REDSTAR GOLD CORP.
(An Exploration Stage Company)

Condensed Consolidated Interim Financial Statements

June 30, 2014

(Unaudited - Expressed in Canadian Dollars)

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor

REDSTAR GOLD CORP.
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Financial Position
(Unaudited and Expressed in Canadian Dollars)

	June 30, 2014 $	March 31, 2014 $
Assets		
Current assets		
Cash and cash equivalents	3,008,604	30,198
Marketable securities	49,232	61,542
Accounts receivable	7,155	7,378
Prepaid expenses and advances	60,326	58,558
	3,125,316	157,676
Non-current assets		
Deposit	7,428	7,428
Exploration and evaluation assets	6,928,967	6,904,228
Property, plant and equipment	21,464	23,050
	6,957,859	6,934,706
	10,083,176	7,092,382
Liabilities and Shareholders' Equity (Deficit)		
Current liabilities		
Accounts payable and accrued liabilities	80,037	105,849
Due to related parties	35,561	105,246
	115,598	211,095
Shareholders' Equity (Deficit)		
Share capital	21,946,542	19,665,089
Warrants	1,757,452	794,985
Contributed surplus	2,550,205	2,525,585
Accumulated other comprehensive income	(91,392)	(77,542)
Deficit	(16,195,229)	(16,026,830)
	9,967,579	6,881,287
	10,083,176	7,092,382

Nature of Operations (Note 1)

Approved and authorized for issuance by the Board of Directors:

"Ken Booth"	*"Jacques Vaillancourt"*
Ken Booth, Director	Jacques Vaillancourt, Director

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

REDSTAR GOLD CORP.
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
(Unaudited and Expressed in Canadian Dollars)

	For the Three Months Ended June 30	
	2014	**2013**
	$	$
Expenses		
Amortization	1,587	2,128
Consulting	39,868	90,760
Contract wages	20,274	84,748
Insurance	10,119	11,056
Investor relations	7,143	34,067
Office operations	2,348	7,994
Audit and legal	8,947	25,209
Regulatory fees	17,565	910
Rent	22,956	31,570
Share-based payments	24,619	60,024
Telephone	1,431	1,149
Transfer agent	1,587	1,154
Travel and promotion	24,186	10,935
	182,630	361,704
Other Expenses (Income)		
Interest (income)	(4,103)	-
Loss (gain) on sale of marketable securities	(1,539)	(1,112)
Loss on foreign exchange	(8,589)	(254)
	(14,231)	(1,366)
Loss Before Income Tax	168,399	360,338
Future income tax (recovery)	-	1,328
Net Loss	**168,399**	**361,666**
Other Comprehensive Loss (Income)		
Unrealized (gain) loss on available-for-sale securities	(13,850)	(9,298)
Comprehensive Loss	**154,549**	**352,368**
Basic Loss per Share	0.00	0.02
Weighted Average Number of Common Shares	146,149,888	73,599,677

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

REDSTAR GOLD CORP.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited and Expressed in Canadian Dollars)

	Share Capital						
	Number	Amount	Warrants	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Shareholders' Equity (Deficit)
	#	$	$	$	$	$	$
Balance, March 31, 2013	**73,436,215**	**17,350,695**	**73,935**	**2,284,009**	**(46,339)**	**(14,647,730)**	**5,014,569**
Net loss for the period	-	-	-	-	-	(361,666)	(361,666)
Issued for mineral property interests	375,000	27,500	-	-	-	-	27,500
Share-based payments expense	-	-	-	60,024	-	-	60,024
Unrealized gain (loss) on available-for-sale securities, net of future income taxes	-	-	-	-	-	9,298	9,298
Balance, June 30, 2013	**73,811,215**	**17,378,195**	**73,935**	**2,344,033**	**(46,339)**	**(15,000,098)**	**4,749,726**
Net loss for the period	-	-	-	-	-	(1,017,434)	(1,017,434)
Issued for cash, net of share issuance costs	39,383,363	1,347,857	721,050	-	-	-	2,068,907
Issued to finders	139,080	7,649	-				7,649
Issued for mineral property interests	125,000	12,500	-	-	-	-	12,500
Issued for debt	11,486,102	918,888					918,888
Share-based payments expense	-	-	-	181,552	-	-	181,552
Unrealized gain (loss) on available-for-sale securities, net of future income taxes	-	-	-	-	(31,203)	(9,298)	(40,501)
Balance, March 31, 2014	**124,944,760**	**19,665,089**	**794,985**	**2,525,585**	**(77,542)**	**(16,026,830)**	**6,881,287**
Net loss for the period	-	-	-	-	-	(168,399)	(168,399)
Issued on exercise of stock options	-	-	-	-	-	-	-
Issued for cash (net of issuance costs)	55,133,333	2,281,454	-	-	-	-	2,281,454
Fair value of warrants	-	-	962,467	-	-	-	962,467
Share-based payments expense	-	-	-	24,619	-	-	24,619
Unrealized gain (loss) on available-for-sale securities, net of future income taxes	-	-	-	-	(13,850)	-	(13,850)
Balance, June 30, 2014	**180,078,093**	**21,946,542**	**1,757,452**	**2,550,205**	**(91,392)**	**(16,195,229)**	**9,967,578**

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

REDSTAR GOLD CORP.
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited and Expressed in Canadian Dollars)

	For the Three Months Ended June 30	
	2014	**2013**
	$	$
Operating Activities		
Net loss	(168,399)	(361,666)
Items not involving cash		
Amortization	1,587	2,128
Share-based payments	24,619	60,024
Loss (gain) on sale of marketable securities	(1,539)	(1,112)
Future income tax (recovery)	-	1,328
	(143,732)	(299,298)
Changes in non-cash working capital		
Accounts receivable	223	9,872
Prepaid expenses and advances	(1,768)	8,708
Accounts payable and accrued liabilities	(25,812)	152,423
Due to related parties	(69,685)	116,126
	(97,042)	287,129
Cash used in operating activities	**(240,775)**	**(12,169)**
Investing Activities		
Acquisition of exploration and evaluation assets	(12,188)	(13,821)
Exploration and evaluation assets expenditures	(12,551)	(28,484)
Proceeds from sale of marketable securities	-	7,034
Cash used in investing activities	**(24,739)**	**(35,271)**
Financing Activities		
Issuance of shares, net of share issuance costs	3,243,920	-
Cash provided by financing activities	**3,243,920**	**-**
Increase (decrease) in cash and cash equivalents	2,978,406	(47,440)
Cash and cash equivalents - beginning of year	30,198	61,027
Cash and cash equivalents - end of year	**3,008,604**	**13,587**
Supplemental Cash Flow Information		
Shares issued for acquisition of exploration and evaluation assets	-	27,500

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

1. Nature of operations

Redstar Gold Corp. (the "Company") is engaged in the acquisition, exploration and development of mineral properties in North America. The Company is incorporated and domiciled in Canada under the *Business Corporations Act (British Columbia)*, and its registered office is Suite 1710, 1177 West Hastings Street, Vancouver, BC V6E 2L3.

These consolidated financial statements have been prepared in accordance with accounting principles on a going concern basis, which contemplates the realization of assets and discharge of liabilities at their carrying values in the normal course of business for the foreseeable future. The consolidated financial statements do not include any adjustments to the classification and amounts of assets and liabilities that may be required should the Company be unable to continue as a going concern.

As at June 30, 2014 the Company has working capital of $3,009,718 (March 31, 2014: working capital deficit $53,419) and has accumulated losses since inception. The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate the acquisition of, participation in or interest in new properties, assets or business opportunities, and raise additional funds by way of equity financings. Any acquisition may be subject to shareholder and regulatory approval and obtaining the necessary financing. Should the Company be unable to complete such a transaction, its ability to raise sufficient financing to maintain operations may be impaired. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing in the future.

2. Basis of preparation, consolidation, and compliance

These consolidated financial statements:

- have, including comparatives, been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and they should be read in conjunction with the annual consolidated financial statements for the year ended March 31, 2014 and the notes thereto;
- incorporate the financial statements of the Company and its wholly-owned integrated subsidiaries, Redstar Gold USA Inc. and Redstar Gold (Alaska) Inc. All significant intercompany transactions have been eliminated;
- have been prepared on a historical basis, are presented in Canadian dollars, and were approved for issuance by the Board of Directors on August 27, 2014.

3. Summary of significant accounting policies

The financial statements have been prepared using the historical cost basis, except for financial instruments which are stated at fair value.

(a) Use of estimates and judgment

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The 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 if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical judgments exercised in the application of accounting policies and estimates having the most significant effects on the amounts recognized in these financial statements include:

Economic recoverability and profitability of future economic benefits of exploration and evaluation assets – Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits, including geological and other technical information, a history of conversion of mineral deposits with similar characteristics to its properties, evaluation of permitting and environmental issues and other such factors.

Valuation of share-based payments, agent compensation and finders' warrants – The Company uses the Black-Scholes Pricing Model for valuation of share-based payments, agent compensation and finders' warrants, which requires the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's results and equity reserves.

Income taxes – In assessing the probability of realizing deferred tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax position taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operation and cash flows.

(b) Functional and presentation currency
The Company's functional and presentation currency is the Canadian dollar.

(c) Cash
Cash consists of cash on hand and demand deposits that are subject to an insignificant risk of change in value.

(d) Exploration and evaluation assets ("E&E")
Once the legal right to explore a property has been obtained, costs directly related to E&E expenditures are recognized and capitalized, in addition to the acquisition costs, net of recoveries, on a property-by-property basis. These direct expenditures include such costs as materials used, surveying costs, drilling costs and payments made to contractors during the exploration phase. Costs not directly attributable to E&E activities, including general administrative overhead costs, are expensed in the period in which they occur.

From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments and government assistance are recorded as property costs or recoveries when the payments are made or received.

If economically recoverable ore reserves are developed, capitalized costs of the related property will be reclassified as mining assets and will be amortized using the unit-of-production method. When a property is deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of the project are deemed to be impaired. As a result those E&E costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses E&E assets for impairment at each statement of financial position date or whenever facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. A cash-generating unit is the smallest identifiable group of E&E assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Although the Company has taken steps to verify title to the properties in which it has an interest in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee that title to the properties will not be challenged or impugned. Property title may be affected by undetected defects, be subject to unregistered prior agreements, transfers or land claims, or be non-compliant with regulatory requirements.

(e) Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest.

The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the properties may be diminished or negated.

(f) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(g) Financial instruments

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

I. Financial assets

Financial assets are classified into one of the following categories. The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

(i) Fair value through profit or loss ("FVTPL")
Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL.

A financial asset is classified as FVTPL if:

- it has been acquired principally for the purpose of selling in the near future;
- 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
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset.

(ii) Available-for-sale investments ("AFS")
Short-term investments and other assets held not otherwise designated, are classified as AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognized in other comprehensive loss. Impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, are recognized directly in profit or loss. When an investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in other comprehensive loss is included in profit or loss for the period. The Company does not have any assets classified as AFS financial assets.

(iii) Loans and receivables
Trade receivables, loans and other receivables that have fixed or

determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at year-end. Bad debts are written off during the reporting period in which they are identified. Interest income is recognized by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

(iv) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the bad debt account. Subsequent recoveries of amounts previously written off are credited against the bad debt account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

II. Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include trade accounts payable, other payables, advances from non-controlling interest, deferred credits and loans.

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise trade payables and accrued liabilities. The liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

(h) Income taxes

The Company uses the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(i) Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and non-employees. The Board of Directors grants such options for periods of up to ten years, with vesting periods determined at its discretion and at prices not less than the closing market price on the grant date.

The fair value of the options is measured, using the Black-Scholes option pricing model, and is recognized over the period that the options are earned. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number at options that vest. For directors and employees, the fair value of the options is measured at the date of grant. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Upon expiry, the recorded value is transferred to deficit.

(j) Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the period. The dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to re-purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of conversions or exercise of options and warrants if they would be anti-dilutive.

Shares subject to escrow restrictions are excluded from the weighted average number of common shares unless their release is subject only to the passage of time.

(Expressed in Canadian Dollars)

(k) Segmented information

The Company has one operating segment, mineral exploration and development, and operates in two geographical segments, being Canada and the United States.

(l) Adoption of new IFRS pronouncements

The Company has adopted the following new IFRS pronouncements:

- IAS 32 "Financial Instruments: Presentation" is effective for annual periods beginning on or after January 1, 2014.
- IAS 36, "Impairment of Assets" is effective for annual periods beginning on or after January 1, 2014.
- IFRIC 21, "Levies" is effective for annual periods beginning on or after January 1, 2014.

The Company has evaluated the impact of this standard on its financial statements, and believes it has no impact on the statements of financial position or results of operations.

(m) New accounting standards not yet adopted

- IFRS 9, "Financial Instruments: Classification and Measurement" is effective for annual periods beginning on or after January 1, 2018.

The Company is currently evaluating the impact of any new and amended standards on its financial statements. The impact is not expected to have a material impact on the statements of financial position or results of operations.

(n) Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

4. Financial instruments

The Company has classified its cash and cash equivalents as FVTPL; marketable securities, accounts receivable (excluding tax arrangements) and prepaid expenses and advances as loans and receivables; and accounts payable and accrued liabilities and due to related parties as other financial liabilities.

The carrying values of cash and cash equivalents, marketable securities, accounts receivables and prepaid expenses and advances, and accounts payable and accrued liabilities and due to related parties approximate their fair values due to the short-term maturity of these financial instruments.

The Company's financial instruments (net of accruals) as at June 30, 2014 and March 31, 2014 are as follows:

	June 30, 2014	**March 31, 2014**
	$	$
Cash and cash equivalents	3,008,604	30,198
Marketable securities	49,232	61,542
Accounts receivable	7,155	7,378
Prepaid expenses and advances	60,326	58,558
	3,125,316	**157,676**

The Company is required to disclose the inputs used in fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

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

The Company has determined that no adjustments are currently required for transaction costs related to the acquisition of financial assets and financial liabilities that are classified as other than held-for-trading.

	June 30, 2014	**March 31, 2014**
	$	$
Accounts payable and accrued liabilities	80,037	105,849
Due to related parties	35,561	105,246
	115,598	**211,095**

5. Financial risk management

(a) Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk with respect to its cash and receivables, other than Goods and Services Tax ("GST"). The maximum exposure to loss arising from accounts receivable is equal to their carrying amounts.

The Company manages credit risk with respect to its cash by maintaining demand deposits with a major Canadian financial institution; however, this exposes the Company's cash to concentration of credit risk as all amounts are held at a single institution.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company is exposed to liquidity risk.

(c) Market risk

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

(i) Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to foreign currency risk as its monetary assets and liabilities are denominated in Canadian dollars.

(Expressed in Canadian Dollars)

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to other price risk.

There were no changes in the Company's approach to managing the above risks.

6. Marketable securities

At June 30, 2014 and March 31, 2014, the Company held marketable securities as follows:

June 30, 2014	Shares \#	Cost $	Accumulated Unrealized Gain (Loss) $	Total $
Central Resources Corp.(after consol of 3:1)	33,333	30,000	(29,000)	1,000
Confederation Minerals Ltd.	150,000	33,750	(22,500)	11,250
True Grit Resources Ltd.	540,000	70,400	(38,000)	32,400
Brocade Metals Corp.	320,000	4	-	4
Magna Resources Ltd.	57,219	5,722	(1,144)	4,578
		139,876	**(90,644)**	**49,232**

March 31, 2014	Shares \#	Cost $	Accumulated Unrealized Gain (Loss) $	Total $
Central Resources Corp.(after consol of 3:1)	33,333	30,000	(29,000)	1,000
Confederation Minerals Ltd.	150,000	33,750	(15,750)	18,000
True Grit Resources Ltd.	540,000	70,400	(35,300)	35,100
Brocade Metals Corp.	320,000	4	-	4
Magna Resources Ltd.	57,219	5,722	1,716	7,438
		139,876	**(78,334)**	**61,542**

During the period ended June 30, 2014, the Company recognized an unrealized loss on securities held of $13,580 (March 31, 2014: unrealized gain on securities held of $31,203), which is included in other comprehensive loss (income).

7. Exploration and evaluation assets

The Company has interests in mineral properties, the details of which follow for the period ended June 30, 2014 and the year ended March 31, 2014:

Property	Balance - March 31, 2014 $	Acquisition costs $	Acquisition costs recovered $	Exploration expenditures $	Exploration expenditures recovered $	Mineral property costs written off $	Balance - June 30, 2014 $
Newman Todd	**1,384,839**	-	-	6,000	-	-	**1,390,839**
Nevada General	**(41,407)**	-	-	2,675	-	-	**(38,732)**
Painted Hills	**44,122**	-	-	165	-	-	**44,287**
Richmond Summit	**39,622**	-	-	119	-	-	**39,741**
Root Spring	**(19,215)**	-	-	-	-	-	**(19,215)**
Cooks Creek	**58,483**	-	-	-	-	-	**58,483**
Oasis	**60,966**	-	-	119	-	-	**61,085**
Baker Spring	**5,553**	-	-	256	-	-	**5,809**
Seven Devils	**169,579**	-	-	809	-	-	**170,388**
Shumagin	**5,185,646**	6,670	-	-	-	-	**5,192,316**
Unga-Popof	**16,040**	5,517	-	2,409	-	-	**23,966**
	6,904,228	**12,188**	**-**	**12,551**	**-**	**-**	**6,928,967**

Nevada General include Queens, Larus, Long Island, and Gold Cloud

(Expressed in Canadian Dollars)

	Canada	Nevada	Alaska	Total
	$	$	$	$
March 31, 2013	**1,493,589**	**438,638**	**3,535,609**	**5,467,836**
Acquisitions during the year				
Expenditures	-	15,463	1,623,421	**1,638,884**
Expenditures recovered	(108,750)	(165,369)	-	**(274,119)**
Net acquisition costs during the year	**(108,750)**	**(149,906)**	**1,623,421**	**1,364,765**
Exploration expenditures during the year				
Assaying	-	391	420	**811**
Geophysical	-	1,980	24,719	**26,699**
Camp and exploration support	-	-	1,365	**1,365**
Travel and accommodation	-	42,189	1,130	**43,319**
Equipment rental	-	4,825	7,272	**12,097**
Reclamation	-	-	7,751	**7,751**
	-	49,386	42,656	**92,041**
Expenditures recovered during the year	-	(18,329)	-	**(18,329)**
Net exploration expenditures during the year	**-**	**31,057**	**42,656**	**73,712**
Mineral property costs written off during the year	-	(2,086)	-	**(2,086)**
March 31, 2014	**1,384,839**	**317,703**	**5,201,685**	**6,904,228**
Acquisitions during the period				
Expenditures	-	-	12,188	**12,188**
Net acquisition costs during the period	**-**	**-**	**12,188**	**12,188**
Exploration expenditures during the period				
Geophysical	6,000	-	2,409	**8,409**
Travel and accommodation	-	2,149	-	**2,149**
Equipment rental	-	1,993	-	**1,993**
Net exploration expenditures during the period	**6,000**	**4,143**	**2,409**	**12,551**
June 30, 2014	**1,390,839**	**321,846**	**5,216,282**	**6,928,967**

A. Newman Todd Property, Red Lake District, Ontario, Canada

In 2007, the Company acquired a 100% interest in the Newman Todd area properties (comprised of several properties) by issuing 700,000 common shares to the vendor. The mineral claims are subject to a 1% net smelter return (“NSR”) royalty provided that the total NSR royalties payable on any claims within the property do not exceed 2.75%. Should a mine be placed into production, the Company is required to issue common shares with a value in the aggregate of $1,000,000. Should production exceed 250,000 ounces of gold, the Company is required to issue additional common shares with a value of $1,000,000.

On November 2, 2009, the Company entered into an option agreement with Central Resources Corp. (“Central”) whereby Central had the option to earn up to a 60% undivided interest in the Company’s 100% owned Newman Todd Property in Red Lake, Ontario, subject to making certain payments to the Company. On November 15, 2010 Central advised the Company that it would not be continuing with the option on the Newman Todd property

On November 19, 2010, the Company entered into an option agreement with Confederation whereby Confederation can earn up to a 70% undivided interest in the Company’s 100% owned Newman Todd Property in Red Lake, Ontario.

Under the terms of the agreement, Confederation can earn an initial 50% interest in the project by funding $5,000,000 in exploration and development work, issuing shares of Confederation and making payments to the Company as follows:

Incurring exploration and development expenditures, as to:

- $2,000,000 by November 19, 2011 (incurred);

(Expressed in Canadian Dollars)

- $1,500,000 by November 19, 2012 (incurred);
- $1,500,000 by November 19, 2013 (incurred).

Cash payments and share issuances of Confederation to the Company, as to:
- $50,000 and 100,000 shares on signing (received);
- $50,000 and 100,000 shares by November 19, 2011 (received);
- $75,000 and 150,000 shares by November 19, 2012 (received);
- $75,000 and 150,000 shares by November 19, 2013 (received).

Confederation has earned the initial 50% interest in the Newman Todd property, and can now earn an additional 20% interest by providing a National Instrument 43-101 compliant Preliminary Economic Assessment of the property, at Confederation's cost, and issuing 500,000 shares of Confederation to the Company. In addition, to maintain the second option in good standing, Confederation is required to make minimum annual expenditures of $250,000 commencing on the third anniversary and until the earlier of (a) the full exercise of the second option, and (b) the expiry of the second option.

On April 14, 2011, the Company acquired, under joint acquisition with Confederation, a 50% interest in 18 mineral claims adjacent to the Newman Todd project (the "Todd Property"). Of the 50% interest acquired by the parties from the vendor, Confederation acquired an undivided 35% interest in the Todd Property (being 70% of vendor's interest) and the Company acquired an undivided 15% interest in the Todd Property (being 30% of the vendor's interest) for the sum of $70,000. The remaining 50% interest in the claims is held by Rubicon Minerals Corporation.

B. Nevada Properties, USA

(a) AngloGold-Ashanti Agreements

On March 9, 2005, the Company entered into a Data Base Purchase and Buy Back Agreement with AngloGold-Ashanti North America Inc. ("AngloGold") whereby the Company acquired the right to a 100% ownership of an exploration and geological database covering Nevada, Utah, Idaho and California ("Great Basin Database"), in consideration for the issuance of shares and making certain expenditures within the Great Basin. The agreement was subject to AngloGold retaining the right to back into projects for a 60% interest by making certain additional expenditures on specified properties. On May 8, 2008, the Company completed the purchase of the database, eliminating AngloGold's back-in option on various properties, and the agreement was terminated. Pursuant to a subsequent agreement, the back-in rights on properties acquired prior to May, 2008 (Richmond Summit, Cooks Creek, Root Spring and Oasis) were converted to royalties of 1% to 2%, depending on the price of gold.

Nevada Properties and AngloGold Royalty:

Properties	Number of staked claims #	AngloGold royalty %
Baker	22	-
Cooks Creek	66	1-2
Gold Cloud	20	-
Larus	7	-
Long Island	27	-
Oasis	10	1-2
Painted Hills	14	-
Queens	4	-
Richmond Summit	10	1-2
Root Spring	61	1-2
Seven Devils	54	-

(Expressed in Canadian Dollars)

(b) January 24, 2014 Agreement – Nevada Projects
On January 24, 2014, the Company entered into an option-to-purchase agreement (the "January 24, 2014 Agreement") with True Grit, pursuant to which True Grit can acquire 100% of the Company's assets in Nevada, comprised of 10 of the projects (the "Projects") in Nevada (including the Cooks Creek Property, and excluding the Root Spring Property), as well as the AngloGold-Ashanti database (the "Database") owned by the Company, in consideration for making the following staged cash payments and share issuances, and incurring in stages the following exploration expenditures:

	Cash payments to the Company ($)	Share issuances to the Company (#)	Exploration expenditures on the Projects ($)
within five (5) business days of the Effective Date [(1)]	50,000 [(2)]	500,000 [(2)]	-
on or before February 20, 2015	50,000	500,000	250,000
on or before February 20, 2016	50,000	500,000	250,000
on or before February 20, 2017	50,000	1,000,000	250,000
	200,000	2,500,000	750,000

[(1)] Effective date: February 20, 2014
[(2)] Received

The agreement also provides for additional cash and shares to be received on completion of any bankable feasibility in connection with the Projects, as well as a net smelter royalty ranging from 1% to 2.5%, of which True Grit can purchase 50% for $1,000,000 for a period of up to two years after the commencement of commercial production. The Agreement supersedes the prior option agreement in respect of the Cooks Creek Property.

(c) February 24, 2014 Agreement – Digital Copy of Database
On February 24, 2014, the Company entered into a purchase agreement with Renaissance Gold Inc., to sell a digital copy of the Database, in consideration for $60,000 (received).

(d) Cooks Creek Property – Option Agreement
On February 25, 2011, the Company entered into an option agreement (the "Option Agreement"), subsequently amended, with True Grit, whereby True Grit had the option to earn a 60% interest in the Cooks Creek Property in consideration for making various cash payments, share issuances, and incurring exploration expenditures on the Property. Upon having earned an initial 60% in the property, True Grit could elect to earn an additional 10% interest by incurring additional exploration expenditures. The January 24, 2014 Agreement supersedes the Option Agreement.

(e) Root Spring Property – Option Agreement
On June 6, 2011, the Company entered into an option agreement, subsequently amended in October, 2012 and November, 2013 (the "Amending Agreement"), with Brocade Metals Corp. ("Brocade"), whereby Brocade has the option to earn a 70% interest in the property in consideration for the following:

(Expressed in Canadian Dollars)

	Cash payments to the Company ($)	**Share issuances to the Company (#)**	**Exploration expenditures on the Projects ($)**
On signing of the agreement	20,000 [(1)]	100,000 [(1)]	-
on or before December 31, 2011	30,000 [(1)]	100,000 [(1)]	100,000 [(2)]
on or before December 31, 2012	30,000 [(1)]	60,000 [(1)]	400,000 [(2)]
On execution of Amending Agreement	5,000 [(1)]	-	-
on or before December 31, 2013	-	60,000 [(1)]	-
on or before December 31, 2014	38,333	60,000	500,000
on or before December 31, 2015	38,333	60,000	750,000
on or before December 31, 2016	38,333	60,000	1,250,000
	199,999	500,000	3,000,000

[(1)] Received
[(2)] Incurred

C. Alaska Properties, USA

(a) Shumagin Property

On May 19, 2011, the Company entered into an option agreement with NGAS Production Co. ("NGAS"), a subsidiary of Magnum Hunter Resources Corp. ("Magnum"), to acquire, subject to underlying advance royalty payments of US$2,000 per month to a maximum of US$450,000, a 100% interest in the Shumagin Project, in consideration for making:

Cash payments to NGAS:

- US$100,000 on signing of the agreement (paid);
- US$500,000 on or before July 15, 2011 (paid);
- US$250,000 on or before January 1, 2012 (paid).

Share issuances to NGAS:

- US$250,000 by the issuance of common shares of the Company on or before June 30, 2011 (issued)
- US$250,000 by issuance of common shares of the Company on or before January 1, 2012 (issued)

Cash payment or share issuances to NGAS:

- At the option of NGAS, a final option payment of US$1,500,000 in cash (US$1,000,000 on or before September 1, 2012 and US$500,000 on or before September 1, 2013) or the number of common shares of the Company equivalent to US$1,500,000 on or before October 1, 2012

On August 31, 2012, NGAS elected to be paid US$1,000,000 in cash on September 1, 2012 (paid) and US$500,000 in cash on or before September 1, 2013 (collectively, the "Payments")[)]. With respect to the US$1,000,000 due September 1, 2012, NGAS granted the Company an extension of 180 days from and after September 1, 2012 to make the US$1,000,000 payment due to NGAS, in consideration for making cash payment to NGAS of US$100,000 on signing of the extension agreement (paid), and issuing in the aggregate 875,000 shares in stages, as to 125,000 shares on the TSX approval of the extension agreement (issued), and 125,000 shares each on the 30th, 60th, 90th, 120th, 150th and 180th days after September 1, 2012 (all issued).

In respect of the US$1,000,000 originally due on September 1, 2012 and subsequently extended to February 28, 2013, NGAS granted the Company a second extension of 180 days to September 1, 2013, to make the US$1,000,000 payment due to NGAS, in consideration for making cash payment to NGAS of US$100,000 on signing of the extension agreement (paid) and share issuances to NGAS of 125,000 shares on the TSX approval of the extension agreement (issued), and additional staged share issuances to NGAS until such time as the Payments are made (625,000 shares issued). All commitments having been met, the Company now owns 100% of the Shumagin Property.

(Expressed in Canadian Dollars)

(b) Unga-Popof Property

On June 9, 2011, the Company entered into agreement with Full Metal Minerals Ltd. ("Full Metal") to acquire 60% of Full Metal's interest in the Unga-Popof Property in consideration for the following:

Cash payments to Full Metal

- US$5,000 on signing of the agreement (paid)
- US$70,000 within five business days of finalization of the underlying agreements as negotiated by Full Metal
- US$75,000 on or before August 1, 2012
- US$75,000 on or before August 1, 2013
- US$75,000 on or before August 1, 2014.

Share issuances to Full Metal

- 250,000 common shares of the Company within 5 business days of the finalization of the underlying agreements by Full Metal
- 250,000 common shares of the Company on or before August 1, 2012
- 250,000 common shares of the Company on or before August 1, 2013
- 250,000 common shares of the Company on or before August 1, 2014.

Incur expenditures on the Property

- US$500,000 on or before August 1, 2012
- an additional US$1,000,000 on or before August 1, 2013
- an additional US$1,500,000 on or before August 1, 2014
- an additional US$2,000,000 on or before August 1, 2015.

In addition, the Company had the option of earning an additional 15% interest by producing a Bankable Feasibility Study and issuing an additional 1,000,000 common shares of the Company to Full Metal. The property is subject to 3 underlying agreements, as to mineral and surface rights. Mineral rights are held by Full Metal under a lease agreement with Aleut Corporation (an Alaska Native Regional Corporation) ("TAC"), and the surface rights are held by the Unga Corp. and Shumagin Corp. (both native village corporations).

On July 29, 2013, the agreement entered into with Full Metal on June 9, 2011 was amended to extend payment dates (all other terms of the agreement remain the same), such that the Company maintains the right to acquire 60% of Full Metal's interest in the Unga-Popof Property in consideration for the following:

	Cash payments to Full Metal US$		Share issuances to Full Metal [2] #	Incur expenditures on the Property US$
On signing of the agreement	5,000	(paid)	-	-
Within 5 business days of completion of the Underlying Agreements [1]	70,000		250,000	-
On or before one year after completion of the Underlying Agreements	75,000		250,000	500,000
On or before 2 years after completion of the Underlying Agreements	75,000		250,000	1,000,000
On or before 3 years after completion of the Underlying Agreements	75,000		250,000	1,500,000
On or before 4 years after completion of the Underlying Agreements	-		-	2,000,000

(1) The Unga-Popof Property is subject to three underlying agreements (the "Underlying Agreements"), all of which had been executed prior to June 30, 2014.

(2) Subject to regulatory approval of the agreement.

(Expressed in Canadian Dollars)

On February 18, 2014, the Company signed a Letter of Intent (“LOI”) with Full Metal, to take an assignment of Full Metal’s interest in its agreement with TAC, which agreement is subject to force majeure due to the inability of Full Metal to finalize the last Underlying Agreement. Under the terms of the LOI, the Company may acquire a 100% undivided interest in the property, upon issuance of 4,000,000 shares and payment of a total of US$50,000 (US$10,000 paid) to Full Metal, subject to regulatory approval, completion of a definitive agreement including the consent of TAC to the assignment, and satisfying the Underlying Agreements. The LOI supersedes all other agreements with Full Metal in respect of the property. Parties are negotiating a definitive agreement to replace the LOI.

8. Property, plant and equipment

	Cost				Accumulated Amortization				Net	
	March 31, 2014	Additions	Dispositions	June 30, 2014	March 31, 2014	Additions	Dispositions	June 30, 2014	March 31, 2014	June 30, 2014
	$	$	$	$	$	$	$	$	$	$
Computer equipment	77,911	-	-	77,911	66,840	830	-	67,670	11,071	**10,241**
Equipment	27,016	-	-	27,016	21,336	284	-	21,620	5,680	**5,396**
Automobiles	29,100	-	-	29,100	22,801	472	-	23,273	6,299	**5,827**
Total	**134,027**	**-**	**-**	**134,027**	**110,977**	**1,587**	**-**	**112,564**	**23,050**	**21,463**

9. Capital management

The Company defines capital as all components of shareholders’ equity and debt obligations. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company’s business. The Company does not pay dividends and is not subject to any externally imposed capital requirements.

The Company raises capital through the issuance of its share capital to fund operations, and the identification and evaluation of exploration assets. Although the Company has been successful at raising funds in the past through issuance of common shares, there can be no assurance that it will continue to be able to do so in the future.

There were no changes to the Company’s approach to capital management during the year ended March 31, 2014 and the period ended June 30, 2014. The Company is not subject to any externally imposed capital restrictions.

10. Capital stock

Authorized: Unlimited number of common shares without par value

During the period ended June 30, 2014, the Company:

- closed, on May 27, 2014, a non-brokered private placement of 55,133,333 units (the “Units”) at a price of $0.06 per unit for gross proceeds of approximately $3.31 million. Each Unit consists of one common share and two transferable ½ common share purchase warrants (Warrants A & Warrants B). Each whole Warrant A can be exercised into one common share of the Company at a price of $0.09 per share until May 27, 2015. Each whole Warrant B can be exercised into one common share of the Company at a price of $0.12 per share until January 27, 2017. If 18 months after closing the Company’s common shares trade at a 33.3% premium to the warrant exercise price for 10 consecutive trading days, then the Company can force warrant holders to exercise their Warrants B into common shares of the Company. In connection with the private placement, the Company has paid finders’ fees in the amount of $64,080 to finders who introduced subscribers to the placement.

During the year ended March 31, 2014, the Company:

(Expressed in Canadian Dollars)

- issued 125,000 common shares in the capital of the Company each on April 23, May 23, June 20, and July 23, 2013, valued at $8,750, $10,000, $8,750 and $12,500, respectively, in connection with the acquisition of the Shumagin property.
- closed a non-brokered private placement (the "Placement"), on August 21, 2013, and issued, for gross proceeds of $2,166,085, 39,383,363 shares in the capital of the Company and 39,383,363 warrants allowing for the purchase of up to 39,383,363 shares in the capital of the Company at $0.07 per share until August 21, 2014, and at $0.10 per share from August 22, 2014 to October 21, 2015. In connection with the Placement, the Company paid a total of $89,529 in cash and issued in the aggregate 139,080 common shares in the capital of the Company to finders, which shares were valued at $7,649.
- reached agreements, during December 31, 2014, with various suppliers, pursuant to which it issued, on February 5, 2014 a total of 11,486,102 shares in its capital, in payment for services rendered to the Company during the past 24 months, at a price of $0.08 per share, for total value of $918,888.

Share purchase warrants

As at June 30, 2014 and March 31, 2014, the Company had share purchase warrants outstanding as follows:

	June 30, 2014		March 31, 2014	
Expiry Date	Number of Warrants #	Exercise Price $	Number of Warrants #	Exercise Price $
June 20, 2014	-	-	2,681,830 [(b)]	0.25
October 21, 2015	39,383,363 [(a)]	[(1)]	39,383,363 [(c)]	[(1)]
May 27, 2015	27,566,666 [(b)]	0.09	-	-
November 27, 2016	27,566,666 [(c)]	0.12	-	-
	94,516,695	-	42,065,193	-

[(1)] The warrants are exercisable at $0.07 on or before August 21, 2014 and at $0.10 from August 22, 2014 to October 21, 2015

(a) The warrants were valued at $721,050 using the Black-Scholes pricing model with the following assumptions: risk-free interest rate: 1.07%; expected stock price volatility: 100.58% and expected warrant life in years: 1.

(b) The warrants were valued at $353,669 using the Black-Scholes pricing model with the following assumptions: risk-free interest rate: 1.00%; expected stock price volatility: 109.56% and expected warrant life in years: 1.

(c) The warrants were valued at $608,798 using the Black-Scholes pricing model with the following assumptions: risk-free interest rate: 1.00%; expected stock price volatility: 109.56% and expected warrant life in years: 2.5.

The following table presents changes in warrants for the period ended June 30, 2014 and the year ended March 31, 2014:

	June 30, 2014		March 31, 2014	
	Number of Warrants #	Weighted Average Exercise Price $	Number of Warrants #	Weighted Average Exercise Price $
Outstanding at beginning of year	42,065,193	0.08	9,839,872	0.51
Issued	55,133,333	0.10	39,383,363	[(1)]
Expired	(2,681,830)	-	(7,158,042)	-
Outstanding at end of period	94,516,696	0.09	42,065,193	0.08

[(1)] The warrants are exercisable at $0.07 on or before August 21, 2014 and at $0.10 from August 22, 2014 to October 21, 2015.

Stock options

(Expressed in Canadian Dollars)

The Company has a 20% stock option plan, which allows the Board of Directors to grant options to directors, officers, employees and consultants. The maximum term of the options is five years. Options vest as to 25% at the date of grant and an additional 25% each six months thereafter.

As at June 30, 2014 and March 31, 2014 the Company had stock options outstanding to directors, employees and consultants as follows:

June 30, 2014

Outstanding Number of Options #	Exercisable Number of Options #	Expiry Date	Exercise Price $
600,000	600,000	September 16, 2014	0.15
1,100,000	1,100,000	October 28, 2015	0.18
150,000	150,000	February 23, 2016	0.30
500,000	500,000	September 7, 2016	0.50
400,000	400,000	September 30, 2016	0.53
2,310,000	2,310,000	May 18, 2017	0.29
400,000	400,000	July 26, 2017	0.20
1,000,000	500,000	September 30, 2018	0.10
475,000	118,750	December 5, 2014	0.20
400,000	100,000	December 5, 2016	0.10
450,000	112,500	April 30, 2019	0.06
7,785,000	**6,291,250**		

March 31, 2014

Outstanding Number of Options #	Exercisable Number of Options #	Expiry Date	Exercise Price $
600,000	600,000	September 16, 2014	0.15
1,100,000	1,100,000	October 28, 2015	0.18
150,000	150,000	February 23, 2016	0.30
500,000	500,000	September 7, 2016	0.50
400,000	400,000	September 30, 2016	0.53
2,310,000	2,310,000	May 18, 2017	0.29
400,000	400,000	July 26, 2017	0.20
1,000,000	500,000	September 30, 2018	0.10
475,000	118,750	December 5, 2014	0.20
400,000	100,000	December 5, 2016	0.10
7,335,000	**6,178,750**		

The following table presents changes in stock options for the period ended June 30, 2014 and the year ended March 31, 2014:

	June 30, 2014		**March 31, 2014**	
	Outstanding Number of Options #	Weighted Average Exercise Price $	Outstanding Number of Options #	Weighted Average Exercise Price $
Outstanding at beginning of year	7,335,000	0.27	6,540,000	0.27
Granted	450,000	0.06	1,875,000	0.13
Forfeited	-	-	(1,080,000)	-
Outstanding at end of period	7,785,000	0.23	7,335,000	0.27

<u>Share-based payments</u>

The fair value of incentive stock options is recognized as share-based payments expense over the vesting period of the options.

The fair value of stock options granted during the period is estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

(Expressed in Canadian Dollars)

	June 30, 2014	March 31, 2014
Risk-free interest rate	1.00%	1.05%
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	110.61%	101.39% to 224.91%
Expected option life in years	5	1 to 5

11. Related party transactions and balances

The Company's related parties consist of directors, executive officers, and companies controlled or influenced by them. The Company incurred certain fees and expenses in the normal course of operations in connection with companies owned by such parties for the period ended June 30, 2014 and the year ended March 31, 2014.

The Company conducts the majority of its exploration activities through agreements with an administration and exploration services contractor ("AESC") in which a director is a shareholder. For the periods ended June 30, 2014 and 2013 the Company was charged for exploration costs and to reimburse office and administrative costs as follows:

	June 30, 2014	June 30, 2013
	$	$
Contract and consulting*	14,207	162,061
Travel and promotion	-	17,372
Rent	21,884	27,264
Office operations	1,766	5,077
	37,857	211,774
* includes fees to June 24, 2014 for services of:		
Chief Executive Officer ("CEO") and President	(3,387)	63,000
	(3,387)	63,000

At June 30 2014, the Company owed $20,912 (March 31, 2014: $61,623) to AESC. During the year ended March 31, 2014, the Company settled an amount owing to AESC of $829,176 by way of issuance of 10,364,701 shares.

Compensation of key management personnel, excluding shares-based payments on vesting of incentive stock options, for the periods ended June 30, 2014 and 2013 is summarized as follows:

	June 30, 2014	June 30, 2013
	$	$
CEO and President	19,275	63,000
Chairman of the Board of Directors	12,480	-
Chief Financial Officer ("CFO")	9,000	9,000
	40,755	72,000

Key management personnel were not paid post-retirement benefits, termination benefits, or other long-term benefits during the periods ended June 30, 2014 and 2013. At June 30, 2014, the Company owed:

(Expressed in Canadian Dollars)

- $7,332 (March 31, 2014: $Nil) to a company whose principal is the interim CEO and interim President of the Company
- $4,167 (March 31, 2014: $Nil) to the Chairman of the Company for services, and $Nil (March 31, 2014: $1,247) for expenses incurred on behalf of the Company
- $3,150 (March 31, 2014: $7,875) to a company whose principal is the CFO of the Company
- $Nil (March 31, 2014: $2,612) to a Director, in respect of expenses incurred on behalf of the Company.

12. Segmented information

The Company has one operating segment, mineral exploration and development and operates in two geographical segments, Canada and the United States. The capital assets and total assets identifiable with these geographical areas are as follows:

	June 30, 2014 $	March 31, 2014 $
Non-current Assets (including exploration and evaluation assets and deposits)		
Canada	1,396,458	1,409,018
United States	5,561,401	5,525,688
	6,957,859	6,934,706

	June 30, 2014 $	March 31, 2014 $
Total Assets		
Canada	4,521,774	1,566,694
United States	5,561,401	5,525,688
	10,083,176	7,092,382