EUROTIN INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED

MARCH 31, 2013 AND 2012

(EXPRESSED IN CANADIAN DOLLARS)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Eurotin Inc.

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 company'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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Eurotin 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 as issued by the International Accounting Standards Board.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1 to the financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

(signed) Grant Thornton LLP
Chartered Accountants
Licensed Public Accountants

July 29, 2013
Mississauga, Canada

Management's Responsibility for Consolidated Financial Statements

The accompanying consolidated financial statements of Eurotin Inc. (the "Corporation") are the responsibility of management and the Board of Directors.

The audited consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the audited consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the audited annual consolidated financial statements have been prepared within acceptable limits of materiality and are in compliance with all applicable International Financial Reporting Standards.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the audited consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the audited consolidated financial statements and (ii) the audited consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Corporation, as of the date of and for the periods presented by the audited consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the audited consolidated financial statements together with other financial information of the Corporation and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the audited consolidated financial statements together with other financial information of the Corporation. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the audited consolidated financial statements together with other financial information of the Corporation for issuance to the shareholders.

Management recognizes its responsibility for conducting the Corporation's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) "Peter Miller"

Chief Executive Officer

(signed) "Carlos Pinglo"

Chief Financial Officer

Toronto, Canada
July 26, 2013

Eurotin Inc.

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	As at March 31, 2013	As at March 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	$ **225,213**	$ 5,634,167
Amounts receivable and other assets (note 9)	**778,647**	1,101,447
	1,003,860	6,735,614
Property, plant and equipment (note 10)	**118,719**	112,175
Mineral properties and deferred expenditures (note 11)	**14,123,542**	10,175,838
Total assets	$ **15,246,121**	$ 17,023,627
EQUITY AND LIABILITIES		
Current liabilities		
Bank loan (note 12)	$ **249,075**	$ -
Amounts payable and other liabilities	**660,638**	986,349
Total liabilities	**909,713**	986,349
Equity		
Share capital (note 13)	**24,593,649**	24,365,581
Warrants (note 16)	**774,232**	815,105
Contributed surplus	**1,805,314**	1,562,759
Non-controlling interest	**(148,696)**	(21,355)
Accumulated other comprehensive loss	**(281,057)**	(358,263)
Deficit	**(12,407,034)**	(10,326,549)
Total equity	**14,336,408**	16,037,278
Total equity and liabilities	$ **15,246,121**	$ 17,023,627

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

Nature of operations and going concern (note 1)
Contingencies and commitments (note 22)
Subsequent events (note 23)

Approved on behalf of the Board:

(Signed) "David Danziger", Director

(Signed) "John Hick", Director

Eurotin Inc.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

Years ended March 31,	**2013**	**2012**
Operating expenses		
General and administrative (note 18)	**$ 2,228,607**	$ 3,107,907
Operating loss before the following items	**(2,228,607)**	(3,107,907)
RTO transaction cost (note 14)	**-**	(5,118,128)
Interest income	**19,305**	35,546
Net loss for the period before tax	**(2,209,302)**	(8,190,489)
Deferred income tax recovery (note 20)	**1,476**	-
Net loss for the year	**(2,207,826)**	(8,190,489)
Other comprehensive income (loss):		
Foreign currency translation differences from foreign operations	**77,206**	(358,263)
Total comprehensive loss for the year	**$ (2,130,620)**	**$ (8,548,752)**
Net loss attributable to		
Parent company	**$ (2,080,485)**	$ (8,169,134)
Non-controlling interest	**$ (127,341)**	$ (21,355)
Total comprehensive loss attributable to		
Parent company	**$ (2,003,279)**	$ (8,527,397)
Non-controlling interest	**$ (127,341)**	$ (21,355)
Basic and diluted net loss per share (note 15)	**$ (0.03)**	$ (0.12)
Basic and diluted net comprehensive loss per share (note 15)	**$ (0.03)**	$ (0.13)
Weighted average number of common shares outstanding	**79,558,918**	66,902,722

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

Eurotin Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

Years ended March 31,	**2013**	**2012**
Operating activities		
Net loss for the year	**$ (2,207,826)**	$ (8,190,489)
Adjustments for:		
Amortization	**45,956**	45,762
Share-based payments	**213,776**	734,372
Reverse acquisition transaction cost	**-**	5,118,128
Foreign exchange gain	**(10,072)**	(22,452)
Deferred income tax recovery	**(1,476)**	-
	(1,959,642)	(2,314,679)
Non-cash working capital items:		
Amounts receivable and other assets	**322,799**	(720,762)
Amounts payable and other liabilities	**(325,710)**	153,011
Net cash used in operating activities	**(1,962,553)**	(2,882,430)
Investing activities		
Acquisition of equipment	**(52,500)**	(95,093)
Expenditures on mineral properties	**(3,893,960)**	(6,105,325)
Net cash used in investing activities	**(3,946,460)**	(6,200,418)
Financing activities		
Proceeds from issuance of common shares and common shares to be issued, net of issue costs	**-**	11,585,954
Proceeds from exercise of warrants and stock options	**163,706**	1,515,126
Repayments of shareholders' loan	**-**	(43,348)
Proceeds from bank loan	**249,075**	-
Net cash provided by financing activities	**412,781**	13,057,732
Effect of foreign currency translation	**87,278**	(335,811)
Net change in cash and cash equivalents	**(5,408,954)**	3,639,073
Cash and cash equivalents, beginning of the year	**5,634,167**	1,984,846
Cash acquired upon reverse takeover of Eurotin	**-**	10,248
Cash and cash equivalents, end of the year	**$ 225,213**	$ 5,634,167
Supplemental cash flow information:		
Share based compensation capitalized to mineral properties	**$ 53,744**	$ 347,478

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

Eurotin Inc.

Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

Equity attributable to shareholders

	Number of shares	Share capital	Common shares to be issued	Contributed surplus	Warrants	Deficit	Accumulated other comprehensive loss	Non-controlling interest	Total
Balance, March 31, 2011	**40,149,709**	**$ 5,236,703**	**$ 1,207,078**	**$ 534,143**	**$ 419,054**	**$ (2,157,415)**	**$ -**	**$ -**	**$ 5,239,563**
Advances received for warrants exercise	-	-	45,000	-	-	-	-	-	45,000
Issue of common shares for warrants exercise	5,527,675	1,252,078	(1,252,078)	-	-	-	-	-	-
Fair value of warrants exercised	-	164,247	-	-	(164,247)	-	-	-	-
Conversion of Stannico shares and consideration for RTO transaction	10,092,500	5,046,250	-	145,700	-	-	-	-	5,191,950
Exercise of warrants	1,360,000	423,042	-	-	-	-	-	-	423,042
Fair value of warrants exercised	-	14,247	-	-	(14,247)	-	-	-	-
Exercise of stock options	1,516,750	278,825	-	-	-	-	-	-	278,825
Fair value of options exercised	-	187,518	-	(187,518)	-	-	-	-	-
Issue of common shares in private placement, net of costs	15,625,000	11,585,954	-	-	-	-	-	-	11,585,954
Valuation of warrants issued in private placement	-	(669,466)	-	-	669,466	-	-	-	-
Valuation of broker warrants issued in private placement	-	(104,766)	-	-	104,766	-	-	-	-
Exercise of warrants	4,777,626	768,267	-	-	-	-	-	-	768,267
Fair value of warrants exercised	-	182,682	-	-	(182,682)	-	-	-	-
Fair value of warrants exercised	-	-	-	17,005	(17,005)	-	-	-	-
Share-based payments	-	-	-	1,053,429	-	-	-	-	1,053,429
Net loss and comprehensive loss for the period	-	-	-	-	-	(8,169,134)	(358,263)	(21,355)	(8,548,752)
Balance, March 31, 2012	**79,049,260**	**$ 24,365,581**	**$ -**	**$ 1,562,759**	**$ 815,105**	**$ (10,326,549)**	**$ (358,263)**	**$ (21,355)**	**$ 16,037,278**

Eurotin Inc.
Consolidated Statements of Changes in Equity (continued)
(Expressed in Canadian dollars)

Equity attributable to shareholders

	Number of shares	Share capital	Common shares to be issued	Contributed surplus	Warrants	Deficit	Accumulated other comprehensive loss	Non-controlling interest	Total
Balance, March 31, 2012	**79,049,260**	**$ 24,365,581**	**$ -**	**$ 1,562,759**	**$ 815,105**	**$ (10,326,549)**	**$ (358,263)**	**$ (21,355)**	**$ 16,037,278**
Exercise of stock options	425,000	113,475	-	-	-	-	-	-	113,475
Fair value of stock options exercised	-	59,672	-	(59,672)	-	-	-	-	-
Exercise of warrants	167,500	50,231	-	-	-	-	-	-	50,231
Fair value of warrants exercised	-	4,690	-	-	(4,690)	-	-	-	-
Expiry of warrants	-	-	-	36,183	(36,183)	-	-	-	-
Deferred tax impact on expiry of warrants	-	-	-	(1,476)	-	-	-	-	(1,476)
Share-based payments	-	-	-	267,520	-	-	-	-	267,520
Net loss and comprehensive loss for the period	-	-	-	-	-	(2,080,485)	77,206	(127,341)	(2,130,620)
Balance, March 31, 2013	**79,641,760**	**$ 24,593,649**	**$ -**	**$ 1,805,314**	**$ 774,232**	**$ (12,407,034)**	**$ (281,057)**	**$ (148,696)**	**$ 14,336,408**

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

1. Nature of operations and going concern

Nature of operations

Eurotin Inc. (“the Corporation” or “Eurotin”) was incorporated under the Ontario Business Corporations Act on July 31, 2008 as a "Capital Pool Corporation" ("CPC"), as this term is defined in the policies of the TSX Venture Exchange (the "Exchange"). On April 18, 2011, Stannico Resources Inc. (“the Company” or "Stannico") completed a reverse takeover ("RTO") of Eurotin (see note 14). Eurotin had no significant assets other than cash with no commercial operations at the time. On April 18, 2011, Eurotin changed its year end to March 31.

Stannico Resources Inc. was incorporated on October 9, 2008 under the laws of the province of Ontario. The Company controls 100% of the issued common shares of Minas De Estano De Espana, S.L.U. ("MESPA" or "MEE"), a private corporation incorporated on November 29, 2006 in Spain whose business is the exploration, research, exploitation and utilization of mineral deposits, resources and substances, as well as the establishment of industries related to them, to obtain mining, industrial and chemical products and processed products in general.

The consolidated financial statements of the Corporation for the year ended March 31, 2013 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on July 26, 2013.

The Corporation operates from its headquarters in Ontario, Canada and also through two wholly-owned subsidiaries: Stannico Resources Inc. and Minas de Estano De Espana, S.L.U.. These subsidiaries represent the interest of Eurotin Inc. in Spain. The address of the registered office is 25 Adelaide Street East, Suite 818, Toronto, Ontario, Canada, M5C 3A1.

Although the Corporation has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Corporation's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Corporation's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

Going concern

These consolidated financial statements have been prepared based upon accounting principles applicable to a going concern, which assume that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware in making its assessment, of material uncertainties related to events or conditions, such as those described herein, that may cast significant doubt upon the Corporation’s ability to continue as a going concern.

As at March 31, 2013, the Corporation had working capital of $94,147 (March 31, 2012 - $5,749,265), had not yet achieved profitable operations, had accumulated losses of $12,407,034 (March 31, 2012 - $10,326,549) and expects to incur further losses in the development of its business. Given the Corporation maintained positive working capital, it believes that with the current operations on care and maintenance, it will have sufficient capital to operate over the next 12 months, however additional funding will be necessary to complete the scoping study for the Oreposa Tin Property by July 2014 (Note 11(i)) and/or fund payments to the extend the deadline for the scoping study beyond July 2014.

1. Nature of operations and going concern (continued)

Going concern (continued)

Management acknowledges that uncertainty remains over the ability of the Corporation to meet its funding requirements but believes that financing will be available and continues to explore debt and equity financing options that would provide the Corporation with sufficient cash to continue with its exploration activities.

There is, however, no assurance that the sources of funding described above will be available to the Corporation, or that they will be available on terms and timely basis that are acceptable to the Corporation. Accordingly, these consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses and the statement of financial position classifications used that would be necessary should the Corporation be unable to continue as a going concern. These adjustments could be material.

2. Significant accounting policies

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Corporation's reporting for the year ended March 31, 2013.

Basis of measurement

These consolidated financial statements are stated in Canadian dollars and were prepared on a historical cost basis except for certain items which may be accounted for at fair value as further discussed in subsequent notes, using the significant accounting policies and measurement basis summarized below.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the consolidated financial statements are disclosed in Note 4.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars which is the Corporation’s functional currency.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by Eurotin. Control is achieved where the Corporation has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive loss from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

Intra-group balances and transactions, and any unrealized gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with subsidiaries are eliminated to the extent of the Corporation's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment

The consolidated financial statements of the Corporation set out the assets, liabilities, expenses, and cash flows of the Corporation and its subsidiaries, namely:

Entity	Country of incorporation	Ownership interest at March 31 2013	2012
Minas De Estano De Espana --subsidiary	Spain	100%	100%
Minas De Estano De Extremadura--incorporated JV	Spain	60%	60%

(b) Cash and cash equivalents

Cash in the consolidated statements of financial position comprise cash at banks. The Corporation's cash is invested with major financial institutions in business accounts that are available on demand by the Corporation for its programs.

(c) Foreign currency translation

Items included in the financial statements of each consolidated entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the statement of comprehensive income.

Foreign exchange gains and losses on intercompany loans receivable from foreign operations, for which settlement is neither planned nor likely to occur in the foreseeable future are recognized in other comprehensive income and accumulated in a separate component of equity, irrespective of the currency the intercompany loan is denominated in. In substance, such an item form part of the Corporation's net investment in the foreign operation. Such items are reclassified from equity to profit or loss on disposal of the net investment in foreign operations. Additionally, foreign exchange gains and losses related to certain intercompany amounts are recorded in profit and loss.

3. Summary of significant accounting policies (continued)

(d) Mineral properties and deferred expenditures

General exploration and evaluation (“E&E”) expenditures incurred prior to acquiring the legal right to explore are charged to the consolidated statement of comprehensive loss as incurred.

E&E expenditures incurred subsequent to acquisition of the legal right to explore, including license and property acquisition costs, geological and geophysical expenditures, costs of drilling exploratory holes and directly attributable overhead including salaries and employee benefits, are initially capitalized as E&E assets. E&E assets are not depleted and are moved into property, plant and equipment when they are determined to meet certain technical feasibility and commercial viability thresholds as determined by management. Upon transfer to property, plant and equipment the assets are considered available for use and amortization begins to be recorded. When events and or changes in circumstances indicate that carrying amount may not be recoverable, E&E assets are assessed for impairment in addition to regular impairment reviews to ensure they are not carried at amounts above their estimated recoverable values.

(e) Property, plant and equipment ("PPE")

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is charged on a straight line basis so as to write-off the cost of these assets less estimated residual value over their estimated useful economic lives, which is expected to be 2 to 5 years.

(f) Non-derivative financial instruments

Non-derivative financial instruments are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership.

At initial recognition, all financial instruments are classified in one of the following categories depending on the purpose for which the instruments were acquired:

Loans and receivables
Loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment losses, with interest expense recognized on an effective yield basis. Assets in this category include cash and amounts receivable and other assets.

Other financial liabilities
Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. Any gains or losses arising from the realization of other financial liabilities are included in profit or loss. Liabilities in this category include amounts payable and other liabilities and due to related parties.

3. Summary of significant accounting policies (continued)

(g) Impairment

Financial assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Significant financial difficulties of a debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the financial asset is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of comprehensive loss. When a financial asset is uncollectible, it is written off against the allowance account for trade receivables.

Non-financial assets
At the end of each reporting period, the Corporation reviews the carrying amounts of its long lived assets which includes PPE and mineral properties and deferred expenditures to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU's, or otherwise they are allocated to the smallest group of CGU's for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the cash flows expected to be derived from the asset or CGU are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

(h) Share-based payments

The Corporation operates an equity-settled compensation plan under which it receives services from employees, directors and consultants as consideration for equity instruments of the Corporation.

The fair value of share options granted is recognized as an expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Corporation.

The fair value of share-based payments to employees is measured at the grant date and recognized over the period during which the options vest. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services received cannot be reliably measured, and are measured and recorded at the date the goods or services are received.

The Corporation uses the Black-Scholes pricing model to estimate the fair value of equity-settled awards to employees at the grant date. The expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period.

3. Summary of significant accounting policies (continued)

(h) Share-based payments (continued)

When recognizing the fair value of each tranche over its respective vesting period, the Corporation incorporates an estimate of the number of options expected to vest and revises that estimate when subsequent information indicates that the number of options expected to vest differs from previous estimates.

No expense is recognized for awards that do not ultimately vest, except for equity-settled awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

(i) Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Corporation expects some or all of the provision to be reimbursed, the expense relating to any provision is presented in the consolidated statement of comprehensive loss net of the reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the consolidated statement of loss and comprehensive loss.

(j) Taxes

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

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

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

Deferred tax liabilities:

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

3. Summary of significant accounting policies (continued)

(j) Taxes (continued)

Deferred tax assets:

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

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination.

(k) Finance expenses

Finance expenses comprise interest expense on borrowings, accretion of provisions and any impairment losses recognized on financial assets.

Borrowing costs incurred for the construction of qualifying assets are capitalized during the period of time that is required to complete and prepare the assets for their intended use or sale. All other borrowing costs are recognized in the consolidated statement of loss and comprehensive loss using the effective interest rate method. Interest has been capitalized at the rate of interest applicable to the specific borrowings financing the asset, or where financed through general borrowings, at a capitalization rate representing the average interest rate on such borrowings.

(l) Earnings per share ("EPS")

Basic EPS is calculated by dividing profit or loss attributable to owners of the Corporation (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period. The denominator (number of units) is calculated by adjusting the shares in issue at the beginning of the period by the number of shares bought back or issued during the period, multiplied by a time-weighting factor.

Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive potential units. The effects of anti-dilutive potential units are ignored in calculating diluted EPS. All options are considered anti-dilutive when the Corporation is in a loss position

(m) Segment reporting

An operating segment is a component of the Corporation that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Corporation’s other components. All operating segments’ operating results are reviewed regularly by the Corporation’s President and Chief Executive Officer (“CEO”) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4. Critical judgments and accounting estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

The most significant critical judgments that members of management have made in the process of applying the Corporation's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements are the policies on mineral properties and deferred expenditures and functional currency.

Mineral properties and deferred expenditures
In particular, management is required to assess mineral properties and deferred expenditures for impairment. Note 11 discloses the carrying values of such assets. As part of this assessment, management has carried out an assessment whether there are indicators of impairment. If there are indicators, management performs an impairment test on the major assets within this balance.

The recoverability of exploration and evaluation assets is dependent on a number of factors common to the natural resource sector. These include the extent to which the Corporation can continue to renew its exploration and future development licenses with local authorities, establish economically recoverable reserves on its properties, the availability of the Corporation to obtain necessary financing to complete the development of such reserves and future profitable production or proceeds from the disposition thereof. The Corporation will use the evaluation work of professional geologists, geophysicists and engineers for estimates in determining whether to commence or continue mining and processing. These estimates generally rely on scientific and economic assumptions, which in some instances may not be correct, and could result in the expenditure of substantial amounts of money on a deposit before it can be determined whether or not the deposit contains economically recoverable mineralization.

Functional currency
The functional currency for the Corporation and each of the Corporation's subsidiaries is the currency of the primary economic environment in which each entity operates. The Corporation has determined the functional currency of the parent company and its material subsidiaries is the Canadian dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Corporation reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are:

Useful lives of equipment
The Corporation estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

4. Critical judgments and accounting estimates (continued)

Share-based payment transactions

The Corporation measures the cost of equity-settled transactions with employees and directors by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, dividend yield of the share option and forfeiture rate.

Fair value of financial instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Impairment of non-financial assets

Non-financial assets include PPE and mineral properties and deferred exploration expenditures. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Corporation is not yet committed to or significant future investments that will enhance the asset’s performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

5. Recent accounting pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee (“IFRIC”) that are mandatory for accounting periods beginning on January 1, 2013 or later periods. The standards impacted that are applicable to the Corporation are as follows:

a) IFRS 9, ‘Financial Instruments’ was issued in November 2009 as the first step in its project to replace IAS 39 ‘Financial Instruments: Recognition and Measurement’. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting January 1, 2015, with early adoption permitted. The IASB intends to expand IFRS 9 during the intervening period to add new requirements for classifying and measuring financial liabilities, de-recognition of financial instruments, impairment and hedge accounting. The Corporation is currently assessing the impact of this standard.

b) IFRS 10, ‘Consolidated Financial Statements’ was issued in May 2011 and will supersede the consolidation requirements in SIC-12 ‘Consolidation – Special Purpose Entities’ and IAS 27 ‘Consolidated and Separate Financial Statements’ effective for annual periods beginning on or after January 1, 2013, with early application permitted. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard also provides additional guidance to assist in the determination of control where this is difficult to assess. The Corporation is currently assessing the impact of this standard.

5. Recent accounting pronouncements (continued)

c) IFRS 11, 'Joint Arrangements' was issued in May 2011 and will supersede existing IAS 31, 'Joint Ventures' effective for annual period beginning on or after January 1, 2013, with early application permitted. IFRS 11 provides for the accounting of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard also eliminates the option to account for jointly controlled entities using the proportionate consolidation method. The Corporation is currently assessing the impact of this standard.

d) IFRS 12, 'Disclosure of Interests in Other Entities' was issued in May 2011 and is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Corporation is currently assessing the impact of this standard.

e) IFRS 13, 'Fair Value Measurement' was issued in May 2011 and sets out in a single IFRS a framework for measuring fair value. IFRS 13 defines fair value as 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. This definition of fair value emphasizes that fair value is a market-based measurement, not an entity-specific measurement. In addition, IFRS 13 also requires specific disclosures about fair value measurement. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Corporation is currently assessing the impact of this standard.

6. Capital risk management

The Corporation manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Corporation monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Corporation may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Corporation considers its capital to be equity, which comprises share capital, warrants, contributed surplus, non-controlling interest, accumulated other comprehensive loss and deficit, which at March 31, 2013, totaled $14,336,408 (March 31, 2012 - $16,037,278).

The Corporation manages capital through its financial and operational forecasting processes. The Corporation reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties and deferred expenditures. Selected information is provided to the Board of Directors of the Corporation. The Corporation's capital management objectives, policies and processes have remained unchanged during the year ended March 31, 2013.

The Corporation is not subject to any capital requirements imposed by a lending institution.

7. Financial risk management

Financial risk

The Corporation's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency risk and commodity and equity price risk).

Risk management is carried out by the Corporation's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management. There were no changes to credit risk, liquidity risk or market risk for the year ended March 31, 2013.

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Corporation's credit risk is primarily attributable to cash. Cash is held with select major Canadian chartered banks, from which management believes the risk of loss to be minimal.

(ii) Liquidity risk

Liquidity risk is the risk that the Corporation will not have sufficient cash resources to meet its financial obligations as they come due. The Corporation's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Corporation. The Corporation generates cash flow primarily from its financing activities. The Corporation prepares annual capital expenditure budgets, which are monitored and updated as required. In addition, the Corporation requires authorization for expenditures on projects to assist with the management of capital. The Corporation's financial liabilities comprise accounts payable and other liabilities, which are due within normal trade terms, generally 30 days.

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

(a) Interest rate risk

The Corporation currently has a short-term bank loan that is interest bearing and, as such, the Corporation is exposed to interest rate risk as at March 31, 2013. It is not the Corporation's policy to hedge its interest rate risk.

(b) Foreign currency risk

The Corporation's functional and reporting currency is the Canadian dollar and the Corporation holds cash balances in Euros which could give rise to exposure to foreign exchange risk. It is not the Corporation's policy to hedge its foreign currency.

7. Financial risk management (continued)

(iii) Market risk (continued)

(c) Commodity and equity price risk

The Corporation is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Corporation closely monitors commodity prices, as they relate to precious and base metals and other minerals, and the stock market to determine the appropriate course of action to be taken by the Corporation.

Commodity price risk could adversely affect the Corporation. In particular, the Corporation's future profitability and viability of development depend upon the world market price of precious and base metals and other minerals. Precious and base metals and other mineral prices have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of precious and base metals and other minerals are produced in the future, a profitable market will exist for them. As of March 31, 2013, the Corporation was not a precious mineral, base metals and other minerals producer. Even so, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Corporation's liquidity and its ability to meet its ongoing obligations.

Sensitivity analysis

As at March 31, 2013, $163,944 was held in Canadian Dollars and €74,019 was held in Euros. Based on management's knowledge and experience of the financial markets, the Corporation believes the following movements are reasonably possible over a twelve month period:

(i) The Corporation is exposed to currency risk to the extent that monetary assets and liabilities held by the Corporation are not denominated in Canadian dollars. The Corporation has not entered into any foreign currency contracts to mitigate this risk.

The Corporation holds balances in foreign currencies which could give rise to exposure to foreign exchange risk. Sensitivity to a plus or minus 10% change in the foreign exchange rate of the Euro against the Canadian dollar would affect the reported loss and comprehensive loss by approximately $12,000.

(ii) As at March 31, 2013, the Corporation had $249,075 (€190,979) bank loan that bears an annual interest rate of Euribor and is exposed to interest rate risk. Sensitivity to a plus or minus 10% change in the Euribor rate would affect the reported loss and comprehensive loss by approximately $1,173.

(Expressed in Canadian dollars)

8. Categories of financial instruments

	As at March 31, 2013	As at March 31, 2012
Financial assets:		
Loans and receivables		
Cash and cash equivalents	$ 225,213	$ 5,634,167
Amounts receivable	$ 722,698	$ 1,017,367
Financial liabilities:		
Other financial liabilities		
Amounts payable and other liabilities	$ 660,638	$ 986,349
Bank loan	$ 249,075	$ -

As at March 31, 2013 and March 31, 2012, the fair value of all the Corporation's financial instruments approximates the carrying value, due to their short-term nature.

9. Amounts receivable and other assets

	As at March 31, 2013	As at March 31, 2012
Amounts receivable	$ 125,851	$ 148,484
Sales tax receivable - (Spain)	596,847	868,883
Prepaid expenses	55,949	84,080
	$ 778,647	$ 1,101,447

10. Property, plant and equipment

Property, plant and equipment is represented by the following:

Cost	Software	Automobiles	Machinery	Furniture and fixtures	Computer equipment	Total
Balance at March 31, 2012	$ 21,674	$ 34,690	$ 59,853	$ 12,987	$ 20,808	$ 150,012
Additions	-	20,642	31,858	-	-	52,500
Balance at March 31, 2013	$ 21,674	$ 55,332	$ 91,711	$ 12,987	$ 20,808	$ 202,512

Amortization	Software	Automobiles	Machinery	Furniture and fixtures	Computer equipment	Total
Balance at March 31, 2012	$ 17,610	$ 9,829	$ 2,785	$ 1,695	$ 5,918	$ 37,837
Amortization	4,064	14,078	16,835	4,156	6,823	45,956
Balance at March 31, 2013	$ 21,674	$ 23,907	$ 19,620	$ 5,851	$ 12,741	$ 83,793

Net book value	Software	Automobiles	Machinery	Furniture and fixtures	Computer equipment	Total
March 31, 2012	$ 4,064	$ 24,861	$ 57,068	$ 11,292	$ 14,890	$ 112,175
March 31, 2013	$ -	$ 31,425	$ 72,091	$ 7,136	$ 8,067	$ 118,719

(Expressed in Canadian dollars)

11. Mineral properties and deferred expenditures

	March 31, 2012	Additions	March 31, 2013
Oropesa Property (i)	$ 8,366,792	$ 3,096,514	$11,463,306
Santa Maria Property (ii)	1,809,046	851,190	2,660,236
	$10,175,838	$ 3,947,704	$14,123,542

	March 31, 2011	Additions	March 31, 2012
Oropesa Property (i)	$ 2,431,245	$ 5,935,547	$ 8,366,792
Santa Maria Property (ii)	1,320,211	488,835	1,809,046
	$ 3,751,456	$ 6,424,382	$10,175,838

(i) On February 15, 2008, MEE acquired the right to earn a 100% interest in Oropesa Investigation Permit No. 13.050 ("IP Oropesa") from Sondeos y Perforaciones Industriales del Biezro, SA ("SPIB"). The property (the “Oropesa Property”) is situated in Spain within the North East part of the Region of Andalucía and totals 23.4km^2.

MEE satisfied the terms to earn 50% interest in IP Oropesa by spending €1,500,000 on exploration on the Oropesa Property over a three year period and the milestone was achieved by March 31, 2011. A further 50% interest can be acquired by either:

(a) granting SPIB a 1.35% net smelter royalty; or
(b) paying SPIB 0.90% of the value of the metal reserves at the time of feasibility.

In the event of commercial production MEE has committed to issue to SPIB 4% of the equity of the entity developing and mining IP Oropesa.

In order to keep the right in good standing MEE must make annual lease payments of C$23,476 (€18,000) as at March 31, 2013.

On January 30, 2013, pursuant to a Sale and Purchase Agreement (the “SPA”) and a Shareholder Agreement (the Sale and Purchase Agreement and the Shareholder Agreement collectively referred to herein as the “Agreements”) between MESPA and SPIB, SPIB transferred to MESPA of a 100% interest in the Oropesa IP. MESPA agrees to deliver a scoping study for the Oropesa Tin Property (the “Scoping Study”) by July 2014. In the event that MESPA does not deliver the Scoping Study by July 2014, or the Scoping Study is not positive, a 50% interest in the IP Oropesa shall revert back to SPIB. MESPA, at its option, may extend the deadline for delivery of the Scoping Study by payment to SPIB of €20,000 on a quarterly basis until such time as the Scoping Study is delivered. MESPA shall pay to SPIB a 1.35% net smelter royalty from the sale of tin concentrate from the Oropesa Tin Property. Upon determination of the feasibility of the Oropesa Tin Property, SPIB shall be issued common shares of MESPA so that SPIB becomes a 4% shareholder of MESPA, which percentage ownership shall be fixed and not subject to further dilution.

11. Mineral properties and deferred expenditures (continued)

(i) (continued) On March 13, 2008, the Corporation entered into an option agreement with Minas Tenidas S.A.U ("MATSA") a wholly owned subsidiary of Iberian Minerals Corp. whereby MATSA was granted the right to earn a 25% interest in IP Oropesa. In order to earn its interest, MATSA was required to pay to MEE an amount equal to double the amount of the expenses incurred by MEE to bring the Oropesa property to pre-feasibility status.

Following the delivery of a notice of termination by MEE to MATSA on October 6, 2011, the option agreement terminated on March 13, 2012.

(ii) On December 11, 2010, MEE and Quercus Explorations Mining S.A. ("QEM") entered into an agreement (which amended and replaced a previous agreement between the parties dated August 8, 2008) (the "Santa Maria Agreement") whereby both parties agreed to form and enter into a joint venture as it relates to the "Santa Maria" property (the "Santa Maria Property"). The Santa Maria Property is located approximately 50 kilometers north of Caceres in Extremadura Province in West Central Spain. The Santa Maria Property is comprised of Investigation Permit Ampliacion Retamar nº 10.220 and Investigation Permit Retamar nº 10.201, both of which were held by QEM. Pursuant to the terms of the agreement, a new company – Minas De Estano De Extremadura, S.L. ("MESEX") – was incorporated on February 25, 2011, and the parties agreed that both Investigation Permit Ampliacion Retamar nº 10.220 and Investigation Permit Retamar nº 10.201 shall be transferred to MESEX. The parties further agreed that MEE and QEM will own 60% and 40%, respectively, of MESEX. In consideration for its interest in MESEX, MEE (or the Corporation on behalf of MEE) has paid to QEM:

(a) US$200,000 through the issuance of 1,386,667 (pre RTO) (1,040,000 post RTO) common shares of the Corporation at an issue price of CDN$0.15 per share (CDN$0.20 per share post RTO); and
(b) €145,000 in cash.

In addition, MEE paid to QEM €265,000 in cash for certain information relating to the Santa Maria Property.

On October 25, 2011 the Retamar and Ampliación a Retamar Investigation Permits Transfer Agreement was executed and notarized as a deed. This deed was confirmed and ratified by MESEX the following day. On December 9, 2011, MESEX submitted all relevant documents and information required by law and formally applied to the Extremadura Mining Authority for the mandatory authorization of the transfer. The transfer was completed on March 9, 2012.

In addition to the Santa Maria Agreement, the two shareholders of MESEX have also entered into a shareholders' agreement with respect to their shareholdings in MESEX. The Santa Maria Agreement and the shareholders' agreement will govern the relationship between parties with respect to their shareholdings in MESEX and the Santa Maria Property. The Corporation has accounted for the joint venture as a subsidiary. Accordingly, the payments made to date have been accounted for as mineral property expenditures. The non-controlling interests in the net assets of the consolidated subsidiary are identified separately from the Corporation's equity therein. Losses applicable to the non-controlling interests in excess of their interest in the subsidiary's equity are allocated against the interests of the Corporation except to the extent that the non-controlling interests have a binding obligation and are able to make an additional investment to cover the losses.

12. Bank loan

On January 25, 2013, MESPA signed off a line of credit with La Caixa of up to €200,000. As at March 31, 2013, the balance of the loan withdrawn against the line of credit was $249,075 (€190,979) and the loan bears an annual interest rate of 4.709% for the period from January 25, 2013 to April 30, 2013 and matures on January 25, 2014. The interest rate on the loan is subject to quarterly reviews and from May 1, 2013 to July 31, 2013, the annual interest rate on the loan is Euribor + 2.75%. During the year ended March 31, 2013, the Corporation recorded a total interest expense of $1,994 and as at March 31, 2013, a total interest of $1,374 was accrued and included in amounts payable and other liabilities.

(Expressed in Canadian dollars)

13. Share capital

a) Authorized share capital

The authorized share capital consisted of unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

On April 18, 2011, Eurotin completed the acquisition of all the issued and outstanding securities of Stannico.

At March 31, 2013, the issued share capital amounted to $24,593,649. The changes in issued share capital for the periods were as follows:

	Number of common shares (i)	Amount
Balance, March 31, 2011	40,149,709	$ 5,236,703
Issue of common shares for warrants exercise	5,527,675	1,252,078
Fair value of warrants exercised	-	164,247
Deemed consideration for RTO of Eurotin (note 14)	10,092,500	5,046,250
Exercise of warrants	6,137,626	1,191,309
Fair value of warrants exercised	-	196,929
Exercise of stock options	1,516,750	278,825
Fair value of stock options exercised	-	187,518
Issue of common shares in private placement (ii)	15,625,000	10,811,722
Balance, March 31, 2012	79,049,260	24,365,581
Exercise of stock options	425,000	113,475
Fair value of stock options exercised	-	59,672
Exercise of warrants	167,500	50,231
Fair value of warrants exercised	-	4,690
Balance, March 31, 2013	79,641,760	$ 24,593,649

13. Share capital (continued)

(i) On April 18, 2011, Stannico completed the RTO of Eurotin through which Eurotin acquired of all the issued and outstanding securities of Stannico. Concurrently with the completion of the acquisition by Eurotin, 7,370,233 warrants of the Company were exercised. Pursuant to the acquisition agreement, in exchange for obtaining all of the issued and outstanding securities of the Company, Eurotin issued to the former shareholders of the Company, at a conversion rate of the securities in the ratio of 1.33 to 1, a total of 45,677,384 common shares, 12,968,560 warrants, 3,821,250 options (with each warrant and each option entitling the holder to acquire one common share of Eurotin) and 624,500 compensation options. Each compensation option is exercisable into a unit of Eurotin (with each option entitling the holder to acquire one common share and one half warrant and each whole warrant entitling the holder to acquire one common share of Eurotin). The number of common shares, warrants (Note 16) and options (Note 17) issued and outstanding for periods prior to the RTO have been retroactively adjusted to reflect the share capital of Eurotin, the legal acquirer, based on the exchange ratio defined in the acquisition agreement.

(ii) On July 26, 2011, Eurotin closed a private placement, with a syndicate of agents. Under the private placement Eurotin issued 15,625,000 special warrants (the “Special Warrants”) at an issue price of $0.80 per special warrant for gross proceeds of $12,500,000. The proceeds of this placement will be used primarily to accelerate the development of the Corporation’s Spanish properties.

Each special warrant, subject to the penalty provision (as outlined below) and subject to adjustments in certain circumstances, were exercisable into one unit of Eurotin, with each unit comprised of one Common Share and one half of one Common Share purchase warrant, for no additional consideration. Each full Warrant will entitle the holder to purchase one Common Share for a period of 2 years following the closing at an exercise price of $1.20 per Warrant.

All unexercised special warrants were deemed to be exercised at 4:00 pm (Toronto time) on the earlier of: (a) November 27, 2011; and (b) the third business day after the date a final receipt is issued by each of the applicable securities regulatory authorities in Canada (except Quebec), for a final prospectus qualifying the distribution of the securities issuable upon exercise or deemed exercise of the special warrants.

On September 21, 2011, a receipt was issued for the final prospectus filed in connection with the qualification for distribution of the securities underlying the 15,625,000 special warrants issued on July 26, 2011. 15,625,000 common shares in the capital of the Corporation (the “Common Shares”) and 7,812,500 Common Share purchase warrants (the “Warrants”) were issued on September 26, 2011, being the third business day following the issuance of this receipt, as each Special Warrant shall automatically convert into one free trading Common Share and one-half of one free trading Warrant. The fair value of the 7,812,500 warrants was estimated to be $722,169 using a fair market value technique incorporating Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 100%; risk free rate 0.89%; and expected life of 1.84 years.

As consideration for services in connection with the Private Placement, Eurotin has paid the syndicate of agents a cash commission equal to 6% of the gross proceeds of the offering and has issued 781,250 compensation options equal to 5% of the special warrants sold pursuant to the Private Placement. The compensation options were deemed to be exercised into broker warrants on the same date as the exercise of the special warrants which is September 26, 2011. Each broker warrant was exercisable into one broker unit at an exercise price of $0.80 per broker unit. The broker units were issued on the same terms as the special warrant units and shall be subject to the same penalty provision. The fair value of 781,250 broker warrants was estimated to be $104,766, using Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 100%; risk free rate 0.89%; and expected life of 1.84 years.

The Corporation entered into an advisory services agreement effective June 24, 2011, in conjunction with the private placement described above wherein an amount equal to 1% of the gross proceeds of the private placement were payable to the advisor. The agreement terminated on the completion date of the offering, September 26, 2011.

The Corporation incurred total transaction costs of $914,046 including $750,000 of cash commission equal to 6% of the gross proceeds of the offering, of which $52,703 was allocated to warrants issued.

(Expressed in Canadian dollars)

14. Reverse takeover

The share capital of each company prior to the Reverse Takeover ("RTO") was as follows:

Eurotin

	Number of shares	Amount $
Balance as at March 31, 2011	10,092,500	686,750
Balance as at April 18, 2011 prior to the RTO	10,092,500	686,750

Stannico

	Number of shares	Amount $
Balance as at March 31, 2011	53,532,947	5,236,703
Balance as at April 18, 2011 prior to the RTO	53,532,947	5,236,703

(i) On April 18, 2011, the Corporation completed its acquisition of all of the issued and outstanding securities of Stannico. Pursuant to the acquisition agreement, in exchange for obtaining all of the issued and outstanding securities of Stannico, Eurotin issued to the former Stannico security holders 45,677,384 common shares, 12,968,560 warrants, 3,831,250 options (with each warrant and each option entitling the holder to acquire one common share of Eurotin) and 624,500 compensation options. Each compensation option is exercisable into a unit of the Corporation (with each option entitling the holder to acquire one common share and one half warrant of Eurotin and each whole warrant entitling the holder to acquire one common share of Eurotin).

In accordance with IFRS 3, Business Combination, the substance of the transaction is a reverse takeover of a non-operating company. The transaction does not constitute a business combination as Eurotin does not meet the definition of a business under the standard. As a result, the transaction is accounted for as a capital transaction with the Stannico being identified as the acquirer and the equity consideration being measured at fair value. The resulting statement of financial position is presented as a continuance of the original Stannico and comparative figures presented in the financial statements after the reverse takeover are those of the original Stannico.

IFRS 2 applies to transactions where an entity grants equity instruments and cannot identify specifically some or all of the goods or service received in return. Because Stannico would have issued shares with a value in excess of the assets received, IFRS 2 would indicate that the difference is recognised in comprehensive loss as a transaction cost. The amount assigned to the transaction cost of $5,186,347 is the difference between the fair value of the consideration and the net identifiable assets of Eurotin acquired by Stannico and included in the consolidated statement of loss and comprehensive loss.

(Expressed in Canadian dollars)

14. Reverse takeover (continued)

The fair value of the consideration is determined based on the percentage of ownership the legal parent's shareholders have in the amalgamated entity after the transaction. This represents the fair value of the shares that Stannico would have had to issue for the ratio of ownership interest in the combined entity to be the same, if the transaction had taken the legal form of Stannico acquiring 100% of the shares in Eurotin. The percentage of ownership Eurotin shareholders had in the combined entity is 18% after the issue of 45,677,384 shares of Eurotin shares. The fair value of the consideration in the Reverse Takeover is equivalent to the fair value of the 10,092,500 Eurotin shares controlled by original Eurotin shareholders and 364,250 stock options issued to Eurotin stock options holders. The fair value of the Eurotin shares was estimated to be $5,046,250 based on fair market value of $0.50 per share on the date of April 20, 2011, the first trading day of Eurotin shares after the Reverse Takeover. The fair value of the stock options was estimated to be $145,700 using Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 100%; risk free interest rate 0.98%; and an expected life of 0.16 years.

Based on the statement of financial position of Eurotin at the time of the Reverse Takeover, the net assets at estimated fair value that were acquired by Stannico were $73,822 and the resulting transaction cost charged to the statement of loss and comprehensive loss is as follows:

	Amount $
Consideration	5,191,950
Identifiable assets acquired	
Cash	10,248
Other assets	100,000
Accounts payable and accrued liabilities	(104,645)
	5,603
Unidentifiable assets acquired	
Transaction cost	5,186,347
Total net identifiable assets and transaction cost	5,191,950

15. Net loss per common share

The calculation of basic and diluted loss per share for the year ended March 31, 2013 was based on the losses attributable to common shareholders of $2,207,826 (year ended March 31, 2012 - $8,190,489) and the weighted average number of common shares outstanding of 79,558,918 (year ended March 31, 2012 - 66,902,722). Diluted loss per share did not include the effect of 8,593,750 warrants and 5,006,250 stock options as they are anti-dilutive.

(Expressed in Canadian dollars)

16. Warrants

The following table reflects the continuity of warrants:

	Number of warrants (Note 13)	**Amount ($)**
Balance, March 31, 2011	18,496,235	419,054
Exercised before the RTO (Notes 13 and 14)	(5,527,675)	(164,247)
Exercised subsequent to the RTO (Note 14)	(6,137,626)	(196,929)
Issued in private placement (Note 13 (ii))	8,593,750	774,232
Expiration of warrants	(435,000)	(17,005)
Balance, March 31, 2012	14,989,684	815,105
Exercise of warrants	(167,500)	(4,690)
Expiration of warrants	(6,228,434)	(36,183)
Balance, March 31, 2013	8,593,750	774,232

The following table reflects the warrants issued and outstanding as of March 31, 2013:

Number of Warrants Outstanding	**Amount ($)**	**Exercise Price ($)**	**Expiry Date**
7,812,500	669,466	1.20	July 26, 2013
781,250 (i)	104,766	0.80	July 26, 2013
8,593,750	774,232	1.16	

(i) Each broker warrant is exercisable into one broker unit at an exercise price of $0.80 per broker unit which is composed of one Common Share and one half of one Common Share purchase warrant.

(Expressed in Canadian dollars)

17. Stock options

The Corporation's outstanding stock options and the changes for the period are as follows:

	Number of Stock Options (Note 13)	Weighted Average Exercise Price $
Balance, March 31, 2011	4,331,250	0.19
Options granted[(a)(b)(c)(d)(e)(f)]	2,964,250	0.39
Options exercised	(1,204,250)	0.24
Options expired/ forfeited	(160,000)	0.99
Balance, March 31, 2012	5,931,250	0.54
Options exercised	(425,000)	0.27
Options expired/forfeited	(500,000)	0.58
Balance, March 31, 2013	5,006,250	0.54

[(a)] On April 18, 2011, the Corporation issued to directors, officers and consultants of the Corporation 125,000 stock options to acquire common shares of the Corporation. The options vest immediately and are exercisable at a price of $0.27 per share for a period of 5 years. The fair value of the stock options was estimated on the date of grant using the Black Scholes option pricing model with the following assumptions: dividend yield 0%; volatility of 100%; risk free interest rate of 2.55%; and an expected life of 4.78 years. As a result, the fair value of the stock options was estimated at $17,583. During the year ended March 31, 2013, $nil was recorded as share-based payments in the consolidated statements of loss and comprehensive loss or capitalized in the mineral properties and deferred exploration expenditures (year ended March 31, 2012 - $12,672 and $4,911 was capitalized in the mineral properties and deferred exploration expenditures, respectively).

[(b)] On May 4, 2011, the Corporation issued to directors, officers and employees of the Corporation 1,500,000 stock options to acquire common shares of the Corporation. The options vest one-third on the date of grant, one-third on the first anniversary of the date of grant and one-third one the second anniversary of the date of grant. These options are exercisable at a price of $1.05 per share for a period of 5 years. The fair value of the stock options was estimated on the date of grant using the Black Scholes option pricing model with the following assumptions: dividend yield of 0%; volatility of 100%; risk free interest rate of 2.20%; and an expected life of 5 years. As a result, the fair value of the stock options was estimated at $1,182,000. During the year ended March 31, 2013, $88,287 was recorded as share-based payments in the consolidated statements of loss and comprehensive loss (year ended March 31, 2012 - $580,440) and $53,744 was capitalized in mineral properties and deferred exploration expenditures (year ended March 31, 2012 - $314,146).

[(c)] On April 18, 2011, 364,250 stock options of Eurotin outstanding were deemed to be part of the consideration for the reverse takeover (see note 14), and these options were valued on April 18, 2011, the date of the reverse takeover, using Black Scholes option pricing model with the following assumptions: dividend yield of 0%; volatility of 100%; risk free interest rate of 0.98%; and an expected life of 0.16 years. As a result, the fair value of the stock options was estimated at $145,700 and the amount was recorded as part of the reverse takeover transaction cost in the consolidated statements of loss and comprehensive loss for year ended March 31, 2012. During the year ended March 31, 2013, $nil was recorded as share-based payment in the consolidated statements of loss and comprehensive loss.

(Expressed in Canadian dollars)

17. Stock options (continued)

(d) On November 9, 2011, the Corporation granted 400,000 stock options to an officer of the Corporation, with each option exercisable into one common share at a price of $0.70 per share. The options are exercisable for up to 5 years from the date of grant. The stock options vest as to one-third on the date of grant, one-third on the first anniversary of the date of grant and one-third on the second anniversary of the date of grant. The fair value of the stock options was estimated on the date of grant using the Black Scholes option pricing model with the following assumptions: dividend yield of 0%; volatility of 100%; risk free interest rate of 1.21%; and an expected life of 5 years. As a result, the fair value of the stock options was estimated at $139,600. During the year ended March 31, 2013, $51,537 was recorded as share-based payments in the consolidated statements of loss and comprehensive loss (year ended March 31, 2012 - $73,867).

(e) On November 28, 2011, the Corporation granted 175,000 stock options to Outsource Services Limited its Investor Relations representative in Europe, with each option exercisable into one common share at a price of $0.85 per share. The options are exercisable for up to 5 years from the date of grant. The stock options vest as to one-third on the date of grant, one-third on the first anniversary of the date of grant and one-third on the second anniversary of the date of grant. The fair value of the stock options was estimated on the date of grant using the Black Scholes option pricing model with the following assumptions: dividend yield of 0%; volatility of 100%; risk free interest rate of 1.28%; and an expected life of 5 years. As a result, the fair value of the stock options was estimated at $44,625. During the year ended March 31, 2013, $17,248 was recorded as share-based payments in the consolidated statements of loss and comprehensive loss (year ended March 31, 2012 - $22,452).

(f) On March 1, 2012, the Corporation granted 400,000 stock options to a director of the Corporation, with each option exercisable into one common share at a price of $0.70 per share. The options are exercisable for up to 5 years from the date of grant. The stock options vest as to one-third on the date of grant, one-third on the first anniversary of the date of grant and one-third on the second anniversary of the date of grant. The fair value of the stock options was estimated on the date of grant using the Black Scholes option pricing model with the following assumptions: dividend yield of 0%; volatility of 100%; risk free interest rate of 1.32%; and an expected life of 5 years. As a result, the fair value of the stock options was estimated at $120,000. During the year ended March 31, 2013, $56,704 was recorded as share-based payments in the consolidated statements of loss and comprehensive loss (year ended March 31, 2012 - $44,941).

Details of the stock options outstanding at March 31, 2013 are as follows:

Fair Value	Contractual Life (years)	Exercisable Options	Number of Options	Weighted Average Exercise Price ($)	Remaining Expiry Date
$ 312,750	2.34	2,231,250	2,231,250	0.27	August 1, 2015
73,852	2.84	525,000	525,000	0.27	February 1, 2016
17,584	3.02	125,000	125,000	0.27	April 7, 2016
906,200	3.10	766,667	1,150,000	1.05	May 4, 2016
139,600	3.61	266,666	400,000	0.70	November 9, 2016
44,625	3.67	116,666	175,000	0.85	November 28, 2016
120,000	3.92	266,667	400,000	0.70	November 9, 2016
$ 1,614,611	2.86	4,297,916	5,006,250	0.54	

(Expressed in Canadian dollars)

18. General and administrative

Years ended March 31,	**2013**	**2012**
Salaries and benefits	**$ 332,400**	$ 230,892
Directors fees	**185,297**	155,771
Share-based payments	**213,776**	734,372
Professional fees	**681,342**	1,231,569
Amortization	**45,956**	45,762
Administrative	**334,088**	445,323
Reporting issuer costs	**-**	49,833
Investor relations	**108,734**	232,781
Travel expense	**229,537**	199,296
Foreign exchange loss	**97,477**	(217,692)
	$ 2,228,607	$ 3,107,907

19. Related party balances and transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons 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).

(a) The Corporation entered into the following transactions with related parties:

Years ended March 31,		**2013**	**2012**
MNP LLP (previously MSCM LLP)	(i)	**$ -**	**$ 31,300**

(i) One of the directors of the Corporation is a partner of MNP LLP. Fees relate to the accounting services provided. As at March 31, 2013 and 2012, no amounts were owed to MNP LLP to be included in amounts payable and other liabilities.

(ii) On January 25, 2013, MESPA signed off a line of credit with La Caixa in Spain of up to €200,000 secured by Northern Gold Mines S.L, a company controlled by an officer and Director of the Corporation.

(b) Remuneration of Directors and key management personnel of the Corporation was as follows:

Years ended March 31,	**2013**	**2012**
Salaries and benefits [(1)]	**$ 401,866**	**$ 349,437**
Professional fees[(2)]	**$ 275,000**	**$ 276,897**
Share-based payments	**$ 211,384**	**$ 869,696**

[(1)] Other than the Chief Executive Officer and the Chief Financial Officer, the board of directors and select officers do not have employment or service contracts with the Corporation. Directors are entitled to directors fees and stock options for their services and officers are entitled to stock options for their services.

[(2)] The Chief Executive Officer of the Corporation is paid through professional fees.

(Expressed in Canadian dollars)

20. Income taxes

(a) Major items causing the Corporation's income tax rate to differ from the federal statutory rate of approximately 26.5% (2012 - 25%) are as follows:

Years ended March 31,	**2013**	**2012**
Loss before income taxes	(2,209,302)	(8,190,489)
Combined statutory income tax rate	26.5%	25%
Income tax benefit at the combined Canadian statutory income tax rate:	(585,465)	(2,047,622)
Adjustments to benefit resulting from:		
Permanent differences	56,651	1,463,125
Change in tax benefit not recognized	527,338	584,497
Income tax expense (recovery)	$ (1,476)	$ -

The enacted tax rates in Canada of 26.5% in 2013 (25% in 2012) are applied in the tax provision calculation. The combined Canadian federal and provincial statutory rate has increased from the prior period due to the proposed freeze of Ontario's general corporate income tax rate at 11.5%. This proposal was enacted on June 20, 2012.

The tax benefit of the following unused tax losses and deductible temporary differences have not been recognized in the financial statements due to the unpredictability of future earnings:

	March 31, 2013	**March 31, 2012**
Deductible temporary differences		
Tax loss carry-forwards	$ 5,775,986	$ 3,473,578
Deferred financing fees	848,842	1,173,724
	$ 6,624,828	$ 4,647,302

(b) Tax loss carry-forwards

At March 31, 2013, the Corporation has the unclaimed non-capital losses that expire as follows:

2024	560,439
2025	487,390
2030	1,394,382
2031	87,760
2032	943,607
2033	2,302,408
	$ 5,775,986

(Expressed in Canadian dollars)

21. Segmented information

The Corporation primarily operates in one reportable operating segment, being the exploration of mineral properties in Spain. The Corporation has administrative offices in Toronto, Canada. Segmented information on a geographic basis is as follows:

March 31, 2013	**Canada**	**Spain**	**Total**
Current assets	$ 336,558	$ 667,302	$ 1,003,860
Mineral properties and deferred expenditures	-	14,123,542	14,123,542
Property, plant and equipment	4,931	113,788	118,719
Total assets	$ 655,475	$14,590,646	$15,246,121
Total liabilities	346,868	562,845	909,713

March 31, 2012	**Canada**	**Spain**	**Total**
Current assets	$ 5,688,907	$ 1,046,707	$ 6,735,614
Mineral properties and deferred expenditures	-	10,175,838	10,175,838
Property, plant and equipment	7,748	104,427	112,175
Total assets	$ 5,953,158	$11,070,469	$17,023,627
Total liabilities	155,783	830,566	986,349

Years ended March 31, **Net loss**	**2013** **$**	**2012** **$**
Canada	1,507,290	6,796,107
Spain	700,536	1,394,382
Total	2,207,826	8,190,489

22. Contingencies and commitments

The Corporation's exploration activities are subject to foreign government laws and regulations, including foreign tax laws including tax laws on value added tax and laws and regulations governing the protection of the environment. The Corporation believes that its operations comply in all material respects with all applicable past and present laws and regulations. The Corporation records provisions for any identified obligations, based on management's estimate at the time. Such estimates are, however, subject to changes in laws and regulations.

As at March 31, 2013, the Corporation is committed to future minimum payments in Euros under vehicle lease, rents, mineral property and consulting agreements and in Canadian dollars under office rent as follows:

	Amount C$	**Amount Euro**
For the year ended March 31, 2014	31,200	32,016
For the year ended March 31, 2015	15,600	16,408
For the year ended March 31, 2016	-	2,044
Total	**46,800**	**50,468**

On October 25, 2011, a Permits Transfer Agreement relating to IP Santa Maria was executed and notarized as a deed. This deed was confirmed and ratified by MESEX the following day. On December 9, 2011, MESEX submitted all relevant documents and information required by law and formally applied to the Extremadura Mining Authority for the mandatory authorization of the transfer. The Corporation received such authorization on March 9, 2012.

23. Subsequent event

(i) Subsequent to the year ended March 31, 2013, 70,000 stock options granted to employees were forfeited due to their resignations.

(ii) On July 26, 2013, 8,593,750 warrants expired unexercised.