EXPLOREX RESOURCES INC.

ANNUALFINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

March 31, 2014 and 2013

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Explorex Resources Inc.

We have audited the accompanying financial statements of Explorex Resources Inc., which comprise the statements of financial position as at March 31, 2014 and 2013, and the statements of operations and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Explorex Resources Inc. as at March 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Explorex Resources Inc.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada Chartered Accountants

July 28, 2014

EXPLOREX RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION
Expressed in Canadian Dollars

	March 31, 2014	March 31, 2013
ASSETS		
Current		
Cash	$ 57,253	$ 226,006
Amounts receivable	21,447	28,906
	$ 78,700	$ 254,912
LIABILITES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 47,703	$ 32,753
Shareholders' equity		
Share capital (Note 4)	752,328	752,328
Share-based payments reserve (Note 4)	39,354	39,354
Deficit	(760,685)	(569,523)
	30,997	222,159
	$ 78,700	$ 254,912

Nature and continuance of operations (Note 1)
Subsequent events (Note 9)

Approved and authorized by the Board on July XX, 2014:

"William E. A. Wishart"
William E. A. Wishart, Director

"Gary Schellenberg"
Gary Schellenberg, Director

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

EXPLOREX RESOURCES INC.

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

Expressed in Canadian Dollars

	Year ended March 31, 2014	Year ended March 31, 2013
EXPENSES		
Consulting (Note 7)	$ 22,500	$ 11,644
General office	19,703	27,297
Management fees (Note 7)	72,000	54,540
Professional fees	37,766	43,158
Rent	19,200	19,100
Share-based compensation (Note 4)	-	14,523
Transfer agent and filing fees	17,688	9,432
Travel and automobile	3,276	1,807
Operating expenses	(192,133)	(181,501)
Interest income	971	2,504
Write-off of exploration and evaluation assets (Note 1)	-	(258,676)
	971	(256,172)
Loss and comprehensive loss for the year	$ (191,162)	$ (437,673)
Basic and diluted loss per common share	$ (0.04)	$ (0.10)
Weighted average number of common shares outstanding	4,599,928	4,426,191

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

EXPLOREX RESOURCES INC.

STATEMENTS OF CASH FLOWS

Expressed in Canadian Dollars

	Year Ended March 31, 2014	Year Ended March 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (191,162)	$ (437,673)
Items not affecting cash		
Write-off exploration and evaluation assets	-	258,676
Share-based compensation	-	14,523
Changes in non-cash working capital items		
Receivables	7,459	(18,397)
Prepaid expense	-	25
Accounts payable and accrued liabilities	14,950	426
Cash used in operating activities	(168,753)	(182,420)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation	-	(193,616)
Cash used in investing activities	-	(193,616)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares for cash	-	301,736
Share issuance costs	-	(17,350)
Cash provided by financing activities	-	284,386
Change in cash for the year	(168,753)	(91,650)
Cash, begining of year	226,006	317,656
Cash, end of year	$ 57,253	$ 226,006

There were no significant non-cash investing or financing activities during the years presented.

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

EXPLOREX RESOURCES INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Epressed in Canadian Dollars

	Number of Shares		Share Capital		Share-Based Payments Reserve		Deficit		Total
Balance at March 31, 2012	3,725,000	$	428,387	$	34,386	$	(131,850)	$	330,923
Shares issued for cash	708,750		283,500		-		-		283,500
Share issuance costs	-		(17,350)		-		-		(17,350)
Shares isssued for property	75,000		30,000		-		-		30,000
Exercise of agents'options	91,178		27,791		(9,555)		-		18,236
Share-based compensation	-		-		14,523		-		14,523
Loss for the year	-		-		-		(437,673)		(437,673)
Balance at March 31, 2013	4,599,928		752,328		39,354		(569,523)		222,159
Loss for the year	-		-		-		(191,162)		(191,162)
Balance at March 31, 2014	4,599,928	$	752,328	$	39,354	$	(760,685)	$	30,997

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Explorex Resources Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on January 6, 2011.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 1780-400 Burrard Street, Vancouver, British Columbia, V6C 3A6. The Company does not have any subsidiaries.

During the year ended March 31, 2013 the Company wrote-off all exploration and evaluation expenditures on its Porcupine Property in Canada, and is currently investigating new opportunities for investment ventures.

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 March 31, 2014, the Company had working capital of $30,997, had not yet achieved profitable operations and has an accumulated deficit of $760,685 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 explore new business opportunities, 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'sjudgment and estimates relate to the recoverability of amounts receivable, the determination of environmental obligations and impairment of exploration and evaluation assetsand 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 the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the 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 4) were anti-dilutive for the years ended March 31, 2014 and 2013.

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 directly 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 and its amounts receivable as loans and receivable.

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 liabilitiesas 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

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 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.

i) Accounting standards, interpretations and amendments adopted

As of April 1, 2013, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The Company has adopted the following new and amended standard without any significant effect on its financial statements. The nature and impact of the new standard is described below:

IFRS 13 Fair Value Measurement
IFRS 13 is a comprehensive standard for all fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes additional disclosures regarding fair value measurements. IFRS 13 had no impact on the Company's financial statements.

a) Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

IFRS 9 – Financial Instruments ("IFRS 9")
In November 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The amended standard is effective for annual periods beginning on or after January 1, 2018.

IAS 32 – Financial Instruments: Presentation ("IAS 32")
The IASB amended IAS 32, "Financial Instruments: Presentation" to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of 'currently has a legally enforceable right of set-off';
- the application of simultaneous realization and settlement;
- the offsetting of collateral amounts; and
- the unit of account for applying the offsetting requirements.

The amended standard is effective for annual periods beginning on or after January 1, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

j) Accounting standards issued but not yet effective (continued)

IAS 36 – Impairment of Assets ("IAS 36")

The amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less cost of disposal. The amended standard is effective for annual periods beginning on or after January 1, 2014 and should be applied retrospectively.

4. SHARE CAPITAL

a) Authorized share capital:

As at March 31, 2014, the authorized share capital of the Company was an unlimited number of common shares without par value. All issued shares are fully paid.

Subsequent to the year ended March 31, 2014, the Company consolidated the issued share capital on the basis of two (2) old common shares for one (1) new common share ("the Consolidation"). Outstanding stock options, agent's options and warrants were adjusted by the Consolidation ratio. All common shares and per common share amounts in these financial statements have been retroactively restated to reflect the share consolidation.

b) Issued share capital:

There were no share transactions during the year ended March 31, 2014.

During the year ended March 31, 2013, the Company completed a non-brokered private placement of 708,750 units at $0.40 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 $0.60 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.

At March 31, 2014, 1,030,500 (March 31, 2013–1,717,500) common shares were held in escrow andare released pro-rata to the shareholders. 10% of the escrow shares were issued upon release of the Final Exchange Bulletin in June 2012and the remainder will be releasedin 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 tenyears and vest as determined by the board of directors.

EXPRESSED IN CANADIAN DOLLARS

4. SHARE CAPITAL (cont'd…)

Stock option plan(cont'd…)

As at March 31, 2014, the following options were granted or outstanding.

	Number of Options	Weighted Average Exercise Price
Outstanding, March 31, 2012	125,000	$ 0.20
Granted	50,000	0.40
Expired	-	-
Exercised	-	-
Outstanding, March 31, 2013 and 2014	175,000	0.26
Options Exercisable, March 31, 2014	175,000	$ 0.26

A summary of the Company's options outstanding as at March 31, 2014 is as follows:

Number of Options	Exercise Price	Expiry Date
125,000	$ 0.20	August 8, 2016
50,000	$ 0.40	June 17, 2017

Total expenses arising from share-based compensation transactions recognized during the year ended March 31, 2014 was $Nil (2013 - $14,523).

EXPRESSED IN CANADIAN DOLLARS

4. SHARE CAPITAL (cont'd…)

Agent's Options

As at March 31, 2014, the following agent's options were granted or outstanding.

	Number of Agent's Options		Weighted Average Exercise Price
Outstanding, March 31, 2012	150,000	$	0.20
Exercised	(91,178)		0.20
Outstanding, March 31,2013	58,823		0.20
Expired	(58,823)		(0.20)
Outstanding, March 31, 2014	-	$	-

Share Purchase Warrants

As at March 31, 2014, the following share purchase warrants were outstanding:

	Number of Share Purchase Warrants		Weighted Average Exercise Price
Outstanding, March 31, 2012	-		-
Granted	708,750	$	0.60
Expired	-		-
Exercised	-		-
Outstanding, March 31, 2013	708,750		0.60
Expired	(708,750)		(0.60)
Outstanding, March 31, 2014	-	$	-

EXPRESSED IN CANADIAN DOLLARS

4. 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, 2014	March 31, 2013
Risk-free interest rate	-	1.23%
Expected life of options	-	5 years
Annualized volatility	-	96.14%
Dividend rate	-	0.00%

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

5. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity. As at March 31, 2014, the Company's shareholders' equity was $30,997. 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.

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, 2014.

6. 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.

6. 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 March 31, 2014, the Company had a cash balance of$57,253 to settle current liabilities of $47,703.

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 March 31, 2014, 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 ina 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

7. RELATED PARTY TRANSACTIONS

During the year ended March 31, 2014,the Company entered into the following transactions with related parties:

- Paid or accrued rent of $19,200 (2013 - $19,100), management fees of $72,000 (2013 - $540) and consulting fees of $nil (2013 - $6,000) to a company controlled by a director of the Company.
- Paid or accrued management fees of $nil ($540) to the Company's corporate secretary.
- Paid or accrued professional fees of $19,500 (2013 - $12,000) to the Chief Financial Officer of the Company.
- Paid or accrued director's fees (included in consulting) fees of $nil (2013 - $5,000) to two directors of the Company.
- During the year ended March 31, 2013, the Company issued 100,000 stock options to the former Chief Financial Officer and the Company's Corporate Secretary. Upon the issuance, $14,523 in share-based compensation expense was recorded. During the year ended March 31, 2014, the Company did not issued any stock options.

Commitments – Consulting agreements

On August 1, 2012 and amended on July 11, 2013, the Company has entered into a consulting agreement with a director of the Company for the provision of consulting services at a current cost of $72,000 per annum. The agreement is for a term of five years. Should the Company be subject to a change in control and the consultant terminated without cause, the Company must pay an amount equal to twenty-six months of fees and an additional two months of fees for each additional full year of management completed after the first year of engagement, up to a combined maximum of forty-eight months of management fees.

8. INCOME TAXES

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

		2014		2013
Loss for the year	$	(191,162)	$	(437,673)
Expected income tax (recovery)	$	(50,000)	$	(109,000)
Change in statutory rates and other		(9,000)		(14,000)
Permanent Difference		-		4,000
Share issue cost		-		(4,000)
Change in unrecognized deductible temporary differences		59,000		123,000
Total income tax expense (recovery)	**$**	**-**	**$**	**-**

EXPRESSED IN CANADIAN DOLLARS

8. INCOME TAXES(cont'd…)

The significant components of the Company's deferred tax assets are as follows:

		2014		2013
Deferred Tax Assets				
Exploration and evaluation assets	$	82,000	$	79,000
Canadian elegible capital (CEC)		2,000		-
Share issue costs		11,000		15,000
Non-capital losses		134,000		76,000
		229,000		170,000
Unrecognized deferred tax assets		(229,000)		(170,000)
Net deferred tax assets	**$**	**-**	**$**	**-**

The significant components of the Company's deductible temporary differences and unused tax losses that have not been recognized in the statements of financail position are as follows:

		2014	Expiry Date Range		2013	Expiry Date Range
Temporary Differences						
Exploration and evaluation assets	$	259,000	No expiry date	$	259,000	No expiry date
Investment tax credit		20,000	2031 to 2032		20,000	2031 to 2032
Canadian eligible capital (CEC)		6,000	No expiry date		-	No expiry date
Share issue costs		42,000	2017 to 2018		61,000	2017 to 2018
Non-capital losses available for future period		514,000	2031 to 2034		302,000	2031 to 2033

9. SUBSEQUENT EVENTS

a) On July 17, 2014, the Company completed a non-brokered private placement of 2,100,000 units at $0.055 per unit for gross proceeds of $115,500. Each unit consist 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 $0.075 per share for a period of up to five years from the closing date of the private placement.

b) On July 17, 2014, the Companyhas granted options to purchase 300,000 shares to certain officers, consultants and directors of the company. The options shall be exercisable at a price of $0.10 per share and shall have a term of two years.