# EXPLOREX RESOURCES INC.

## INTERIM FINANCIAL STATEMENTS
## (Expressed in Canadian Dollars)

### June 30, 2013

### (Unaudited - Prepared by Management)

**EXPLOREX RESOURCES INC.**

CONSOLIDTED BALANCE SHEETS

(Unaudited - Prepared by Management)

| | | June 30 2013 | | March 31 2013 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current** | | | | |
| Cash | $ | 170,566 | $ | 224,926 |
| Amounts receivable | | 17,602 | | 18,748 |
| | | 188,169 | | 243,675 |
| **Non-current** | | | | |
| Exploration and Evaluation Assets (Note 4) | | 0 | | 251,081 |
| | $ | 188,169 | $ | 494,755 |
| **LIABILITES AND SHAREHOLDERS' EQUITY** | | | | |
| **Current** | | | | |
| Accounts payable and accrued liabilities | $ | 4,842 | $ | - |
| | | 4,842 | | - |
| **Shareholders' equity** | | | | |
| Share capital (Note 5) | | 752,328 | | 742,772 |
| Share-based payment reserve (Note 5) | | 39,354 | | 34,386 |
| Deficit | | (608,355) | | (282,403) |
| | | 183,327 | | 494,755 |
| | $ | 188,169 | $ | 494,755 |

Nature and continuance of operations (Note 2)

Approved and authorized by the Board on August 28, 2013:

| | |
|---|---|
| *"William A. E. Wishart"* | *"Patrick Forseille"* |
| William E. A. Wishart, CEO | Patrick Forseille, CFO |

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

**EXPLOREX RESOURCES INC. (formerly Explorex Capital Ltd.)**

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS AND DEFICIT

(Unaudited - Prepared by Management)

| | | Three months ended | | |
|---|---|---|---|---|
| | | June 30, 2013 | | June 30, 2012 |
| **EXPENSES** | | | | |
| Bank charges | $ | 70 | $ | 66 |
| Consulting | | - | | 6,000 |
| General office expenses | | 10,059 | | 4,849 |
| Management expenses | | 18,000 | | - |
| Professional fees | | 5,365 | | 7,400 |
| Rent | | 4,800 | | 4,800 |
| Transfer agent and filing fees | | 851 | | 4,007 |
| **Loss before other items** | | (39,146) | | (27,122) |
| Interest income | | 314 | | - |
| **Loss and comprehensive loss for the period** | $ | (38,832) | $ | (27,122) |
| **Basic and diluted loss per common share** | $ | (0.00) | $ | (0.00) |
| **Weighted average number of common shares outstanding** | | 9,199,855 | | 9,017,500 |

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

**EXPLOREX RESOURCES INC.**

CONDENSED INTERIM STATEMENT OF CASH FLOWS

(Unaudited - Prepared by Management)

| | | Quarter Ended | | |
|---|---|---|---|---|
| | | June 31 | | June 31 |
| | | 2013 | | 2012 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Loss for the period | $ | (38,832) | $ | (27,122) |
| Items not affecting cash | | | | |
| Share-based compensation | | - | | - |
| Changes in non-cash working capital items | | | | |
| Increase in receivables | | 2,226 | | (3,126) |
| (Decrease) increase in prepaid expense | | - | | 1,519 |
| Increase in accounts payables and accrued liabilities | | (17,753) | | (12,326) |
| | | (54,360) | | (41,055) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Exploration and evaluation | | - | | (30,000) |
| | | - | | (30,000) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Issuance of shares for cash | | - | | 313,500 |
| Share issuance costs | | - | | (17,350) |
| | | - | | 296,150 |
| **Change in cash for the period** | | (54,360) | | 225,095 |
| **Cash position, begining of period** | | 224,926 | | 314,099 |
| **Cash, end of period** | $ | 170,566 | $ | 539,194 |

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

**EXPLOREX RESOURCES INC. (formerly Explorex Capital Ltd.)**

STATEMENTS OF CHANGES IN EQUITY

AS AT JUNE 30

| | Number of Shares | | Share capital | | Equity reserve | | Deficit | | Total |
|---|---|---|---|---|---|---|---|---|---|
| Balance at March 31, 2012 | 7,450,000 | | 428,387 | | 34,386 | | (131,850) | | 330,923 |
| Shares issued for cash | 1,417,500 | | 283,500 | | - | | - | | 283,500 |
| Share issuance costs | - | | (17,350) | | - | | - | | (17,350) |
| Shares isssued for property | 150,000 | | 30,000 | | - | | - | | 30,000 |
| Comprehensive loss for the period | - | | - | | | | (27,122) | | (27,122) |
| | | | | | | | | | |
| Balance at June 30, 2012 | 9,017,500 | $ | 724,537 | $ | 34,386 | $ | (158,972) | $ | 599,951 |
| Exercise of agents' options | 182,355 | | 27,791 | | (9,555) | | - | | 18,236 |
| Exercise of agents' options | - | | - | | 14,523 | | - | | 14,523 |
| Stock-based compensation | - | | - | | - | | - | | - |
| Comprehensive loss for the period | | | - | | - | | (410,551) | | (410,551) |
| | | | | | | | | | |
| Balance at March 31, 2013 | 9,199,855 | | 752,328 | | 39,354 | | (569,523) | | 222,159 |
| Comprehensive loss for the period | | | - | | - | | (38,832) | | (38,832) |
| | | | | | | | | | |
| Balance at June 30, 2013 | 9,199,855 | | 752,328 | | 39,354 | | (608,355) | | 183,327 |

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

## 1. NATURE OF OPERATIONS

Explorex Resources Inc. (the "Company", formerly Explorex Capital Ltd.) was incorporated under the Business Corporations Act (British Columbia) on January 6, 2011 as Explorex Capital Ltd., and changed its name to Explorex Resources Inc. on June 11, 2012. The Company was classified as a Capital Pool Company ("CPC") as defined by the policies of the TSX Venture Exchange (the "Exchange"). The Company is currently engaged in the acquisition, exploration and evaluation of its mineral property interests. The Company's shares are listed on the Exchange under the symbol EX. During the current year, the Company closed its Qualifying Transaction (Note 12) and as such, the Company graduated from being a CPC to a Tier 2 mining issuer on the Exchange.

The head office of the Company is located at 214 – 1118 Homer Street, Vancouver, British Columbia, V6B 6L5. The registered office of the Company is located at Suite 300 – 576 Seymour Street, Vancouver, British Columbia, V6B 3K1. The Company does not have any subsidiaries.

These financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going-concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in the financial statements.

The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve future profitable operations. As at June 30, 2013, the Company had working capital of $183,327, had not yet achieved profitable operations and has an accumulated deficit of $608,355 since its inception. The Company expects to incur further losses in the development of its business, all of which cast significant doubt on the Company's ability to continue as a going concern. The Company will require additional financing in order to conduct its future work programs on exploration and evaluation assets, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

## 2. BASIS OF PRESENTATION

**Basis of presentation**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") which include International Accounting Standards and Interpretations ("IFRIC") adopted by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow disclosure.

These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### a) Use of judgment and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of expenses during the period. Significant areas requiring the use of management's judgment and estimates relate to the recoverability of amounts receivable, the determination of environment obligations and impairment of exploration and evaluation assets and deferred costs and inputs used in accounting for share-based compensation. Actual results may differ from these estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

### b) Share-based compensation

The Company uses the fair value based method for measuring compensation costs. The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. 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 an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

### c) Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. All of the stock options, agent's options and warrants currently issued (see Note 5) were anti-dilutive for the year ended June 30, 2013 and 2012.

### d) Valuation of equity units issued in private placements

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are assigned value based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for agency fees or other transactions costs are accounted for as share-based payments.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

### e) Financial instruments

*Financial assets*

Financial assets are classified into one of four categories:

a) Fair value through profit or loss ("FVTPL");

b) Held-to-maturity ("HTM");

c) Loans and receivables; and

d) Available-for-sale ("AFS").

*Financial assets at fair value through profit or loss ("FVTPL")*

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

*Held-to-maturity ("HTM")*

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations and comprehensive loss.

*Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

*Available-for-sale ("AFS")*

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of operations and comprehensive loss.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

### e) Financial instruments (cont'd…)

The Company has classified its cash as FVTPL.

*Financial liabilities*

Financial liabilities are classified into one of two categories:

a) Fair value through profit or loss; and

b) Other financial liabilities.

*Fair value through profit or loss*

This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations and comprehensive loss.

*Other financial liabilities*

This category includes accounts payable and accrued liabilities, all of which are recognized at amortized cost. The Company classified its financial liabilities which consisted of accounts payable and accrued liabilities as 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 assets, the estimated future cash flows of the investments have been impacted.

For all financial assets objective evidence of impairment could include:

a) significant financial difficulty of the issuer or counterparty; or

b) default or delinquency in interest or principal payments; or

c) it becoming probable that the borrower will enter bankruptcy or financial re-organization.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

### e) Financial instruments (cont'd…)

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

### f) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect to the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

### g) Exploration and evaluation assets (cont'd...)

Exploration costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. No exploration costs are capitalized until the legal right to explore the property has been obtained. When it is determined that such costs will be recouped through successful development and exploitation, the capitalized expenditures are depreciated over the expected productive life of the asset. Costs for a producing asset are amortized on a unit-of-production method based on the estimated life of the ore reserves, while costs for the prospects abandoned are written off.

Impairment review for exploration and evaluation assets is carried out on a project by project basis, with each project representing a single cash generating unit. At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that these assets are impaired. An impairment review is undertaken when indicators of impairment arise but typically when one or more of the following circumstances apply:

- Unexpected geological occurrences are identified that render the resource uneconomic;
- Title to the asset is compromised;
- Fluctuations in the metal prices render the project uneconomic;
- Variation in the currency of operations; and
- Threat to political stability in the country of operation.

From time to time, the Company may acquire or dispose of exploration and evaluation assets pursuant to the terms of option agreements. Due to the fact that these options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation assets or recoveries when the payments are made or received.

The recoverability of the amounts capitalized for the undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to farm out its exploration and evaluation assets, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from their disposition thereof.

### h) Impairment of tangible and intangible assets

Tangible and intangible assets with finite useful lives are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the assets' cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

### h) Impairment of tangible and intangible assets (cont'd…)

An impairment loss is charged to the profit or loss except to the extent it reverses gains previously recognized in other comprehensive loss/income. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized in profit or loss.

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material.

IFRS 9, Financial Instruments ("IFRS 9"), was issued by the IASB in October 2010 and will replace 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 January 1, 2015. The Company is assessing the impact of IFRS 9 on its consolidated financial statements.

IFRS 10, Consolidated Financial Statements ("IFRS 10"), provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 (2008). The Company intends to adopt IFRS 10 in its consolidated financial statements for the annual period beginning on April 1, 2013. The Company does not expect. IFRS 10 will have a material impact on its consolidated financial statements.

IFRS 11, Joint Arrangements ("IFRS 11"), introduces new accounting requirements for joint arrangements, replacing IAS 31, Interests in Joint Ventures. It eliminates the option of accounting for jointly controlled entities by proportionate consolidation. The Company intends to adopt IFRS 11 in its consolidated financial statements for the annual period beginning on April 1, 2013. The Company does not expect IFRS 11 will have a material impact on its consolidated financial statements.

IFRS 12, Disclosure of Interest in Other Entities ("IFRS 12"), was issued by the IASB on May12, 2011. The new standard includes disclosure requirements about subsidiaries, joint ventures and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements. IFRS 12 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company does not expect IFRS 12 will have a material impact on its consolidated financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

### h) Impairment of tangible and intangible assets (continued)

IFRS 13, Fair Value Measurement ("IFRS 13"), was issued by the IASB on May 12, 2011. The new standard converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The company does not expect IFRS 13 will have a material impact on its consolidated financial statements.

In addition, there have been amendments to existing standards, including IAS 27, Separate Financial Statements (IAS 27), and IAS 28, Investments in Associates and Joint Ventures (IAS 28). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

IAS 1, Presentation of Financial Statements, has been amended to require entities to separate items presented in OCI into two groups, based on whether or not items may be classified in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The amendment is effective for annual periods beginning on or after July 1, 2012 with earlier application permitted.

## 4. EXPLORATON AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its exploration and evaluation assets are in good standing.

**Porcupine property**

The Company entered into an option agreement ("Agreement") to acquire up to an 85% interest in several mineral claims comprising the Porcupine property in New Brunswick, Canada. The Agreement constituted the Company's Qualifying Transaction. Under the terms of the Agreement, in order to exercise the option to acquire the initial 70% interest, the Company will be required to make, over a three year period, total cash payments of $180,000 ($25,000 paid), issue a total of 850,000 common shares of the Company (150,000 common shares issued with a value of $30,000) and incur exploration expenditures of $1,000,000. The Company can acquire an additional 15% interest upon completion of a positive bankable feasibility study on or before December 31, 2018. The Agreement was subsequently amended the whereby the minimum work expenditure was reduced. During the current year, the Company terminated this option agreement, and accordingly, all related costs are written off to operations.

EXPRESSED IN CANADIAN DOLLARS

## 4. EXPLORATON AND EVALUATION ASSETS (cont'd...)

**Porcupine property** (cont'd…)

| **Porcupine property** | | **Year ended March 31, 2013** | | **Year ended March 31, 2012** |
|---|---|---|---|---|
| Beginning balance | $ | 25,000 | $ | - |
| Acquisition costs | | 30,000 | | |
| Additions, during the period | | - | | |
| Cash payments | | - | | 25,000 |
| Acquisition costs, ending balance | | 55,000 | | 25,000 |
| Deferred exploration costs | | | | |
| Beginning balance | | 10,060 | | |
| Additions, during the year | | | | |
| Geological consulting | | 193,616 | | 10,060 |
| Deferred exploration costs, ending balance | | 203,616 | | 10,060 |
| Write-off during the year | | (258,676) | | - |
| Ending balance | $ | - | $ | 35,060 |

**Mineral property continuity schedule**

| | **Beginning Balance** | **Additional costs** | **Write-off** | **Ending Balance** |
|---|---|---|---|---|
| **Acquisition costs** | 25,000 | 30,000 | - 55,000 | - |
| **Deferred exploration costs** | | | | |
| Assay | - | 15,329 | - 15,329 | - |
| Geological consulting | 10,060 | 76,520 | - 86,580 | - |
| Labour | - | 7,800 | - 7,800 | - |
| Trenching | - | 22,219 | - 22,219 | - |
| Mapping and surveying | - | 33,199 | - 33,199 | - |
| Rental | - | 13,550 | - 13,550 | - |
| Travel and transportation | - | 25,000 | - 25,000 | - |
| | 35,060 | 223,616 | - 258,676 | - |

## 5. SHARE CAPITAL

a) Authorized share capital:

As at June 30, 2013, the authorized share capital of the Company was an unlimited number of common shares without par value. All issued shares are fully paid.

b) Issued share capital:

During the year ended June 30, 2013, the Company completed a non-brokered private placement of 1,417,500 units at $0.20 per unit for gross proceeds of $283,500. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant will entitle the holder thereof to purchase one additional share of the Company at a price of $0.30 per share for a period of up to twelve months from the closing date of the private placement. The Company paid finder's fees of $17,350.

During the year ended March 31, 2012, 200,000 seed common shares were issued at a price of $0.05 per share for total proceeds of $10,000.

The Company issued 3,000,000 common shares from its initial public offering (the "Offering") at $0.10 per share for gross proceeds of $300,000. In connection with the Offering the Company granted the agent an option to acquire an aggregate of 300,000 common shares (agent's options) at an exercise price of $0.10 per share until August 8, 2013. The agent's options were granted with a value of $15,730. The Company paid an administration fee of $10,000, a cash commission of $30,000 and $38,383 in other issuance costs.

At June 30, 2013, 2,445,334 common shares were held in escrow and are released pro-rata to the shareholders. 10% of the escrow shares were issued upon release of the Final Exchange Bulletin in June 2012 and the remainder will be issued in six equal tranches of 15% every six months thereafter for a period of 36 months.

**Stock option plan**

The Company has a stock option plan under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding common shares. The exercise price of each option is based on the market price of the Company's stock at the date of grant. The options can be granted for a term of ten years and vest as determined by the board of directors.

EXPRESSED IN CANADIAN DOLLARS

**5. SHARE CAPITAL** (cont'd…)

As at June 30, 2013, the following options were granted or outstanding.

| | Number of Options | | Weighted Average Exercise Price |
|---|---|---|---|
| Outstanding, March 31, 2013 | 350,000 | | 0.13 |
| Granted | - | | - |
| Expired | - | | - |
| Exercised | - | | - |
| Outstanding, June 30, 2013 | 350,000 | $ | 0.13 |
| Options Exercisable, June 30, 2013 | 350,000 | $ | 0.13 |

| Number of options | | Exercise Price | Expiry Date |
|---|---|---|---|
| 250,000 | $ | 0.10 | August 8, 2016 |
| 100,000 | $ | 0.20 | June 12, 2017 |

EXPRESSED IN CANADIAN DOLLARS

**Agent's Options**

As at June 30, 2013, the following agent's options were granted or outstanding.

| | | | |
|---|---|---|---|
| | Number of Agents' Options | | Weighted Average Exercise Price |
| Outstanding, March 31, 2013 | 117,645 | | 0.10 |
| Granted | | | - |
| Expired | - | | - |
| Exercised | - | | - |
| Outstanding, June 30, 2013 | 117,645 | $ | 0.10 |
| Options Exercisable, June 30, 2013 | 117,645 | $ | 0.10 |

As of June 30, 2013, the Company had 117,645 agent's options outstanding. Each agent's option entitles the holder the right to purchase one common share at a price of $0.10 per common share until August 8, 2013.

**Share Purchase Warrants**

As at June 30, 2013, the following share purchase warrants were outstanding:

| | | | |
|---|---|---|---|
| | Number of Options | | Weighted Average Exercise Price |
| Outstanding, March 31, 2013 | 1,417,500 | | 0.30 |
| Granted | - | | - |
| Expired | (1,417,500) | | 0.30 |
| Exercised | - | | - |
| Outstanding, June 30, 2013 | - | $ | - |
| Options Exercisable, June 30, 2013 | - | $ | - |

As of June 30, 2013, the Company had 1,417,500 share purchase warrants outstanding. Each share purchase warrant entitles the holder the right to purchase one common share at a price of $0.30 per common share until June 11, 2013.

EXPRESSED IN CANADIAN DOLLARS

## 5. SHARE CAPITAL (cont'd…)

The following weighted-average assumptions were used for the Black-Scholes valuation of the stock options and agent's options granted during the period:

| | March 31, 2013 | March 31, 2012 |
|---|---|---|
| Risk-free interest rate | 1.23% | 1.12% |
| Expected life of options | 5 years | 3.36 years |
| Annualized volatility | 96.14% | 100% |
| Dividend rate | 0.00% | 0.00% |

Annualized volatility is estimated by considering historic average share price volatility of the publicly traded shares of comparable entities.

## 6. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity. As at June 30, 2013, the Company's shareholders' equity was $183,327. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

## 6. CAPITAL MANAGEMENT (cont'd…)

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements. There has been no change in the Company's approach to capital management during the year ended March 31, 2013.

## 7. FINANCIAL INSTRUMENTS AND RISK

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;

Level 3 – Inputs that are not based on observable market data.

## 7. FINANCIAL INSTRUMENTS AND RISK (cont'd…)

The fair value of cash is based on level 1 inputs of the fair value hierarchy.

The fair value of the Company's receivables, accounts payable and accrued liabilities approximates their carrying values due to the short-term nature.

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

*Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2013, the Company had a cash balance of $188,169 to settle current liabilities of $4,842.

*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 Company has cash balances and no interest-bearing debt. As of June 30, 2013, the Company held an interest bearing GIC term deposit with a variable interest rate. The interest rate risk on cash is not considered significant.

(b) Foreign currency risk

The Company does not have assets or liabilities in a foreign currency.

(c) Price risk

The Company 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 Company closely monitors commodity prices, and the stock market to determine the appropriate course of action to be taken by the Company.

EXPRESSED IN CANADIAN DOLLARS

## 8. RELATED PARTY TRANSACTIONS

On August 1, 2012, the Company signed a consulting agreement with a Director of the Company, to provide consulting services for a monthly fee of $6,000 for a period of three years.

During the quarter ended June 30, 2013, the Company entered into the following transactions with related parties:

- Paid or accrued rent of $4,500 and management fees of $18,000 to a company controlled by a director of the Company.
- Paid or accrued management fees of $1,450 to the Company's Corporate Secretary.
- Paid or accrued professional fees of $4,500 to the Chief Financial Officer of the Company.

## 9. SEGMENTAL ANAYSIS

The Company operates in one business segment which is the exploration of exploration and evaluation assets and all its operations are in Canada.

## 10. INCOME TAXES

A reconciliatoin of income taxes at statutory rates with the reported taxes as follows:

| | | 2013 | | 2012 |
|---|---|---|---|---|
| Earning (Loss) for the year | $ | (437,673) | $ | (113,757) |
| | | | | |
| Expected income tax (recovery) | $ | (109,000) | $ | (30,000) |
| Permanent difference | | 4,000 | | 5,000 |
| Share issue cost | | (4,000) | | (20,000) |
| Change in unrecognized deductible temporary differences | | 109,000 | | 45,000 |
| **Total income tax expense (recovery)** | $ | - | $ | - |

The Canadian income tax rate declined during the year due to changes in the law that reduced corporate income tax rate in Canada.

Significant components of deductible temporary differences and unused tax losses that have not been recognized on the statements of financial position are as follows:

| | | 2013 | | 2012 | Expiry Date Range |
|---|---|---|---|---|---|
| **Temporary Differences** | | | | | |
| Share issue cost | $ | 61,000 | $ | 63,000 | 2014-2017 |
| Non-capital loses available for future period | | 302,000 | | 121,000 | 2031-2033 |