GTO RESOURCES INC.

Financial Statements

For the Years Ended April 30, 2013 and 2012

(Expressed in Canadian dollars)

SATURNA GROUP
CHARTERED ACCOUNTANTS LLP
1066 West Hastings Street, Suite 1250
Vancouver, BC Canada V6E 3X1

INDEPENDENT AUDITORS' REPORT

To the Shareholders of GTO Resources Inc.

We have audited the accompanying financial statements of GTO Resources Inc., which comprise the statements of financial position as at April 30, 2013 and 2012 and the statements of comprehensive loss, changes in equity, and cash flows for the year ended April 30, 2013 and for the period from May 10, 2011 (date of inception) to April 30, 2012, and the related notes comprising 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also involves evaluating the appropriateness of the 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 GTO Resources Inc. as at April 30, 2013 and 2012 and its financial performance and its cash flows for the year ended April 30, 2013 and for the period from May 10, 2011 (date of inception) to April 30, 2012, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 of the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of GTO Resources Inc. to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Saturna Group LLP

Saturna Group Chartered Accountants LLP

Vancouver, Canada

August 27, 2013

GTO RESOURCES INC.
Statements of financial position
(Expressed in Canadian dollars)

	April 30, 2013 $	April 30, 2012 $
Assets		
Current assets		
Cash and cash equivalents	251,834	644,876
Amounts receivable	10,355	14,716
Prepaid expenses	–	5,000
Total current assets	262,189	664,592
Non-current assets		
Exploration and evaluation assets (Note 3)	493,289	440,841
Total assets	755,478	1,105,433
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	14,109	44,701
Convertible loan payable, net of unamortized discount of $25,838 (2012 - $nil) (Note 4)	490,754	–
Total current liabilities	504,863	44,701
Convertible loan payable, net of unamortized discount of $nil (2012 - $136,445) (Note 4)	–	563,555
Total liabilities	504,863	608,256
Shareholders' equity		
Share capital	324,386	324,386
Share-based payment reserve	168,294	168,294
Equity component of convertible debt	213,889	213,889
Deficit	(455,954)	(209,392)
Total shareholders' equity	250,615	497,177
Total liabilities and shareholders' equity	755,478	1,105,433

Nature of operations and going concern (Note 1)
Subsequent event (Note 11)

Approved and authorized for issue by the Board of Directors on August 27, 2013:

/s/ "Thomas Tough"	*/s/ "Glen Macdonald"*
Thomas Tough, Director	Glen MacDonald, Director

(The accompanying notes are an integral part of these financial statements)

GTO RESOURCES INC.
Statements of comprehensive loss
(Expressed in Canadian dollars)

	Year ended April 30, 2013 $	Period from May 10, 2011 (date of inception) to April 30, 2012 $
Revenue	–	–
Expenses		
General and administrative	15,635	4,927
Management fees (Note 5)	45,000	26,250
Professional fees (Note 5)	27,281	19,502
Transfer agent and filing fees	16,760	47,767
Total expenses	104,676	98,446
Loss before other expenses	(104,676)	(98,446)
Other expenses		
Accretion of discount on convertible loan payable	(110,607)	(77,444)
Interest expense	(31,279)	(33,502)
Total other expenses	(141,886)	(110,946)
Net loss and comprehensive loss for the period	(246,562)	(209,392)
Basic and diluted loss per share	(0.01)	(0.01)
Weighted average shares outstanding	23,801,907	17,885,759

(The accompanying notes are an integral part of these financial statements)

GTO RESOURCES INC.
Statements of changes in equity
(Expressed in Canadian dollars)

	Share capital		Share-based payment reserve	Equity component of convertible debt	Deficit	Total shareholders' equity
	Number of shares	Amount $	$	$	$	$
Balance, May 10, 2011 (date of inception)	–	–	–	–	–	–
Fair value of shares issued pursuant to the Plan of Arrangement	22,201,907	228,386	–	–	–	228,386
Fair value of warrants issued pursuant to the Plan of Arrangement	–	–	168,294	–	–	168,294
Shares issued for private placement	1,600,000	96,000	–	–	–	96,000
Equity component of convertible loan payable	–	–	–	213,889	–	213,889
Net loss for the period	–	–	–	–	(209,392)	(209,392)
Balance, April 30, 2012	23,801,907	324,386	168,294	213,889	(209,392)	497,177
Net loss for the year	–	–	–	–	(246,562)	(246,562)
Balance, April 30, 2013	23,801,907	324,386	168,294	213,889	(455,954)	250,615

(The accompanying notes are an integral part of these financial statements)

GTO RESOURCES INC.
Statements of cash flows
(Expressed in Canadian dollars)

	Year ended April 30, 2013 $	Period from May 10, 2011 (date of inception) to April 30, 2012 $
Operating activities		
Net loss for the period	(246,562)	(209,392)
Items not involving cash:		
Accretion of discount on convertible loan payable	110,607	77,444
Changes in non-cash working capital items:		
Amounts receivable	4,361	(14,716)
Prepaid expenses	5,000	(5,000)
Accounts payable and accrued liabilities	(30,592)	44,701
Net cash used in operating activities	(157,186)	(106,963)
Investing activities		
Exploration and evaluation asset expenditures	(52,448)	(44,161)
Net cash used in investing activities	(52,448)	(44,161)
Financing activities		
Proceeds from convertible loan payable	–	700,000
Proceeds from issuance of share capital	–	96,000
Repayment of convertible loan payable	(183,408)	–
Net cash provided by (used in) financing activities	(183,408)	796,000
Increase (decrease) in cash and cash equivalents	(393,042)	644,876
Cash and cash equivalents, beginning of period	644,876	–
Cash and cash equivalents, end of period	251,834	644,876
Cash and cash equivalents consist of:		
Cash	11,834	144,876
Cashable guaranteed investment certificate	240,000	500,000
Total cash and cash equivalents	251,834	644,876
Non-cash investing and financing activities:		
Common shares issued to acquire exploration and evaluation assets through a Plan of Arrangement	–	228,386
Share purchase warrants issued to acquire exploration and evaluation assets through a Plan of Arrangement	–	168,294
Supplemental disclosures:		
Interest paid	69,092	–
Income taxes paid	–	–

(The accompanying notes are an integral part of these financial statements)

1. Nature of Operations and Going Concern

GTO Resources Inc. (the "Company") was incorporated on May 10, 2011 under the Business Corporations Act (British Columbia). Pursuant to an arrangement agreement between Firebird Resources Inc. ("Firebird") and the Company dated May 12, 2011, the Company acquired all of Firebird's interest in the Robert Creelman Property and the Hyman Porter Property located in Ontario, in exchange for common shares of the Company (the "Arrangement"). Pursuant to the terms of the agreement dated July 27, 2011, being the effective date of the Arrangement, each Firebird shareholder received one new common share in the capital of Firebird and one half of a common share of the Company for each Firebird common share then held. Pursuant to the Arrangement, each whole warrant issued has (i) an exercise price equal to the existing exercise price of the Firebird warrants exchanged, and (ii) a term equal to the term remaining on the Firebird warrants exchanged. The common shares of the Company commenced trading on the TSX Venture Exchange under the stock symbol "GTR" effective July 28, 2011.

The Company's registered office is located at Suite 1000, 925 West Georgia Street, Vancouver, BC, V6C 3L2.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at April 30, 2013, the Company had an accumulated deficit of $455,954, a working capital deficit of $242,674, and has no source of revenue. The continued operations of the Company are dependent on its ability to generate future cash flows and/or obtain additional financing. Management is of the opinion that it has sufficient working capital to meet the Company's liabilities and commitments as they become due. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Statement of Compliance

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

(b) Basis of Presentation

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(c) Use of Estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the impairment of exploration and evaluation assets, equity component of convertible loan payable, measurement of share-based payments, and deferred income tax asset valuation allowances. There are no judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following years.

2. Significant Accounting Policies (continued)

(d) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in fair value to be cash equivalents.

(e) Exploration and Evaluation Expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are charged to operations.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

All capitalized exploration and evaluation expenditure is assessed for impairment for each reporting period and is impaired if facts and circumstances indicate that impairment may exist. In circumstances where a property is abandoned, the cumulative capitalized costs relating to the property are written off in the period.

Mineral Property Options

The Company does not record any expenditures made by the optionee in its accounts. It also does not recognize any gain or loss on its exploration and evaluation option arrangements but re-designates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the optionee is credited against costs previously capitalized.

(f) Reclamation and Remediation Provisions

The Company recognizes the fair value of a decommissioning and restoration liability in the year which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the decommissioning and restoration liability due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

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2. Significant Accounting Policies (continued)

(g) Impairment of Non-Current Assets

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there are any indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. The recoverable amount is determined as the higher of fair value less direct costs to sell and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. Estimated future cash flows are calculated using estimated recoverable reserves, estimated future commodity prices and the expected future operating and capital costs. The pre-tax discount rate applied to the estimated future cash flows reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount through an impairment charge to the statement of income.

Assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed. When an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation, depletion and amortization) had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of impairment is recognized as a gain in the statement of income.

(h) Financial Instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

2. Significant Accounting Policies (continued)

(h) Financial Instruments (continued)

(i) Non-derivative financial assets (continued)

Financial assets at fair value through profit or loss (continued)

Financial assets classified as fair value through profit or loss is stated at fair value with any gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. Cash and cash equivalents are classified as fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. The Company does not have any available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. 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. Loans and receivables are comprised of amounts receivable.

Impairment of financial assets

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to profit or loss in the period. 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 marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

2. Significant Accounting Policies (continued)

(h) Financial Instruments (continued)

(i) Non-derivative financial assets (continued)

Impairment of financial assets (continued)

For certain categories of financial assets, such as amounts receivable, 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 amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount 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.

With the exception of available-for-sale equity instruments, 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. In respect of available-for-sale equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

(ii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities, and convertible loan payable.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(iii) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

2. Significant Accounting Policies (continued)

(i) Foreign Currency Translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in profit or loss.

(j) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(k) Flow-through Shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the deferred income tax liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

(l) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at April 30, 2013, the Company had 20,204,597 (2012 – 22,304,224) potential dilutive shares outstanding.

2. Significant Accounting Policies (continued)

(m) Convertible Loans

The Company classifies the proceeds received from convertible loans into their liability and equity components using the residual value approach. Under the residual value approach, the initial carrying amount of the liability component is determined by the net present value of future cash flows, and the remaining portion is allocated to the equity component.

(n) Comprehensive Loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in profit or loss. The Company does not have items representing comprehensive income or loss.

(o) Stock-based Compensation

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled, share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

The fair value of the options is measured at the grant date using the Black-Scholes option pricing model. The fair value is recognized as an expense over the vesting period, which is the period over which all of the specified vesting conditions are satisfied with a corresponding increase in equity. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period. Non-market vesting conditions are considered in making assumptions about the number of awards that are expected to vest. When the options are exercised, any proceeds received are credited to share capital along with the amount reflected in share-based payment reserve.

(p) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended April 30, 2013, and have not been applied in preparing these financial statements.

New standard IFRS 9, "Financial Instruments"

New standard IFRS 10, "Consolidated Financial Statements" and IFRS 12 "Disclosure of interests in Other Entities"

New standard IFRS 11, "Joint Arrangements"

New standard IFRS 13, "Fair Value Measurement"

Amendments to IAS 1, "Presentation of Financial Statements"

Interpretation 20 "Stripping Costs in the Production Phase of a Surface Mine"

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(p) Accounting Standards Issued But Not Yet Effective (continued)

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. Exploration and Evaluation Assets

	Hyman Porter Property, Ontario $	Roberts Creelman Property, Ontario $	Total $
Acquisition costs:			
Balance, May 10, 2011 (date of inception)	–	–	–
Additions	206,892	206,892	413,784
Balance, April 30, 2012	206,892	206,892	413,784
Additions	12,000	–	12,000
Balance, April 30, 2013	218,892	206,892	425,784
Exploration costs:			
Balance, May 10, 2011 (date of inception)	–	–	–
Geological consulting	5,874	21,183	27,057
Balance, April 30, 2012	5,874	21,183	27,057
Geological consulting	35,827	4,621	40,448
Balance, April 30, 2013	41,701	25,804	67,505
Carrying Amounts:			
Balance, April 30, 2012	212,766	228,075	440,841
Balance, April 30, 2013	260,593	232,696	493,289

On July 27, 2011, the Company acquired a 100% interest in 34 claim units located in the Roberts and Creelman Townships ("RCU") and a 100% interest in 70 claim units located in the Hyman and Porter Townships ("HPU") of Sudbury, Ontario in a Plan of Arrangement with Firebird for 22,201,907 common shares of the Company with a fair value of $228,386 and issuance of 18,238,250 share purchase warrants with a fair value of $168,294.

The Company is obligated to pay the optionor minimum royalties of $12,000 per annum, and upon commencement of commercial production in RCU or HPU, the Company will pay a royalty payment of $0.20 per pound of uranium produced and sold. The Company has an option to purchase and cancel the royalty payment at any time in exchange for $1,200,000.

In July 2011, the Company signed an option agreement with Jonpol Minerals Inc. ("Jonpol"), a non-related party, for a 50% working interest in HPU in exchange for a cash payment of $25,000 by December 31, 2011, $50,000 by December 31, 2012, and $50,000 by December 31, 2013 as well as incur minimum exploration expenditures of $50,000 by December 31, 2011, $100,000 by December 31, 2012, and $100,000 by December 31, 2013. Jonpol may elect to issue common shares to the Company in lieu of the cash payments. Subsequent to year end, the Company terminated the option agreement due to Jonpol not meeting the terms of the agreement.

4. Convertible Loan Payable

On July 18, 2011, the Company entered into a loan agreement with Firebird for $700,000. Under the terms of the loan, the amount is unsecured, bears interest at Royal Bank of Canada prime rate plus 3% per annum, and was due on July 18, 2013. Refer to Note 11. In addition, the Company has the right, at any time during the term of the loan, to convert the loan into common shares of the Company using a weighted average closing price of the first ten trading days following listing of the common shares, subject to a minimum conversion price of $0.10 per share. The Company commenced trading on the TSX Venture Exchange on August 18, 2011, and the conversion price was determined to be $0.18 per share.

The convertible loan was recorded using the residual method where the loan has been bifurcated into a debt component and equity component comprised of the convertible feature embedded within the liability. The value of the liability component, at the time of issuance, was determined to be $486,111 using a net present value calculation assuming a discount rate of 20% per annum. As a result, the value of the equity component was $213,889 which was recorded as equity and an equivalent discount on the loan payable which will be accreted to the face value of $700,000 over the term of the loan.

During the year ended April 30, 2013, the Company repaid $183,408 of principal payments and $69,092 of interest payments on the loan. During the year ended April 30, 2013, the Company recorded accretion expense of $110,607, leaving a carrying value of $490,754 as at April 30, 2013.

5. Related Party Transactions

(a) During the year ended April 30, 2013, the amount of $15,000 (2012 - $8,750) was incurred to a company controlled by the Chief Financial Officer of the Company for professional fees.

(b) During the year ended April 30, 2013, the amount of $45,000 (2012 - $26,250) was incurred to a company controlled by the Chief Financial Officer of the Company for management fees.

6. Share Capital

Authorized: Unlimited number of voting common shares
Unlimited number of preferred shares

(a) On July 27, 2011, the Company issued 22,201,907 common shares with a fair value of $228,386 to the shareholders of Firebird in exchange for mineral properties pursuant to the Arrangement.

(b) On December 30, 2011, the Company issued 1,600,000 flow-through common shares at $0.06 per share for proceeds of $96,000. The Company determined that there was no flow-through share premium.

(Expressed in Canadian dollars)

7. Share Purchase Warrants

On July 27, 2011, the Company issued 18,238,250 share purchase warrants with a fair value of $168,294 as part of the Arrangement with Firebird for the acquisition of the RCU and HPU properties.

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price $
Balance, May 10, 2011 (date of inception)	–	–
Issued pursuant to Arrangement	18,238,250	0.11
Balance, April 30, 2012	18,238,250	0.11
Expired	(913,250)	1.00
Balance, April 30, 2013	17,325,000	0.06

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

Number of warrants outstanding	Exercise Price $	Expiry date
1,200,000	0.25	September 25, 2014
11,000,000	0.05	November 13, 2014
5,125,000	0.05	January 8, 2015
17,325,000		

The weighted average fair value of stock options granted was $nil (2012 - $0.009) per option. The fair values for the stock options vested during the period was $nil (2012 - $168,294) using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	2013	2012
Risk-free interest rate	–	1.75%
Expected life (in years)	–	3.24
Expected volatility	–	180%

8. Financial Instruments

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at April 30, 2013 as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, April 30, 2013 $
Cash and cash equivalents	251,834	–	–	251,834

8. Financial Instruments (continued)

(a) Fair Values (continued)

The fair values of other financial instruments, which include amounts receivable, accounts payable and accrued liabilities, and convertible loan payable approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents and amounts receivable. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. Amounts receivable consists of GST/HST receivable which is due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

The Company does not have any significant foreign exchange rate risk.

(d) Interest Rate Risk

The Company does not have any significant interest rate risk.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

9. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity comprised of issued share capital, share-based payment reserve, equity component of convertible debt, and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the period ended April 30, 2012.

(Expressed in Canadian dollars)

10. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred tax assets and liabilities, are as follows:

	2013 $	2012 $
Canadian statutory income tax rate	25.08%	26.00%
Income tax recovery at statutory rate	(61,838)	(54,442)
Tax effect of:		
Permanent differences and other	30,676	20,148
Change in enacted tax rates	(1,143)	1,319
True up of prior differences	(1,319)	–
Change in valuation allowance	33,624	32,975
Income tax provision	–	–

The significant components of deferred income tax assets and liabilities are as follows:

	2013 $	2012 $
Deferred income tax assets:		
Non-capital losses carried forward	66,599	32,975
Valuation allowance	(66,599)	(32,975)
Net deferred income tax asset	–	–

As at April 30, 2013, the Company has non-capital losses carried forward of approximately $256,152, which are available to offset future years' taxable income. These losses expire as follows:

	$
2032	131,901
2033	124,251
	256,152

The Company also has available resource related expenditure pools totaling $324,995 which may be deducted against future taxable income on a discretionary basis.

11. Subsequent Event

On July 15, 2013, the Company extended the maturity date of the convertible loan payable from July 18, 2013 to September 1, 2013.