Street, Burlington, Ontario L7R 2J6.

The Company is primarily engaged in the acquisition and exploration of mineral properties. To date, the Company has not earned significant revenues and is considered to be a development stage company.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of compliance and conversion to International Financial Standards**

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

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The policies applied in these financial statements are based on IFRS issued and effective as of December 31, 2012. The Board of Directors approved the financial statements on July 26, 2013.

**Basis of Presentation**

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

**Functional Currency**

The presentation currency of the Company and the functional currency of the Company is the Canadian dollar.

**Measurement Uncertainty**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas requiring the use of estimates include the rates of depreciation for property and equipment, the collectability of the sundry accounts receivable, the valuation of other assets and accruals, the impairment and recoverability of non-financial assets, the assumptions used in the determination of the fair value of financial instruments and stock-based compensation, and the recognition of deferred income tax assets. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

## **2. SIGNIFICANT ACCOUNTING POLICIES - continued**

### **Financial Instruments**

#### *Financial assets*

All financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following categories: at fair value through profit or loss' ("FVTPL"), 'held-to-maturity investments', 'available-for-sale' or 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### *Financial liabilities*

Financial liabilities are classified as either 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities:

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

De-recognition of financial liabilities:

The Company derecognizes financial liabilities when the obligations are discharged, cancelled or expire.

The Company's financial instruments consist of the following:

Financial assets:	Classification:
Cash and cash equivalents	Loans and receivables
Financial liabilities:	Classification:
Amounts payable and other liabilities	Other financial liabilities

Impairment of financial assets:

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 asset, the estimated future cash flows of the financial assets have been negatively impacted.

**GTA RESOURCES AND MINING INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended March 31, 2013 and 2012**  
(Expressed in Canadian Dollars)

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**2. SIGNIFICANT ACCOUNTING POLICIES - continued**

Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of a financial asset is reduced by any 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 account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to income. Changes in the carrying amount of the allowance account are recognized in profit or loss. 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 the statement of income (loss) and comprehensive income (loss) to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the reliability of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted 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); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at March 31, 2013 and March 31, 2012, none of the Company's financial instruments are recorded at fair value on the statement of financial position.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and deposits held at call with banks, and other short-term highly liquid investments.

**Mineral Exploration and Evaluation Assets**

Acquisition costs for exploration and evaluation assets are capitalized and include the cash consideration paid and the fair value of common shares issued on acquisition, based on the trading price of the shares on the date of the agreement to issue the shares.

The Company is in the exploration stage with respect to its investment in mineral properties and follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling.

## **2. SIGNIFICANT ACCOUNTING POLICIES - continued**

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment or when it has been determined that there is evidence of impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

### **Property and Equipment**

#### *Recognition and measurement*

On initial recognition, property and equipment are recorded at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property and equipment is subsequently carried at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

#### *Depreciation*

Depreciation is recognized in profit or loss at the following annual rate:

Computer software	50% declining balance basis
Equipment	three year straight line

Additions during the year are depreciated at one-half the annual rates.

**GTA RESOURCES AND MINING INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(Expressed in Canadian Dollars)

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**2. SIGNIFICANT ACCOUNTING POLICIES - continued**

Depreciation methods, useful lives and residual values are reviewed at a minimum at each financial year-end and adjusted if appropriate.

**Impairment of Non-financial Assets**

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment.

**Reversal of Impairment**

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

**Restoration, Rehabilitation and Environmental Obligations**

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs as at March 31, 2013 and March 31, 2012 as the disturbance to date is minimal.

**Income Taxes**

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income (loss).

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

## **2. SIGNIFICANT ACCOUNTING POLICIES - continued**

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax basis, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

### **Share-Based Payments**

The fair value of share options granted to employees at the date of grant is recognized as an expense over the vesting period with a corresponding increase in contributed surplus. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by a direct employee, including directors of the Company.

In situations where share options are issued to non-employees and some or all of the goods or services received by the Company as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment transaction and the fair value of any identified goods or services received at the grant date.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Stock option expense incorporates an expected forfeiture rate.

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

### **Share Capital**

The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company.

Commissions paid to agents, and other related share issue costs, such as legal, auditing, and printing, on the issue of the Company's shares are charged directly to share capital.

### **Valuation of equity units issued in private placements**

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to common shares issued in the private placements at their fair value as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the warrants. Any fair value attributed to the warrants is recorded as warrants in shareholders' equity. Share issue costs are netted against share proceeds on a pro rata basis.

## **2. SIGNIFICANT ACCOUNTING POLICIES - continued**

### **Flow-through Shares**

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to the individual investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium if any, which is recognized as a liability, and ii) share capital. Upon qualifying expenditures being incurred, the Company derecognizes the premium liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. Any resulting deferred tax as a result of tax rate differential is recognized as a deferred tax recovery or expense.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the year end is disclosed separately as flow-through share liability in Note 13.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

### **Loss per share**

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

### **Provisions**

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The Company had no material provisions at March 31, 2013 and March 31, 2012.

### **Recent Accounting Pronouncements**

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting years beginning on or after April 1, 2013. Many are not applicable or do not have a significant impact to the Company and have been excluded from the table below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

**GTA RESOURCES AND MINING INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended March 31, 2013 and 2012**  
(Expressed in Canadian Dollars)

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**2. SIGNIFICANT ACCOUNTING POLICIES - continued**

- (i) IFRS 9 Financial instruments ("IFRS 9") is a partial replacement of IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after April 1, 2015.
- (ii) IFRS 10 Consolidated Financial Statements ("IFRS 10") requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements*. The Company is yet to assess the full impact of IFRS 10 and intends to adopt the standard no later than the accounting period beginning April 1, 2013.
- (iii) IFRS 11 Joint Arrangements ("IFRS 11") requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers*. The Company is yet to assess the full impact of IFRS 11 and intends to adopt the standard no later than the accounting period beginning April 1, 2013.
- (iv) IFRS 12 Disclosure of Interests in Other Entities ("IFRS 12") establishes disclosure requirements for interests in other entities, such as joint arrangements, associates special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The Company is yet to assess the full impact of IFRS 12 and intends to adopt the standard no later than the accounting period beginning April 1, 2013.
- (v) IFRS 13 Fair Value Measurement ("IFRS 13") is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The Company is yet to assess the full impact of IFRS 13 and intends to adopt the standard no later than the accounting period beginning April 1, 2013.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.



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**3. CASH AND CASH EQUIVALENTS**

The components of cash and cash equivalents are as follows:

	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Cash at bank	\$ 261,057	\$ 558,609
Guaranteed investment certificates	3,822,974	5,700,000
	<b>\$ 4,084,031</b>	<b>\$ 6,258,609</b>

**4. PROPERTY AND EQUIPMENT**

	<b>Computer Software</b>	<b>Equipment</b>	<b>Total</b>
<b>Cost</b>			
Balance March 31, 2011	\$ -	\$ -	\$ -
Additions	1,350	17,000	18,350
Balance March 31, 2012	1,350	17,000	18,350
Additions	-	9,229	9,229
Balance March 31, 2013	\$ 1,350	\$ 26,229	\$ 27,579
<b>Accumulated depreciation</b>			
Balance March 31, 2011	\$ -	-	\$ -
Depreciation expense	844	-	844
Balance March 31, 2012	844	-	844
Depreciation expense	253	7,206	7,459
Balance March 31, 2013	\$ 1,097	\$ 7,206	\$ 8,303
<b>Carrying amounts:</b>			
At March 31, 2012	\$ 1,013	\$ 17,000	\$ 17,506
At March 31, 2013	\$ 253	\$ 19,023	\$ 19,276

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**5. EXPLORATION AND EVALUATION ASSETS**

	Squid East Property	Auden Property	Northshore Property	Total
<b>Balance, March 31, 2011</b>	\$ -	\$ 1,209,657	\$ -	\$ 1,209,657
Acquisition costs	-	-	215,000	215,000
Deferred exploration costs	-	19,075	522,294	541,369
<b>Balance, March 31, 2012</b>	-	1,228,732	737,294	1,966,026
Acquisition costs	50,000	-	200,700	250,700
Deferred exploration costs	9,691	2,107	1,616,462	1,628,260
<b>Balance, March 31, 2013</b>	\$ 59,691	\$ 1,230,839	\$ 2,554,456	\$ 3,844,986

**Auden**

On June 21, 2010, the Company completed the acquisition of the Auden property located in Northern Ontario from 1518164 Ontario Inc., an unrelated party. Pursuant to the terms of the Acquisition Agreement, the Company acquired a 100% interest in and to the Auden Property in consideration for the issuance of 5,074,855 common shares.

The Auden property is subject to a 3% net smelter return and a 10% gross overriding in royalty in favour of the shareholders of the previous owner of the claims. The Company may purchase one-half of each royalty for an aggregate amount of \$2,000,000 at any time.

As at March 31, 2012, the Auden property consisted of 107 unpatented mining claims comprising 1,596 claim units covering 24,799 hectares in a largely contiguous block. The Company is required by the Ministry of Northern Development and Mines to incur annual qualifying exploration and development expenditures in order to maintain its unpatented claims in good standing. As at March 31, 2013, the Company believes it has incurred the required amount of expenditures.

**Northshore**

On July 27, 2011 the Company and Balmoral Resources Ltd. entered into an Option Agreement whereby the Company has been granted the right to acquire up to a 70% interest in Balmoral's interest in the Northshore Property.

Under the terms of the Option Agreement, the Company may earn an initial 51% interest ("First Option") in the Northshore Property by making cash payments to Balmoral of \$50,000, issuing in favour of Balmoral 2,500,000 common shares of GTA and incurring a minimum of \$2,500,000 in eligible exploration expenditures on the Property over a three-year period from receipt of regulatory approval. A cash payment of \$10,000, issuance of 1,000,000 shares and a year one exploration expenditure of \$350,000 (including the production of a 43-101 technical report) are firm commitments by GTA under the Option Agreement. The initial cash payment of \$10,000 and the issuance of 1,000,000 common shares were recorded during the year. In addition the Company has incurred exploration expenditures of \$2,138,756 to March 31, 2013.

## **5. EXPLORATION AND EVALUATION ASSETS - continued**

Upon exercise of the First Option outlined above, the Company will have the right to elect to proceed with a Second Option, under which the Company would have the ability to earn an additional 19% interest in the Northshore Property by making an additional cash payment of \$100,000, issuing an additional 1,000,000 shares in favour of Balmoral upon exercising its right and incurring additional exploration expenditures totalling \$3,000,000 over an additional 24 month time frame.

A portion of the property is subject to a variable (2% to 5%) net smelter return royalty on gold production from the claims.

The Company and Balmoral after the exercise of either the first or second options will form a joint venture for future development of the property.

### **Squid East**

On February 27, 2013 the Company and Metals Creek Resources Corp. entered into a Letter Agreement whereby the Company has been granted the right to acquire up to a 70% interest in Metals Creek's interest in the Squid East Property.

Under the terms of the Letter Agreement, the Company may earn an initial 51% interest ("First Option") in the Squid East Property by making cash payments to Metals Creek of \$60,000, issuing in favour of Metals Creek 2,000,000 common shares of GTA and incurring a minimum of \$2,000,000 in eligible exploration expenditures on the Property over a three-year period from receipt of regulatory approval. A cash payment of \$20,000, issuance of 200,000 shares and a year one exploration expenditure of \$500,000 are firm commitments by GTA under the Letter Agreement. The initial cash payment of \$20,000 and the issuance of 200,000 common shares were recorded during the year. In addition, the Company has incurred exploration expenditures of \$9,691 to March 31, 2013.

Upon exercise of the First Option outlined above, the Company will have the right to elect to proceed with a Second Option, under which the Company would have the ability to earn an additional 19% interest in the Squid East Property by making an additional cash payment of \$100,000, issuing an additional 1,000,000 shares in favour of Metals Creek upon exercising its right and incurring additional exploration expenditures totalling \$1,000,000 over an additional 24 month time frame.

On a quarterly basis, management of the Company reviews exploration costs to ensure mining property interests include only costs and projects that are eligible for capitalization.

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**6. SHARE CAPITAL**

**Authorized**

Unlimited number of common shares

**Issued**

	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Contributed Surplus</b>
Balance March 31, 2011	12,896,357	\$ 2,198,865	\$ 175,180
Proceeds from share issuance	6,408,166	6,080,698	-
Broker warrants issued		(196,678)	196,678
Shares issued for exploration and evaluation assets	1,000,000	205,000	-
Options exercised	647,000	129,400	
Stock options exercised	100,000		
Warrants exercised	3,181,732	964,356	
Transfer of contributed surplus on exercise of warrants		78,409	(78,409)
Flow-through share premium		(699,883)	
Share issue costs		(547,095)	-
Share-based payments		-	1,159,305
<b>Balance March 31, 2012</b>	<b>24,233,255</b>	<b>8,213,072</b>	<b>1,452,754</b>
Stock options exercised	100,000	-	-
Shares issued for exploration and evaluation assets	700,000	210,000	-
Options exercised	240,000	48,000	-
Warrants exercised	408,600	128,510	-
Transfer from contributed surplus on exercise of options		35,968	(35,968)
Share-based compensation			213,869
<b>Balance March 31, 2013</b>	<b>25,681,855</b>	<b>\$ 8,635,550</b>	<b>\$ 1,630,655</b>

On June 21, 2010, the Company completed a private placement for gross proceeds of \$720,000.

The private placement consisted of 900,000 Flow-Through Units at \$0.25 per Flow-Through Unit for gross proceeds of \$225,000, and 2,475,000 Units at \$0.20 per Unit for gross proceeds of \$495,000. Each Flow-Through Unit consists of one common share, issued on a flow-through basis, and one warrant of the Company. Each Unit consists of one common share and one warrant of the Company. Each warrant entitles the holder to purchase one common share at a price of \$0.30 until June 11, 2012.

Compensation to the agents consisted of a cash commission of \$9,000 and 12,000 agent's warrants, each such agent's warrant entitling the holder to acquire one common share for \$0.30 until June 21, 2011. The agent's warrants were valued on the date of issue using the modified Black-Scholes option pricing model with the following assumptions: dividend yield of 0%, risk free interest rate of 0.25%, expected volatility of 100% and an expected life of 12 months. The value attributed to the 12,700 agent's warrants was \$650.

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**6. SHARE CAPITAL - continued**

On June 21, 2010, the Company issued 5,074,855 common shares as consideration to purchase the Auden property.

On June 1, 2011 the Company entered into an agreement with respect to two mining claims, whereby a portion of the purchase price for the mining claims was the issuance of 250,000 common shares as follows:

- 50,000 common shares upon approval from the TSX Venture Exchange (the "approval date")
- 50,000 common shares six months from the approval date
- 50,000 common shares twelve months from the approval date
- 50,000 common shares eighteen months from the approval date
- 50,000 common shares twenty four months from the approval date.

As of March 31, 2013 the Company has issued 200,000 common shares with respect to the two mining claims.

On October 3, 2011 the Company issued 1,000,000 common shares as consideration to acquire its initial interest in the Northshore Property.

On December 23, 2011 the Company completed a private placement for gross proceeds of \$157,000. The private placement consisted of 166,668 Flow-Through Units at \$0.30 per Flow-Through Unit for gross proceeds of \$50,000, and 428,000 Units at \$0.25 per Unit for gross proceeds of \$107,000. Each Flow-Through Unit consists of one common share, issued on a flow-through basis, and one half warrant of the Company. Each Unit consists of one common share and one half warrant of the Company. Each warrant entitles the holder to purchase one common share at a price of \$0.35 until December 23, 2012.

Compensation to agents consisted of a cash commission of \$4,800 and 18,000 agent's warrants, each such agent's warrant entitling the holder to acquire one common share for \$0.35 until December 23, 2012. The agent's warrants were valued on the date of issue using the modified Black-Scholes option pricing model with the following assumptions: dividend yield of 0%, risk free interest rate of 1.25%, expected volatility of 100% and an expected life of 12 months. The value attributed to the 18,000 agent's warrants was \$1,475.

On March 12, 2012, the Company closed a private placement of 3,508,331 units at \$0.90 per unit for gross proceeds of \$3,157,498 and a private placement of 2,305,167 flow-through common shares at \$1.20 per share for gross proceeds of \$2,766,200. The proceeds on the sale of units are allocated all to share capital and none to warrants. The Company incurred cash expenses of \$534,760 and issued 349,526 warrants as finders' fees in connection with the financing. Each private placement unit consists of one common share and one-half of a share purchase warrant, with each share purchase warrant exercisable at \$1.25 until September 12, 2013. The 349,526 finders' fee warrants entitle the holder to purchase an additional common share exercisable until September 18, 2013 at a price of \$1.25. The fair value of the 349,526 finders' fee warrants was \$195,203 and was recorded as share issuance costs and an offset to contributed surplus. The fair value of each finder's fee warrant has been estimated as of the date of the issuance using the Black-Scholes pricing model with the following assumptions: risk-free interest rate of 1.19%, dividend yield of 0%, volatility of 157%, and expected life of one and one-half years.

On September 5, 2012 the Company issued 500,000 common shares as its second payment to acquire the Northshore Property.

On March 7, 2013 the Company issued 200,000 common shares as consideration to acquire its initial interest in the Squid East Property.

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**6. SHARE CAPITAL - continued**

**Escrowed**

The following table reflects the continuity of common shares held in escrow:

<b>Number of Shares</b>	<b>Release Date</b>
1,050,728	June 21, 2013

**7. WARRANTS**

The following common share purchase warrants entitle the holders thereof the right to purchase one common share for each common share purchase warrant. Warrants transactions are summarized as follows:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
<b>Balance, March 31, 2011</b>	3,387,000	\$ 0.30
Issue of warrants	2,419,023	\$ 1.08
Warrants expired	(12,000)	\$ 0.30
Warrants exercised	(3,181,732)	\$ 0.30
<b>Balance, March 31, 2012</b>	2,612,291	\$ 1.02
Warrants expired	(100,000)	\$ 0.30
Warrants exercised	(408,600)	\$ 0.30
<b>Balance March 31, 2013</b>	2,103,691	\$ 1.19

The average share price was \$0.69 at the time the warrants were exercised.

As at March 31, 2013 the following share purchase warrants were outstanding:

<b>Expiry Date</b>	<b>Number of Warrants</b>	<b>Exercise Price</b>
September 12, 2013	349,526	\$0.90
September 12, 2013	1,754,165	\$1.25

**8. SHARE-BASED PAYMENTS**

The Company has a formal stock option plan in accordance with the policies of the TSX Venture Exchange (the "Exchange") under which it is authorized to grant options to directors, officers, employees and consultants to purchase common shares of the Company. The stock option plan is a rolling plan and the maximum number of authorized but unissued shares available to be granted shall not exceed 10% of its issued and outstanding common shares. Each stock option granted is for a term not exceeding five years unless otherwise specified. Outstanding options vest immediately at date of grant. Options granted to investor relations personnel vest in accordance with Exchange regulations.

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**8. SHARE-BASED PAYMENTS - continued**

A summary of the status of the stock option plan and changes for the year ended March 31, 2013 are presented below:

Grant date	Expiry date	Exercise Price	During the year				Closing Balance	Vested and Exercisable
			Opening Balance	Granted	Exercised	Forfeited		
June 21, 2010	June 21, 2015	\$0.20	470,000	-	(240,000)	-	230,000	230,000
February 23, 2012	February 23, 2014	\$1.00	325,000	-	-	-	325,000	325,000
March 22, 2012	March 22, 2017	\$0.90	1,425,000	-	-	-	1,425,000	1,425,000
April 19, 2012	April 19, 2014	\$1.05		200,000	-	-	200,000	200,000
September 18, 2012	September 18, 2017	\$0.50		75,000	-	-	75,000	75,000
December 1, 2012	December 1, 2017	\$0.50		200,000	-	-	200,000	200,000
			2,220,000	475,000	(240,000)	-	2,455,000	2,455,000
<b>Weighted average exercise price</b>			<b>\$0.20</b>	<b>\$0.73</b>	<b>\$0.20</b>	<b>-</b>	<b>\$0.82</b>	<b>\$0.82</b>

A summary of the status of the stock option plan and changes for the year ended March 31, 2012 are presented below:

Grant date	Expiry date	Exercise Price	During the year				Closing Balance	Vested and Exercisable
			Opening Balance	Granted	Exercised	Forfeited		
June 21, 2010	June 21, 2015	\$0.20	470,000	-	-	-	470,000	470,000
February 23, 2012	February 23, 2014	\$1.00		325,000	-	-	325,000	325,000
March 22, 2012	March 22, 2017	\$0.90		1,425,000	-	-	1,425,000	1,425,000
			470,000	1,750,000	-	-	2,220,000	2,220,000
<b>Weighted average exercise price</b>			<b>\$0.20</b>	<b>\$0.92</b>	<b>-</b>	<b>-</b>	<b>\$0.77</b>	<b>\$0.77</b>

The average share price was \$0.99 at the time the options were exercised.

The weighted average fair value at grant date of options granted during the year ended March 31, 2013 was \$0.22 per option (year ended March 31, 2012: \$0.22).

The weighted average remaining contractual life of the options outstanding at March 31, 2013 is 3.64 years.

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**8. SHARE-BASED PAYMENTS - continued**

Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield, expected forfeitures and the risk free interest rate for the term of the option.

Options Issued to Non-Employees

Options issued to non-employees are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted using the Black-Scholes option pricing model.

The model inputs for options granted during the years ended March 31, 2012 and 2011 include:

Grant date	Expiry date	Share price at grant date	Exercise price	Risk-free interest rate	Expected life	Volatility factor	Dividend yield
March 22, 2012	March 22, 2017	\$0.65	\$0.90	1.67%	5 years	166%	0%
February 23, 2012	February 23, 2017	\$0.98	\$1.00	1.47%	5 years	167%	0%
June 21, 2010	June 21, 2015	\$0.18	\$0.20	4.15%	5 years	40%	0%

The expected volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. The risk free rate of return is the yield on a zero-coupon Canadian Treasury bill of a term consistent with the assumed option life. The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche.

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

Total expenses arising from the share-based payment transactions recognized during the year as part of share-based compensation expense was \$213,869 (March 31, 2012: \$1,159,305).

As at March 31, 2013 there was \$3,349 (March 31, 2012: \$nil) of total unrecognized compensation cost related to unvested share-based compensation.

Total expenses arising from the share-based payment transactions that were capitalized during the year as part of exploration and evaluation asset acquisition costs were \$210,000 (March 31, 2012: \$205,000).



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**9. INCOME TAXES**

(a) Provision for Income Taxes

The following table reconciles the expected income tax provision at the statutory income tax rate of 26.5% (2012 - 26.5%) to the amounts recognized in the statements of loss and comprehensive loss:

	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Loss before income taxes	\$ (933,697)	\$ (1,631,701)
Expected income tax recovery at the statutory tax rate	(247,430)	(432,401)
Stock based compensation	56,675	307,216
Benefit of tax losses not recognized	190,755	165,273
Flow-through premium	(404,642)	(89,428)
Income tax recovery	\$ (404,642)	\$ (89,428)

Provision for income taxes consists of the following:

Current income taxes (recovery)	\$ -	\$ -
Deferred income taxes (recovery)	(404,642)	(89,428)
	\$ (404,642)	\$ (89,428)

(b) Deferred tax balances

Deferred income tax assets (liabilities):

Property, plant & equipment	\$ (127)	\$ (810)
Resource related liability	(428,921)	(108,157)
Non-capital losses realized	429,048	108,157
	\$ -	\$ -

The following temporary differences have not been recognized in the financial statements.

	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Non capital loss carry-forwards	\$ 324,995	\$ 637,906
Capital losses carried forward	50,000	50,000
Share issuance costs	343,630	460,737
Intangible assets	51,885	55,593
Resource related assets	142,920	133,329
Investment tax credits carried forward	14,014	13,323
	\$ 927,444	\$ 1,350,788

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**9. INCOME TAXES - continued**

(c) Tax loss carry-forwards

As at March 31, 2013, the Company had approximately \$1,944,043 (2012 - \$1,105,630) of non-capital losses which can be used to reduce taxable income in future years. The non-capital losses expire at dates as described below:

2027	\$ 176
2028	58,934
2029	86,329
2030	76,063
2031	260,596
2032	623,532
2033	838,413
	<hr/>
	\$ 1,944,043

The company also has \$50,000 (2012 - \$50,000) of capital losses carried forward which can be utilized to reduce capital gains in future years. The capital losses carried forward do not have an expiry date.

**10. RELATED PARTY TRANSACTIONS**

Related parties include the Board of Directors and officers, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

The Company had the following transactions in the normal course of operations with related parties:

	<u>Year ended</u>	
	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Management fees (i)	\$ 290,000	\$ 144,000
Mineral property-exploration expenditures (i), (ii)	\$ 269,400	\$ 156,650
Office rent and supplies (iii)	\$ 70,098	\$ 55,400
Equipment (iv)	\$ 2,900	\$ 17,000
Stock based compensation	\$ 53,111	\$ 1,159,305
Directors' fees	\$ 18,250	\$ -

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**10. RELATED PARTY TRANSACTIONS - continued**

- (i) The Company paid \$120,000 (2012 - \$72,000) in management fees to the President of the Company; \$120,000 (2012 - \$72,000) to the CFO of the Company, \$50,000 (2012 - \$nil) to the Executive Vice President of the Company; and \$192,000 (2012 - \$115,050) in mineral property exploration consulting costs to the VP of Exploration.
- (ii) The Company paid \$55,000 (2012 - \$41,600) to two directors of the Company for mineral property exploration consulting fees.
- (iii) The Company paid \$70,098 (2012 - \$55,400) for rent, supplies and administrative expenses to private companies controlled by directors and officers of the Company.
- (iv) The Company paid \$2,900 (2012 - \$17,000) to the VP of Exploration for equipment in connection with mineral property exploration activity.

Accounts payable and accrued liabilities include \$72,167 (2012 - \$101,350) due to related parties. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

**11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company classified its cash as loans and receivables; accounts receivable as loans and receivables; and accounts payable and accrued liabilities, accrued interest payable, loan payable, convertible debenture and advances from directors as other financial liabilities. The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, accrued interest payable, loan payable, convertible debenture and advances from directors approximate their fair values due to the expected maturity of these financial instruments. The fair value of amounts due to related parties has not been disclosed as their fair values cannot be reliably measured since the parties are not at arm's length.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

Concentration of credit risk exists with respect to the Company's cash as all amounts are held at a single major Canadian financial institution.

The Company's concentration of credit risk and maximum exposure is as follows:

	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Cash and cash equivalents	\$ 4,084,031	\$ 6,258,609

The credit risk associated with cash is minimized by ensuring it is placed with a major Canadian financial institution with a strong investment-grade rating issued by a primary ratings agency.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required for operations and anticipated investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

## **11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued**

The business of mining and exploration involves a high degree of risk and there can be no assurance that exploration programs will result in profitable mining operations. The Company has significant cash to meet its requirements for administrative overhead, to conduct due diligence on mineral property acquisition targets, and to conduct exploration of its mineral properties and mineral properties that may be acquired.

The Company does not generate cash flows from operations to fund its activities and therefore relies principally upon the issuance of securities for financing. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. The Company intends to continue relying upon the issuance of securities to finance its future activities but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company.

### (c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

#### i. Interest rate risk

The Company's cash and cash equivalents consist primarily of cash held in bank accounts and term deposits with banks. Due to the short-term nature of this financial instrument, fluctuations in market rates do not have a significant impact on estimated fair value as of March 31, 2013. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. Accordingly, the Company is not subject to interest rate risk.

#### ii. Foreign currency risk

During the year ended March 31, 2013, the Company is not exposed to material foreign currency risk.

#### iii. Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk, foreign currency risk or commodity price risk. The Company has no financial instruments exposed to other price risk.

## **12. CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to advance its mineral properties. In order to facilitate the management of its capital requirements, the Company prepares periodic budgets that are updated as necessary. The Company manages its capital structure and makes adjustments to it to effectively support the acquisition and exploration of mineral properties. The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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**12. CAPITAL MANAGEMENT - continued**

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company monitors its cash, common shares, warrants and stock options as capital. There were no changes in the Company's approach to capital management during the year ended March 31, 2013. The Company's investment policy is to hold cash in interest bearing bank accounts and highly liquid short-term interest bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products. The Company expects its current capital resources to be sufficient to carry out its planned exploration programs and operating costs for the next twelve months.

**13. COMMITMENTS AND CONTINGENCIES**

**Flow-through Shares**

On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision. Other liabilities include the liability portion (the premium) of the flow-through shares issued for the amount of the premium on flow-through funds that at March 31, 2013 have not been used to incur qualifying exploration expenditures. The following is a continuity schedule of the commitment for the flow-through shares issuances.

<b>Balance at April 1, 2010</b>	<b>\$ -</b>
Liability incurred on flow-through shares issued on June 10, 2010	225,000
Settlement of flow-through share liability on incurring expenditures	(225,000)
Liability incurred on flow-through shares issued on December 23, 2011 and March 12, 2012	2,816,200
Settlement of flow-through share liability on incurring expenditures	(239,340)
<b>Balance at March 31, 2012</b>	<b>2,576,860</b>
Settlement of flow-through share liability on incurring expenditures	(1,618,658)
<b>Balance at March 31, 2013</b>	<b>\$ 958,292</b>

As at March 31, 2012, the Company had fulfilled all of its commitment to incur exploration expenditures in relation to flow-through share financing of 2010 and 2011. As at March 31, 2012, the Company had fulfilled \$239,340 of its commitment in relation to the March 2012 flow-through financing.

The Company completed a flow-through share financing in March 2012, incurring a commitment to incur exploration expenditures of \$2,766,200 by December 31, 2013. As at March 31, 2013 the Company had fulfilled \$1,857,998 of its commitment in relation to the March 2012 flow-through share financing.